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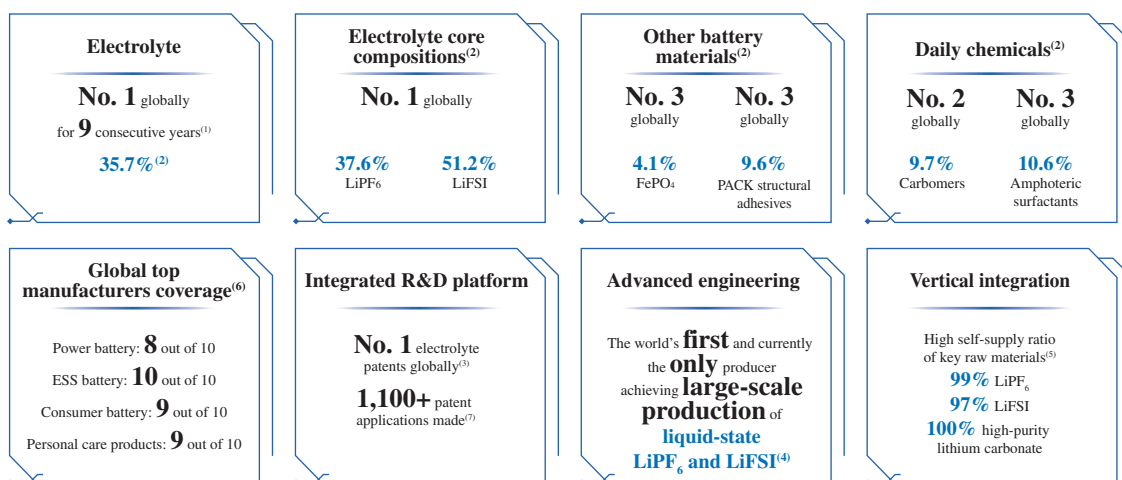
OVERVIEW

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:



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

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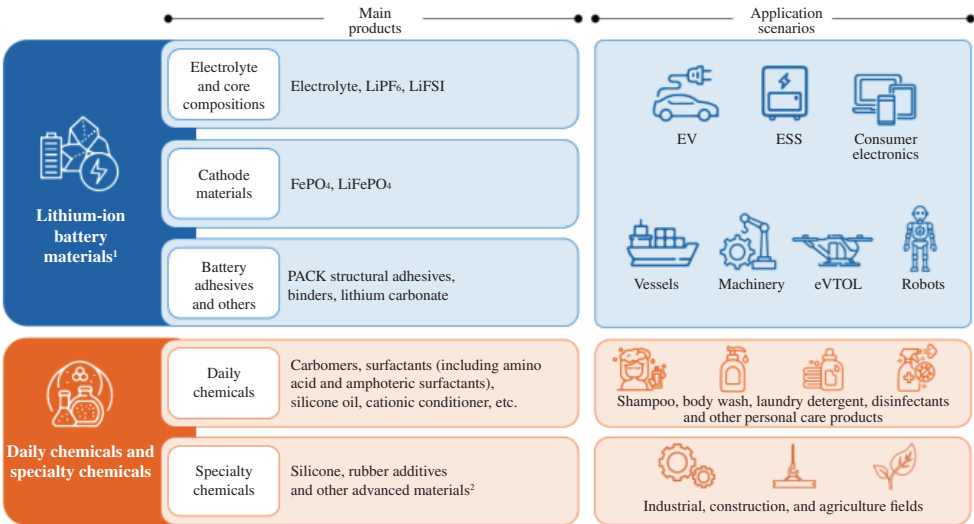
- (4) According to CIC. Large-scale production denotes an annual production exceeding 100,000 tonnes (solid-content equivalent) of LiPF_6 and 10,000 tonnes (solid-content equivalent) of LiFSI
- (5) Represents the percentage of specific materials used in our production processes that are sourced from 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.

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

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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

As of December 31, 2025, we operate 16 production bases in China, with another under construction to enhance service for key domestic customers. Our global network includes major markets in Europe and North America, supported by contract manufacturing providers in Germany and the United States to ensure reliable supply in these regions. To meet rising demand, we also plan to establish new production bases in Morocco and the United States. See “Production Bases and Process — Our Global Network — Our Overseas Production Bases Under Planning” in this section for details.

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.

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, LiPF_6 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 FePO_4 , LiFePO_4 and adhesives for lithium-ion battery are expected to grow at a the 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

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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

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

Based on our deep understanding of first principles of chemistry and materials science, we have established a comprehensive and efficient R&D platform that spans from laboratory innovation to mass production. This represents full-spectrum in-house R&D capabilities 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 conducting in-depth research into the fundamental mechanisms of chemical reactions and the structure-property relationships in materials science, we continuously push the boundaries of material innovation. At the molecular level, we optimize reaction pathways to optimize the utilization of chemical elements and develop green and efficient new processes, while continuously researching and developing new materials solutions tailored to customer needs.

Through an integrated workflow that connects R&D, design, engineering, and manufacturing, we accelerate product development and commercialization by removing departmental barriers and fostering close collaboration. Our intelligent data systems, utilizing AI, computational chemistry, and real-time analytics, ensure centralized intelligent control, real-time data collection and feedback throughout the entire process. We have established a systematic technology iteration mechanism of full production line to ensure ongoing self-assessment, upgrade and optimization. Our advanced engineering capabilities allow us to bring next-generation products to market more quickly, at higher quality, and at lower cost. See “— Research and Development — Our Engineering Capabilities” in this section.

Our investments in R&D and engineering have brought us multiple industry “firsts” and “exclusives,” along with other accomplishments:

- For electrolytes, 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. For instance, our ultra-fast charging solution has been prioritized for adaptation in the industry’s first released 10C fast-charging battery product by optimizing ion transport kinetics and interface film formation mechanism. In addition, our electrolyte products have successfully been adapted to the ultra-long cycle ESSs of leading companies in the industry, and the cycle life of mass-produced lithium-ion battery ESS cells has reached 18,000 times for the first time.
- For solutes, we pioneered high-quality liquid-state LiPF_6 based on our self-developed phosphorus pentafluoride. According to CIC, the unit capital expenditure required for the production of liquid-state LiPF_6 is approximately 40% of that required for solid-state LiPF_6 . Furthermore, electricity consumption for liquid-state LiPF_6 is reduced by approximately 65% compared to solid-state processes. Building on this, we have further pioneered the successful extension and application of continuous solvent-based production process to other key lithium-ion materials, such as LiFSI. According to CIC, we are the first and currently the only company in the world capable of large-scale industrial production of LiPF_6 and LiFSI in liquid-state.

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- For battery adhesives, according to CIC, our products have been adopted in the thinnest foldable screen mobile phone at the time of launch by our customer. Our adhesive solutions strengthen the structural stability of silicon-based anodes during charging and discharging, making lithium-ion batteries lighter and slimmer, while also delivering higher energy density and improved cycle life.

By collaborating with upstream suppliers and downstream customers, we have built an ecosystem that delivers strong network effects.

- **Downstream customers:** Our blue-chip customer base provides us with frequent, high-quality feedback. The joint R&D with our customers enables rapid iteration of battery material technologies and the implementation of targeted solutions to address customer pain points, resulting in products tailored to their requirements. For example, we jointly built a fast-charging innovation laboratory with one of our customers and developed a multi-layer film-forming additive solution. This solution enabled the customer’s battery cells to retain more than 90% of their capacity after 2,000 cycles of 10-minute fast charging, which helped the customer to secure its position as the exclusive supplier for the 800V platform of a EV manufacturer.
- **Upstream suppliers:** Collaborating on R&D with our upstream suppliers helps us to speed up key technology iteration, commercialize our innovative technology, produce customized products more cost-effectively, and further enhance the depth and breadth of our cooperation with downstream customers and their stickiness. For example, through joint R&D with a supplier, we successfully developed an electrolyte solvent derived from coal, a more cost-effective alternative to conventional petroleum-based solvents. Currently, we are also working with suppliers to create and define product standards for a new generation of advanced solvents.

Our vertically integration based on optimizing chemical element utilization, combined with advanced manufacturing processes, helps us to achieve high operational efficiency.

We have achieved deep vertical integration across the upstream of lithium-ion battery materials supply chain, realizing high self-supply ratios for key raw materials and offering comprehensive product coverage in the sector. This achievement has strengthened our fundamental 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.

Our self-supplied key raw materials have expanded from LiPF_6 to LiFSI, various additives and key raw materials for solute, such as high-purity lithium carbonate.

- Currently, LiPF_6 contributes to over 50.0% of total raw materials cost of electrolyte. As of December 31, 2025, our self-supply ratio for LiPF_6 has reached 99.0%, significantly surpassing the other top five players average of less than 5%, according to CIC. Our self-developed LiFSI, an advanced solute, enhances the thermal stability, cycle life and conductivity of electrolytes. The volume of LiFSI in electrolyte increased from 0.4% in 2020 to 1.9% in 2025 globally and currently, LiFSI represents approximately 10% of the total raw material costs of electrolyte. According to CIC, we are one of the few companies in the industry capable of self-supplying LiFSI, reaching a self-sufficiency rate of 96.6%.
- We have also successfully achieved in-house production of various additives (including VC, DTD, and FEC), and we are committed to the additive formulation mechanism research to enhance battery cycle life, improve temperature stability and have made significant achievements in the independent development and mass production of new additives and formulations.

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- High-purity lithium carbonate is the key raw material for producing LiPF_6 and LiFSI . To secure the supply of high-purity lithium carbonate, we have established integrated capabilities in the processing of high-purity lithium carbonate, encompassing ore beneficiation, smelting, and recycling, reinforcing our cost advantage. As of December 31, 2025, our self-supply ratio for high-purity lithium carbonate was 100.0%.

We have embedded the philosophy of optimizing utilization of chemical elements into the entire production process. By-products and hazardous materials from one production process can be directly utilized in production process of other products, together with our recycling capabilities, to achieve closed-loop internal recycling of key chemical elements such as fluorine, sulfur, chlorine and lithium. See “— Our circular economy model — Internal Cycle” in this section for further details. Our integrated approach enables us to achieve a lithium utilization rate of 99.5% in LiPF_6 production, while the utilization rate of fluorine exceeds 98.0%. Our electrolyte has consistently achieved a first pass yield rate of at least 99.8%. According to CIC, the industry average lithium utilization rate in LiPF_6 production is approximately 93%, whilst the industry average fluorine utilization rate is approximately 93%. Similarly, the industry average first pass yield rate for electrolyte production is approximately 98%. These performance indicators substantially outperform industry averages and demonstrate the effectiveness of our circular economy model and advanced manufacturing processes. By adopting a circular economy model, we have substantially reduced the costs associated with key raw materials and energy use, while also cutting expenses related to the disposal of hazardous chemicals.

Our advanced manufacturing processes supported by continuous production process and full suite of digital and intelligent manufacturing technologies have further helped us to achieve industry-leading production efficiency and production unit cost, significantly raising entry barriers and enhancing our competitive advantages.

Our liquid-state LiPF_6 and LiFSI enables a continuous production process, which allows seamless material-product flow and minimize downtime. The continuous production process enables fully automated production by embedding automatic control systems throughout the workflow, achieving one-touch synthesis initiation, automated material conveyance, automated feed control and real-time parameter regulation and control. This minimizes manual intervention, standardizes each operation, reduces defect rates, and markedly improves consistency of product quality while decreasing raw material waste, bringing lower costs and higher efficiency. In 2025, compared with 2023, our continuous production process improved our LiPF_6 production efficiency in Jiujiang production base by over 80.0%, while decreasing the unit energy consumption by approximately 30%.

Continuous production process is also applied on the preparation of LiFePO_4 . We have pioneered a rotary kiln sintering process, which achieves more than a 48% reduction in energy consumption compared to conventional roller kiln sintering process.

We also made full use of advanced technologies such as IoT, industrial automation systems, big data analytics and other technical means to achieve end-to-end data control across raw material procurement, storage, production input, product delivery and logistics. We set quality-control checkpoints for temperature and particulate matter throughout the production chain, including each step of reaction, enabling intelligent, end-to-end monitoring that enhances both product quality and manufacturing efficiency. Our electrolyte has consistently achieved a first pass yield rate of at least 99.8%.

Robust product competitiveness and prompt responsiveness to customer needs enable us to consistently lead the industry.

We have a deep understanding of the diverse impacts electrolytes have on battery performance and are dedicated to developing tailored solutions that enhance battery efficiency. For instance, our electrolyte develops a stable and effective SEI/CEI layer that suppresses interfacial side reactions, paired with high-capacity cathodes such as high-nickel materials, and with silicon-based anodes, enabling energy density of the battery to reach 350Wh/kg. As another example, we use effective

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additives in a targeted manner to stabilize the electrode/electrolyte interface, forming a thin and dense electrolyte interface. This can inhibit electrolyte side reactions and active lithium loss, enabling the battery to maintain a capacity retention rate of over 70% even after more than 15,000 cycles.

Our expertise in research, development and engineering allows us to create tailored electrolyte formulations that precisely match each customer’s needs. Leveraging an advanced customer insight system and a comprehensive product formulation database, alongside our track record in product development and design, we are able to provide highly customised products and services while proactively addressing evolving customer needs. In addition, our flexible approach to adjusting production lines has continuously strengthened our agile delivery capability.

In addition, our production facilities are strategically located, providing precise coverage of key customers within a 200-kilometer radius in China, ensuring delivery within one to two days and mitigating the risks and costs linked to long-distance transportation. Our strong cold chain logistic capabilities ensure product quality during transit. Additionally, we can design customized logistics and distribution solutions, as well as tailored factory loading and unloading area layouts, to meet specific customer needs.

These capabilities have reinforced our sustained market leadership in the electrolyte sector. According to CIC, we have ranked as the world’s No. 1 lithium-ion battery electrolyte supplier in terms of shipment volumes for nine consecutive years, with a global market share of approximately 35.7% in 2024; the world’s largest LiPF₆ supplier in term of shipment volume, with a global market share of approximately 37.6% in 2024 and the world’s largest LiFSI supplier in term of shipment volume, with a global market share of approximately 51.2% in 2024.

A proven track record of continuously expanding our product portfolio enables us to position ourselves in promising emerging application areas.

Leveraging our expertise in daily chemicals and basic chemistry methodologies gained through R&D, we successfully entered the electrolyte market and established ourselves as a front runner. We pioneered a continuous solvent-based production process of LiPF₆, which we subsequently extended to the production of LiFSI and other additives. In 2024, we commenced mass production of sodium-ion electrolyte. Building on our technological leadership in LiPF₆, we developed capabilities for manufacturing NaPF₆, providing a robust foundation for sodium-ion electrolyte production. Our products have been certified by several leading battery manufacturers, with orders exceeding 100 tons.

Through our R&D in polymers, we continue to focus on expanding internal and external lithium battery cell polymers market, proactively developing PACK structural adhesives and binders. We successfully increased our market share with existing clients and to enter the supply chains of additional major customers. According to CIC, we are the world’s No. 3 lithium-ion battery PACK structural adhesives producer in terms of shipment volume in 2024. Our anode edge-bonding adhesives have passed validation tests with top-tier power battery manufacturers and have advanced to pilot testing stage. At the same time, we are working closely with customers to facilitate the adoption of non-fluorinated cathode binders in both consumer electronics and power battery sectors.

Leveraging our deep understanding of sulfur and phosphorus, and according to CIC, we were the first company in the PRC to achieve mass production of FePO₄ using the ammonium-based process. Our production process meets demands for both high compaction density and high C-rate LiFePO₄ applications. Currently, the FePO₄ precursor for Generation 3 LiFePO₄, is in mass production and in stable supply. We are also introducing the FePO₄ precursor for Generation 4 LiFePO₄, which offers improved high-tap and high C-rate, and we expected to achieve mass production by the second quarter of 2026. According to CIC, we are the world’s No. 3 FePO₄ supplier in terms of shipment volume in 2024. Building on our expertise in lithium and our technological strengths in FePO₄, we have expanded into the production of LiFePO₄, which we achieve superior energy saving with our manufacturing technique.

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Our comprehensive offering further advances our transformation into a comprehensive provider of lithium-ion battery materials solutions.

At the same time, we are proactively working on emerging sectors such as intelligent driving, eVTOL, semiconductors, advanced engineering materials and AI related thermal management, covering various advanced materials including 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. At present, the majority of these products in the PRC remain at the introduction or early growth stage. Each market segment offers considerable potential for domestic substitution, as the demand for localized solutions continues to increase.

For example, in the solid-state battery sector, we focus on lithium sulphide and sulfide-based solid-state electrolytes, which have already been validated by our leading customers and are projected to start mass production by the end of 2026. In advanced engineering materials, through collaborative R&D across our fluorine products, polymer and materials platforms, we are developing innovative thermoplastic materials such as PEEK and PI that offer unique benefits such as replacing metal for lightweight applications, offering greater wear and corrosion resistance and delivering high strength. These properties unlock new possibilities in intelligent robotics, EV and aircraft. Currently, we are engaged in commercial validation and implementation with several customers in the new energy sector and have secured PEEK and PI orders at the 100 kilogram scale. See “— Our products — Daily chemicals and specialty chemicals” in this section for further details.

We have a world-class blue-chip customer base and have strategically planned for international expansion.

We have established a world-class blue-chip customer base that encompasses the world’s leading battery manufacturers, automotive manufacturers and multinational consumer goods brands. The majority of these customers require rigorous and lengthy supplier qualification processes, as well as extraordinarily high standards for manufacturing operations and product quality management. Through long-term cooperation, we have become a trusted partner for our customers, continuously deepening and expanding our collaborations, and strengthening customer loyalty and engagement.

In terms of lithium-ion battery materials, we maintain strategic collaborations with global industry leaders. In 2024, eight of the world’s top ten power battery manufacturers, all of the world’s top ten ESS battery manufacturers and nine of the world’s top ten consumer battery manufacturers were our customers or incorporated our products within their supply chains. We have also signed cooperation agreements with several well-known overseas automotive manufacturers to expand into overseas markets. In addition, our collaborations have expanded from electrolytes to cathode materials and other products, such as lithium-ion battery adhesives.

For daily chemicals and specialty materials, 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, enabling us to maintain a strong competitive advantage on the world stage. We have also supported the supply chains of many leading multinational consumer goods companies for many years. In 2024, we served nine of the world’s top ten personal care product manufacturers.

The localization of EV and battery production is becoming increasingly prominent. Together with our blue-chip customers, we are building a global presence that is aligned with their international strategies. This collaborative approach not only strengthens our partnerships, but also supports the implementation of our own globalization strategy.

We have successfully developed a standardized skid-mounted module production system, 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. This approach effectively reduces labor hours and speeds construction. According to our assessment, the construction period for overseas projects using standardized skid-mounted modules to deploy production capacity will be approximately 25% shorter than that of similar projects not using skid-mounted modules.

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In June 2025, we signed an investment agreement with the Moroccan government to construct an integrated production base capable of producing 150,000 tonnes annually of electrolyte and core compositions in Morocco. In early 2025, we established joint ventures with a United States headquartered industrial conglomerate to engage in the production of electrolyte. See “Production Bases and Process — Our Global Network — Our Overseas Production Bases Under Planning” in this section for details.

Green chemistry is embedded in our corporate DNA to lead sustainable industry ESG practices.

We are committed to achieving a sustainable green transformation through a circular economy model, key material innovations and precision management. Our green transformation is primarily reflected in the following three aspects:

- **Circular Economy Model:** We boast a sound circular economy model, which is divided into internal cycle and external cycle:
 - Internal cycle – By recycling by-products and hazardous materials from production processes as raw materials for other products, it achieves the recycling of fluorine, sulfur and chlorine, which reduces resource and energy consumption as well as minimizes waste and emissions. For example, we recycle waste sulphuric acid generated during the production of LiPF_6 to manufacture FePO_4 , a key precursor for cathode materials. The FePO_4 is then further processed with lithium carbonate, generated from our lithium-ion battery recycling, to produce LiFePO_4 .
 - External cycle – It involves recycling retired and waste lithium-ion batteries through our lithium-ion battery recycling business to recover and reuse elements such as lithium, iron, phosphorus and fluorine, thereby reducing the carbon footprint and emissions across the battery industry supply chain.
- **Key Material and Technological Innovations:** Through key material and technology innovations, we minimize or largely avoid the generation of hazardous substances and reduce carbon emissions and energy consumption during our production processes. For example, our R&D team has successfully developed E100, a new environmental friendly solvent, which has distinct advantages, such as lower reproductive toxicity, reduced skin irritation and biodegradability, which significantly mitigate the environmental and health risks associated with traditional solvents like NMP, which is a substance of concern under European Union’s Registration, Evaluation, Authorization and Restriction of Chemicals (EU REACH) regulation. By adopting E100, we eliminate the potential regulatory risk of restrictions or bans under EU REACH. Furthermore, its green manufacturing process reduces pollutant emissions and lowers the ecological impact of production.
- **Precision Management:** We implement precision management throughout our production processes by establishing comprehensive, specialized management systems covering environmental protection, pollution prevention and control, energy conservation, emissions reduction and carbon management. Through scientific design and optimized configurations, we continuously improve production efficiency, reduce costs, enhance safety, and minimize environmental pollution.

We shoulder our social responsibilities by fostering a harmonious ecosystem through safe operations. We actively fulfill our corporate social responsibility by establishing an occupational health and safety management system and a safety committee and putting in place stringent hazardous chemical management standards. During the Track Record Period, there were no major workplace safety events. In addition, our production processes have been certified for ESG compliance by leading global customers. Furthermore, we are committed to reducing carbon emissions per unit of production through multiple initiatives, including the adoption of green power and the ongoing technological upgrades. In 2025, green power accounted for 30.2% of our total electricity consumption.

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OUR STRATEGIES

We aim to further strengthen our R&D platform and engineering capabilities, while strategically optimizing our business structure to reinforce our market leadership. Building on this foundation, we are committed to pursue new growth by developing innovative products and exploring new geographic markets.

Advance our R&D platform and pursue innovation in products and emerging fields

We are dedicated to reinforcing our R&D platform by deepening our research on basic chemistry, polymer and materials science, and actively investing in research areas with significant growth potential. By continuously exploring and developing new products and emerging fields, we aim to secure a robust pipeline for future innovation. Leveraging our strong R&D capabilities and strategic partnerships with leading upstream suppliers and downstream customers, we will focus on research in advanced material innovations, including additives, cathode materials, solid-state electrolytes, PEEK materials, and flavors and fragrances. We will also invest in the development of new compounds, formulations and systems, striving for breakthroughs in key technologies and unlocking new areas for growth.

Enhance the value chain and optimize production process to improve cost efficiency

We intend to deepen our vertical integration, particularly in critical raw materials such as lithium carbonate, solutes and additives for electrolytes and cathode materials, to ensure stability and cost advantages in our supply chain. We will actively pursue opportunities for strategic resource integration, including collaboration across the value chain and the targeted acquisition of upstream natural resources (such as lithium, phosphorus and fluorine resources). Additionally, by embracing digitalization and intelligent manufacturing technologies, we are committed to optimizing production processes and workflows, strengthening cross-functional and cross-product-line collaboration to achieve industry-leading efficiency, cost competitiveness and product quality.

Accelerate international expansion and global capacity deployment in lithium-ion battery materials

We are committed to our internationalization strategy and combining our expertise in electrolyte production capacity deployment with our partners, established local distribution networks. This collaborative approach drives worldwide capacity development and expansion for electrolytes and other lithium-ion battery materials.

Promote sustainable development and contribute to global ESG initiatives

Guided by the principle of promoting green chemistry for a low-carbon future, we are committed to sustainability in our business, society and environment. We will rigorously comply with environmental protection laws and regulations, integrating sustainability into every aspect of R&D, production and process design. Beginning with product design, we will strive to reduce the generation and discharge of hazardous substances, enhance the efficient use and recycling of resources, minimize energy consumption and reduce waste and by-products. Our goal is to achieve harmonious development between economic systems and ecological systems, while making meaningful contributions to global ESG progress.

OUR CRITICAL ROLE IN THE BATTERY VALUE CHAIN

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.

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We have established a vertically integrated business model along the lithium-ion battery industry value chain, including electrolyte and its core compositions, cathode materials, adhesives and other lithium-ion battery materials. As electrolyte, cathode materials and adhesives play the critical role in the lithium-ion batteries, downstream manufactures, including battery manufacturers, automotive manufactures and consumer goods manufactures, attach significant importance to the selection of their suppliers. We produce electrolyte with high conductivity and thermal stability, which can be used to produce lithium-ion batteries with low impedance, fast-charging performance and longer battery cycle. Additionally, our electrolyte is designed to perform reliably across a wide range of weather temperature, from -20°C up to 60°C. Drawing on our extensive expertise in these areas, we have grown to be the world’s No. 1 lithium-ion battery electrolyte supplier in terms of shipment volumes for nine consecutive years since 2016, and have established long-term relationships with a wide range of leading international battery manufacturers, automotive manufacturers and consumer goods suppliers.

OUR VERTICALLY INTEGRATED BUSINESS MODEL

We have established a highly vertically integrated business model, enabling us to exercise control and operational efficiency across the entire lithium-ion battery materials supply chain. Our integration covers the in-house production of key upstream raw materials, manufacturing of core intermediates, and the final supply of high-quality lithium-ion battery materials to our customers.

We are one of the few companies globally capable of internally producing major electrolyte raw materials. This includes solutes such as LiPF_6 and LiFSI ; various additives, including FEC, VC and DTD; and electrolyte solvents such as DMC and EMC. By producing these critical raw materials in-house, we are able to formulate advanced electrolyte products.

Our integration also extends to the manufacturing of cathode materials. We produce our in-house FePO_4 and lithium carbonate, both of which are key precursors for the production of cathode materials. Our in-house manufacturing capabilities ensure stable product quality, reliable supply, and cost competitiveness when providing lithium-ion battery materials to downstream manufacturers.

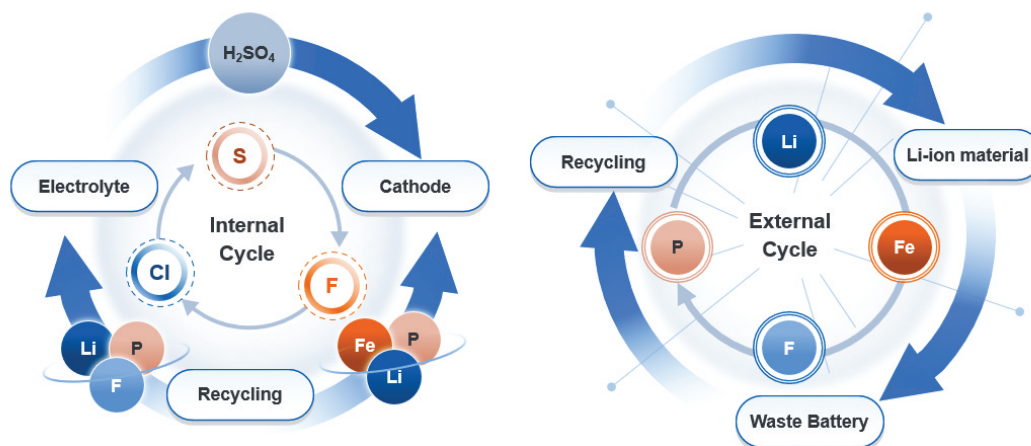
This high degree of vertical integration enables us to benefit from enhanced quality control, manufacturing efficiency, and secure supply chains, while capturing improved margins at each stage of the value chain. It also allows us to be agile in responding to evolving customer requirements and technological developments, consolidating our market leadership in the rapidly growing new energy materials and advanced materials sector.

OUR CIRCULAR ECONOMY MODEL

Building on our highly vertically integrated business model, we also benefit from strong synergies across our business segments and our adoption of a circular economy model, which leverages our scale advantages to create a closed-loop production system for lithium-ion battery materials. Through this model, we engage in retired and waste lithium-ion battery recycling and promote the circular use of materials by recovering by-products and hazardous materials generated in various manufacturing processes and utilizing them as raw materials in the production of other products. This approach not only increases the supply of raw materials, but also significantly reduces energy costs while controlling pollutant emissions. By embedding these principles into our operations, we are able to enhance sustainability, operational efficiency and cost competitiveness across our value chain, while ensuring that the quality of our electrolyte remains consistently high and continues to improve.

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Our circular economy model comprises both internal and external cycle processes. The diagram below provides an overview of our circular economy model:



Internal Cycle

The internal aspect of our circular economy model relates to our own production process, where we constantly strive to recycle and reuse by-products and hazardous materials generated in the production of our electrolyte and cathode materials, and to reduce resource and energy consumption as well as minimize waste and emissions. It focuses on the recycling and reusing of three key elements:

- **Fluorine:** hydrogen fluoride, one of the major by-products created in the production of $LiPF_6$, is recycled and transformed into lithium fluoride and reused in the production of $LiPF_6$;
- **Sulfur:** sulfuric acid, a by-product during the production of $LiPF_6$, is reused in the production of $FePO_4$ and hydrogen fluoride; and sulfur dioxide, a by-product during the production of $LiFSI$, is reused in the production of $LiPF_6$; and
- **Chlorine:** hydrogen chlorine tail gas, a by-product during the production of $LiFSI$, is captured, refined and sold in the market as well as reused in the $LiFSI$ production process, thereby significantly reducing emissions.

External Cycle

The external aspect of our circular economy model focuses on advancing circular production across the lithium-ion battery industry. We achieve this by operating a dedicated lithium-ion battery recycling business and by nurturing strong partnerships with leading battery manufacturers. We seek to fully recover lithium, iron, phosphorus and fluorine for reutilization in our own production, thereby reducing resource consumption and achieving cost savings.

Lithium-ion Battery Recycling

Adhering to our green chemistry philosophy, we established our lithium-ion battery recycling business as a core component of our circular economy model in 2021. This initiative not only aligns our sustainability objectives but also opens new growth opportunities and supports enhanced profitability.

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We provide lithium-ion battery recycling services to battery manufacturers and automotive manufacturers, from whom we source retired and waste lithium-ion batteries. Additionally, we expanded our channel network and strengthened strategic partnerships with ride hailing providers and leading dismantling companies. These partnerships have broadened our access to retired and waste lithium-ion batteries and improved logistical efficiency. This extensive and collaborative network forms a critical foundation for our recycling operations, ensuring a stable, high-quality input stream and supporting the growth of our processing capacity.

These batteries then undergo hydrometallurgical and pyrometallurgical processes to extract and recover valuable elements such as lithium, iron, phosphorus and fluorine. The recovered lithium is then precipitated out of the solution by adding sodium carbonate, which reacts with lithium to form lithium carbonate. The battery-grade lithium carbonate is filtered, dried and processed into high-purity lithium carbonate. As a pioneer in the PRC’s lithium-ion battery recycling sector, we have developed the capability to recover and refine key materials, such as lithium carbonate, to a quality suitable for reuse in manufacturing lithium-ion battery materials. On the other hand, ongoing technological upgrades and capacity enhancements across our recycling operations have significantly reduced our per-tonne processing costs. These developments enable us to achieve both economies of scale and cost advantage, underpinning our industry leadership and supporting the development of a closed-loop ecosystem throughout the lifecycle of lithium-ion battery materials.

Lithium carbonate is the primary source of solute in electrolytes. By recycling lithium from retired and waste lithium-ion batteries and reprocessing it into lithium carbonate, we directly address the supply gap of this critical material, ensuring a more stable and reliable supply. This approach also reduces our dependence on external primary raw materials. As lithium carbonate accounts for approximately 55% of the total cost of cathode materials in LFP batteries, increasing our supply through recycling enables us to achieve greater cost efficiency. Besides lithium, we also recover iron, phosphorus, fluorine and other components. These recovered materials are then integrated into our production processes for LiPF_6 , LiFSI , FePO_4 and LiFePO_4 .

Our recycling platform is a core part of our circular economy model. In 2023, 2024 and 2025, approximately 667.9 tonnes, 3,106.2 tonnes, 1,636.1 tonnes of lithium carbonate was generated from retired and waste lithium-ion batteries, accounting for 4.8%, 14.1% and 4.8% of total lithium carbonate used during the same year. This circular approach reduces raw material consumption and costs, while delivering a more effective supply chain and improving sustainability. In addition, we also generated sales of scraps of RMB29.0 million, RMB19.5 million and RMB7.0 million in 2023, 2024 and 2025, respectively.

As of December 31, 2025, our recycling capacity of black powder of retired and waste lithium-ion batteries and electrode reached 40.0 kilotonnes per annum. As of December 31, 2025, by employing wet process recycling operations, we achieved a recovery rate for lithium exceeding 96.0%, while the recovery rates for phosphorus and iron each surpassed 85.0%.

We believe the lithium-ion battery recycling business represents a strategic focus area for our future development and growth. 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, reaching approximately 5,681.9 kilotonnes by 2030, with significant room for future growth. The lithium-ion battery recycling business is integral to our circular economy model, enabling us to recover and reuse elements such as lithium, iron, phosphorus and fluorine, thereby reducing resource consumption, achieving cost savings, and supporting our ESG initiatives. It not only strengthens the stable supply of raw materials in a low-carbon, energy-efficient and cost-effective way, but also creates new opportunities for profit growth while contributing to our commitment to sustainable development and global ESG progress.

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OUR PRODUCTS

Overview

During the Track Record Period, we primarily offered to our customers (i) lithium-ion battery materials products, including (a) electrolyte and its core compositions, which include LiPF_6 and LiFSI , (b) cathode materials, including FePO_4 and LiFePO_4 , and (c) others, such as binders, PACK structural adhesives for lithium-ion battery and lithium carbonate, (ii) daily chemicals and specialty chemicals¹, and (iii) other businesses, including 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.

The table below sets forth a breakdown of our total revenue by our business segments and each expressed as a percentage of our total revenue for the years ended December 31, 2023, 2024 and 2025.

	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.

Our revenue is mainly generated from the PRC. The following table sets forth a breakdown of our total revenue by geographical regions and each expressed as a percentage of our total revenue for the years ended December 31, 2023 and 2024, and 2025.

	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.

1. Industry practice typically includes daily chemicals within the broader category of specialty chemicals. However, for the purposes of this document and consistent with our internal management structure, daily chemicals are classified separately from other specialty chemicals. This internal classification reflects our management approach, and operational oversight, and may differ from categories adopted by other companies in the same industry.

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The table below sets forth the production volumes of our lithium-ion battery materials products and daily chemicals and specialty chemicals for the years ended December 31, 2023, 2024 and 2025.

	Year ended December 31,		
	2023	2024	2025
	(Tonnes)		
Lithium-ion battery materials			
– Electrolyte and Core Compositions ⁽¹⁾	446,648	580,763	834,612
– Cathode materials	54,128	98,879	145,947
Daily Chemicals			
and Specialty Chemicals	105,013	109,958	131,389

Note:

- (1) The production volume 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.

Lithium-ion Battery Materials

During the Track Record Period, we primarily produce electrolyte and its core compositions, cathode materials and others. According to CIC, we have been the world’s No. 1 electrolyte supplier in terms of shipment volumes for nine consecutive years since 2016, with a global market share of approximately 35.7% in 2024; the world’s largest supplier of LiPF₆ and LiFSI in terms of shipment volumes, accounting for 37.6% and 51.2% of the global market share in 2024, respectively; the world’s No. 3 FePO₄ supplier in terms of shipment volume, with a global market share of approximately 4.1% in 2024; and the world’s No. 3 lithium-ion battery PACK structural adhesives producer in terms of shipment volume, with a 9.6% market share in 2024.

Electrolyte and Core Compositions

We primarily produce electrolyte and its core compositions, such as LiPF₆ and LiFSI. For the years ended December 31, 2023, 2024 and 2025, our electrolyte and its core compositions production volumes¹ amounted to 446.6 kilotonnes, 580.8 kilotonnes and 834.6 kilotonnes, respectively.

Electrolyte

Electrolyte is essential for enabling the movement of lithium ions between battery electrodes and forms a critical component in the production of lithium-ion batteries. It plays an important role in optimizing and maintaining critical performance parameters, including energy density, cycle life, safety, C-rate and operating temperature range. According to CIC, electrolyte typically accounts for approximately 10% to 15% of the raw material cost of lithium-ion batteries in 2024.

We produce electrolyte with high conductivity and thermal stability, which can be used to produce lithium-ion batteries with low impedance, fast-charging performance and longer battery cycle. These batteries are widely used in power, ESS and consumer electronics sectors, and are also gradually being adopted in emerging sectors, such as machinery, vessels, eVTOL and other intelligent applications. Ensuring the safety and optimal performance of our electrolyte is fundamental to our mission. We are committed to establishing the highest standards of quality, reliability, and safety across our products. Through continuous innovation, we deliver electrolyte

Note:

- 1 The production volume 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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that provide exceptional safety, consistent performance, and reliable outcome for our partners and clients. Our electrolytes undergo vigorous safety testing to ensure stability and to prevent overheating. They are specifically engineered to operate in extreme temperatures, ranging from -20°C up to 60°C. Additionally, our electrolytes consistently achieve a first pass yield rate of at least 99.8%.

We are committed to the R&D of new forms of materials such as sulfide solid-state electrolyte. Our sulfide solid-state electrolyte has reached pilot testing stage, demonstrating industry-leading conductivity, stability and scalability, and has been validated by major partners. This innovative material addresses key safety and energy density challenges of traditional lithium-ion batteries, making it a promising candidate for next-generation solid-state batteries.

We have established long-term relationships with a wide range of leading international battery manufacturers, automotive manufacturers and consumer goods suppliers. Our proprietary technology offers significant advantages for future large-scale and automotive-grade production. As part of our ongoing commitment, we continuously enhance our portfolio of lithium-ion battery materials, focusing on improving safety, extending battery life, increasing cost efficiency, and enhancing energy density to address the evolving needs of our partners and the broader market.

Electrolyte's Core Compositions

As a vertically integrated producer of electrolyte and its core compositions, we are highly self-sufficient across a broad range of the core compositions of electrolyte, such as LiPF_6 and LiFSI. During the Track Record Period, our LiPF_6 and LiFSI products were produced primarily for the production of electrolyte, with only a small amount sold externally. A key competitive strength of our business is our high level of self-sufficiency in the supply of both LiPF_6 and LiFSI. As of December 31, 2025, our self-supply ratios for LiPF_6 and LiFSI were 99.0% and 96.6%, respectively, which are significantly higher than the industry average, according to CIC. This substantial self-sufficiency enables us to maintain stable and high-quality supplies of these key raw materials, while also achieving lower procurement costs and sustaining a strong profit margin.

LiPF_6

LiPF_6 is the most commonly used solute for the production of electrolyte, representing the largest share, typically accounting for 40.0% to 50.0% of the total electrolyte costs in 2024, according to CIC. The production of LiPF_6 is characterized by considerable technical intricacy and a lengthy manufacturing process. According to CIC, the capital expenditure required for the production of liquid-state LiPF_6 is approximately 40.0% of that required for solid-state LiPF_6 and electricity consumption for liquid-state LiPF_6 is reduced by approximately 65.0% compared to solid-state processes. While most competitors currently manufacture solid-state LiPF_6 using traditional intermittent batch processes, we are the first and currently the only company capable of large-scale industrial production² of LiPF_6 in liquid-state, according to CIC. Production in liquid-state not only increases process stability but also ensures higher operational efficiency and uniformity, which are challenging to achieve with traditional intermittent batch manufacturing methods. This unique capability positions us strongly within the industry and enables significant cost efficiencies over conventional production methods.

In addition, we adopt a fully automated and continuous solvent-based production process for LiPF_6 , further enhancing operational efficiency and product consistency:

- **Continuous solvent-based production process:** The continuous solvent-based production process enables precise and stable control of critical production parameters, ensuring consistent product quality, stable acidity and achieve yields of approximately 98.0% of the input materials. Compared to traditional intermittent batch processing methods, this process enabled us to increase our annual production capacity from 60,000

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tonnes in 2023 to 110,000 tonnes in 2025¹. The continuous solvent-based production process delivers higher process efficiency, reduces batch-to-batch variability, and reduces both raw material consumption and overall production costs. Furthermore, such production process minimizes energy consumption and emissions, generating strong recognition from major domestic and international customers.

- **Automated production process:** Through the integration of a DCS and PLCs, we achieve automated start-up, material handling and real-time monitoring of critical parameters such as pressure and temperature throughout the production process. These automated production systems reduce manual operations by approximately 80.0% and material feeding errors by approximately 73.9%, thereby improving operational consistency, minimizing production defects and lowering overall labor requirements.

LiFSI

LiFSI, as a more recently developed solute, offers a viable supplement to LiPF_6 as a key material for the production of electrolyte. Compared with LiPF_6 , LiFSI-based electrolytes provide higher thermal stability, a longer cycle life and enhanced electrical conductivity. These enhanced properties are particularly valuable for next-generation battery technologies that demand higher performance and greater safety margins, such as EV and ESS sectors. Despite these benefits, the adoption of LiFSI remains less popular than that of LiPF_6 , largely due to the nascency of the technology and the need for further development in large-scale manufacturing processes. However, the market landscape is evolving rapidly in response to growing requirements for high-voltage and fast-charging battery systems, particularly in EV and ESS sectors. According to CIC, global LiFSI shipments surged from 1.2 kilotonnes in 2020 to 23.9 kilotonnes in 2024, reflecting a CAGR of 110.4% which highlights the rapid adoption and expanding applications of LiFSI as a high-performance solute in electrolytes. Global LiFSI market is projected to reach 202.1 kilotonnes by 2030, with a CAGR of 42.7%. These developments are expected to accelerate the transition towards LiFSI-based electrolyte formulations.

According to CIC, we are the first and currently the only company capable of large-scale industrial production of LiFSI in liquid-state. Our advanced continuous solvent-based production process uses widely available raw materials and precise control of key reaction parameters to consistently produce high-purity liquid-state LiFSI. This approach significantly reduces reaction times and greatly enhances production efficiency. The advanced purification system ensures product purity of up to 99.9%, with yields exceeding 95.0%. In addition, by-products are recycled within the production process, optimizing resource utilization and supporting sustainability. This approach enables efficient large-scale manufacturing while meeting the stringent requirements of high-end applications. During the Track Record Period, our strategic focus on the development and commercialization of LiFSI-based electrolyte formulations yielded significant progress. Several major LFP battery customers commenced batch procurement and integration of these LiFSI-based electrolyte formulations into their production lines. We expect that, as downstream market demand and related technologies continue to mature, we will be well positioned to further advance our expertise in the production of LiFSI.

Cathode Materials

Cathode materials are one of the key components of lithium-ion batteries. The composition of cathode is fundamental to energy density, cycle life and safety performance of lithium-ion batteries. Cathode materials can be categorized based on their chemical composition into LiFePO_4 , ternary materials, LCO and LMO. We primarily produce LiFePO_4 , which is known for its advantages in

1. Production capacity represents the solid-state equivalent of LiPF_6 . We pioneered the application of continuous solvent-based production process to produce liquid-state LiPF_6 , while the other industry participants are using a more traditional method to produce LiPF_6 in solid-state. Consequently, we have converted our data to the solid-state equivalent to ensure comparability.
2. According to CIC, “large-scale industrial production” of LiPF_6 refers to production facilities with an annual output capacity exceeding 100,000 tonnes in solid-state equivalent.

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safety, long cycle life and low cost, and its precursor material, FePO_4 . For the years ended December 31, 2023, 2024 and 2025, our cathode materials production volumes amounted to 54.1 kilotonnes, 98.9 kilotonnes and 145.9 kilotonnes, respectively.

FePO_4

FePO_4 is the precursor material of LiFePO_4 . It plays a critical role in determining the quality and cost of cathode materials, representing approximately 25.0% of the total costs for cathode materials in LFP batteries. As FePO_4 is the source of iron and phosphate for LiFePO_4 , the Fe/P molar ratio, particle morphology, specific surface area, and impurity ion concentration, directly impact key performance metrics such as specific capacity, cycle life, and low-temperature performance of the cathode material. As of December 31, 2025, our self-supply ratio of FePO_4 for the production of LiFePO_4 was 100.0%.

We have adopted the ammonium-based production process for FePO_4 and, according to CIC, were the first company in the PRC to achieve mass production using this method. To address the demand for precursor materials across diverse applications, including high-compaction density and high C-rate LiFePO_4 products, we continuously optimize our equipment and manufacturing processes, emphasizing consistent particle size distribution within each batch. At the same time, we have developed advanced synthesis equipment to enable rapid and stable phase transition of materials and to improve the product quality. Additionally, by increasing the scale of our synthesis and dehydration equipment, we have effectively reduced energy consumption in the preparation of FePO_4 and also minimized wastewater discharge. Moreover, we have established an internal recycling system that utilizes waste sulfuric acid generated from our LiPF_6 production as a raw material in FePO_4 manufacturing. This closed-loop recycling approach reduces our reliance on external raw material supplies, lowers the energy required for processing hazardous chemicals, and further reduces our overall operational costs. See “— Our Circular Economy Model” in this section for further details.

Through our continued process R&D and innovation, we aim to produce FePO_4 with higher quality level. This will support greater economies of scale, allow us to capitalize on emerging market opportunities, and further strengthen our leading position in new energy materials industry. Currently, the FePO_4 precursor for Generation 3 LiFePO_4 utilizing single-step calcination, is in mass production. The FePO_4 precursor for Generation 4 LiFePO_4 utilizing single-step calcination, is currently undergoing trial production and is expected to reach mass production by the second quarter of 2026. Meanwhile, we are actively developing the FePO_4 precursor for Generation 5 LiFePO_4 and beyond, which will employ the latest innovations, such as core-shell structures and atomic-level doping, to deliver the highest levels of energy density, cycle life and safety.

LiFePO_4

Our cathode materials are widely adopted in lithium-ion batteries in power and ESS sectors, enabling us to serve a broad and diverse customer base, with products tailored to the specific needs of each application sector.

We are able to produce LiFePO_4 with high quality and consistency, with a focus on developing high-compaction density and high C-rate products. We have established a highly automated and technologically advanced production process, enabling us to consistently deliver LiFePO_4 with high quality and reliability to meet stringent industry standards. We produce our LiFePO_4 using an innovative proprietary rotary kiln sintering process, which achieves more than a 48.0% reduction in energy consumption compared to conventional roller kiln sintering process. Furthermore, leveraging the integrated development of FePO_4 and LiFePO_4 , we are able to optimize the particle structure at FePO_4 stage, which enables us to achieve high-compaction density and superior electrochemical performance in our LiFePO_4 products, while employing lower sintering temperatures. These technological advancements reduce overall energy consumption throughout the production process, reinforcing our competitive position in terms of both performance and cost.

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Currently, Generation 3 LiFePO₄ products are in mass production and undergoing customer certification. This generation features improved particle uniformity and enhanced carbon coating techniques, resulting in moderate improvements in energy density and cycle life, and is ideally suited to standard EV and ESS applications. Generation 4 LiFePO₄ products are in mass production and undergoing customer certification. This next-generation material is particularly appropriate for high-performance EV, power tools and emerging grid-scale storage applications demanding superior durability and output. Meanwhile, we are actively developing Generation 5 LiFePO₄ and beyond, targeting critical applications requiring enhanced reliability, such as premium EVs, residential and commercial energy storage, and potentially aviation or other mobility sectors.

Others

In addition to electrolyte and cathode materials, we also manufacture a range of other lithium-ion battery materials, including binders, PACK structural adhesives and lithium carbonate.

Binder and PACK Structural Adhesives for Lithium-ion battery

Binders and PACK structural adhesives for lithium-ion batteries are critical to the manufacturing and assembly of lithium-ion batteries, supporting increasingly complex designs and stringent safety, reliability and performance requirements. PACK structural adhesives for lithium-ion battery refer to a specialized adhesive material used in the manufacturing and assembly process of lithium-ion battery. It is mainly applied to bond and secure battery modules to the housing, between modules and other structural components. Binders for lithium-ion batteries are primarily used to bond the active materials of the cathode and anode to the current collectors, ensuring the structural stability of these materials and prevent detachment, pulverization or delamination from the current collectors.

Leveraging our integrated R&D platform, we are actively developing our presence in the fields of PACK structural adhesives and binders for lithium-ion battery. According to CIC, the global lithium-ion battery adhesives market has shown rapid growth between 2020 and 2024, with market size rising from 65.1 kilotonnes in 2020 to 336.4 kilotonnes in 2024 and is expected to reach 1,233.4 kilotonnes in 2030. We are the world's No. 3 largest producer of lithium-ion battery PACK structural adhesives in terms of shipment volume, with a global market share of approximately 9.6% in 2024. We have established strategic collaborations with four of the world's top ten battery manufacturers for binders and PACK structural adhesives, reinforcing our position in this rapidly expanding market and supporting the ongoing innovation and growth efforts of these leading companies.

Our product portfolio encompasses a broad range of PACK structural adhesives for lithium-ion batteries, including polyurethane structural adhesives, epoxy adhesives and silicone adhesives. The advantage of our PACK structural adhesives lies in their wide operating temperature range, allowing the product to perform effectively in environments from -40°C to 60°C. Their use enables design flexibility, enhances safety and reliability, and ensures compliance with stringent industry standards. We are also advancing the development of PACK structural adhesives designed for a wider temperature range.

We also offer a comprehensive array of binders for lithium-ion batteries, including non-fluorinated cathode binders, anode binders and edge-coating adhesives. Our binders are highly adhesive and can be tailored to suit diverse application requirements, such as its conductivity, physical state, ion transport capability, and polymer mechanical properties. We are actively developing next-generation lithium-ion battery binders designed to support further product diversification and deliver enhanced performance. For example, our high-dynamic aqueous anode binder is formulated using PAN/PAA copolymer technology. This advanced binder is engineered to substantially reduce internal cell resistance and enhance electrochemical performance under low-temperature conditions. In addition, it has demonstrated improved high C-rate stability and overall battery cell longevity.

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Lithium Carbonate

Lithium carbonate is the primary raw material of solute in electrolytes. High-purity lithium carbonate enables stable battery operation and enhances energy density, whereas impurities can compromise both reliability and longevity.

The supply, quality, and price of lithium carbonate are pivotal factors driving both the technological progress and the economic sustainability of the lithium-ion battery industry. Economically, lithium carbonate typically accounts for approximately 55.0% of the total cost of cathode materials in LFP batteries. Its strategic significance makes it a critical factor in shaping market dynamics and supporting long-term industry growth.

We have established integrated capabilities in the processing of high-purity lithium carbonate, encompassing ore beneficiation, smelting, and recycling, through strategic controlling and minority investments. As of December 31, 2025, our self-supply ratio for high-purity lithium carbonate was 100.0%. In line with our circular economy model, we utilize advanced recycling processes to recover lithium from the retired and waste lithium-ion batteries and reprocessing it into lithium carbonate, enhancing the sustainability of our operations. The recovered lithium carbonate is repurposed as a raw material for the production of LiPF_6 and LiFSI . By implementing this closed-loop recycling approach, we reduce our dependence on external raw materials, achieve additional cost efficiencies and contribute to reducing our environmental impact. See “— Our Circular Economy Model” in this section for details.

For the years ended December 31, 2023, 2024 and 2025, the revenue derived from the sales of lithium carbonate amounted to RMB58.9 million, RMB90.8 million, and RMB71.1 million, respectively.

Daily Chemicals and Specialty Chemicals¹

Daily chemicals

Our daily chemicals product offerings primarily include carbomer, amino acid and amphoteric surfactants, silicone oil, and cationic conditioner. Our downstream daily chemical products include home care products such as detergents, and personal care products such as shampoo and body wash.

Carbomer

Our carbomer products exhibit excellent thickening properties. The application includes emulsions, creams, and gels, for example, hair styling gels, moisturizing gels, shampoos, sunscreen lotions and hand sanitizers.

Surfactant (including amino acid and amphoteric surfactants)

Our surfactant products are widely used across personal care applications.

- Amino acid surfactants provide gentle cleansing and are often included in premium facial cleansers, shampoos and body washes suitable for sensitive skin.
- Amphoteric surfactants are commonly used in shampoos, shower gels, hand sanitizers, facial cleansers and other daily hygiene products.

Silicone Oil

Our silicone oil products are mainly used for personal care products such as conditioning shampoos, hair care products, and styling products.

1. Industry practice typically includes daily chemicals within the broader category of specialty chemicals. However, for the purposes of this document and consistent with our internal management structure, daily chemicals are classified separately from other specialty chemicals. This internal classification reflects our management approach, and operational oversight, and may differ from categories adopted by other companies in the same industry.

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Cationic Conditioner

Our cationic conditioner products are mainly used as conditioners in hair and skin care products, such as conditioning shampoos, conditioners, balms, hand sanitizers, body washes, facial cleanser, and skin care products. They can also be used as enhancers in industries such as papermaking, mining, water treatment, and textile printing and dyeing to aid retention and drainage, or as flocculants and color-fixing agents.

Specialty chemicals

We provide a broad portfolio of specialty chemicals, such as silicone, rubber additives, as well as other advanced materials, which include specialty adhesives and encapsulant for automotive electronics and semiconductor, high-performance polymer materials (primarily including PEEK and PI), high-efficiency cooling materials and flame-retardant materials.

Our focus on these advanced materials is driven by the growing needs of emerging sectors such as intelligent driving, eVTOL, semiconductors, advanced engineering materials and AI related thermal management. At present, the majority of these products in the PRC remain at the introduction or early growth stage, offering substantial opportunity for domestic substitution as demand for localized solutions increases.

In thermosetting and thermoplastic materials, our research and development in polymers, such as epoxy, silicone, acrylics, and polyurethanes, has enabled us to develop a range of binders and lightweight material solutions tailored to the requirements of these strategic industries. Many of these products have achieved customer validation, commercial adoption, and initial orders.

- Intelligent driving and eVTOL: We have addressed critical requirements in LiDAR optical packaging and domain controller signal transmission by developing high-transmittance silicone potting adhesives, low-dielectric acrylic structural adhesives, and weather-resistant epoxy bonding systems. These innovations improve both thermal management and product reliability.
- Semiconductor materials and AI data centers: We have introduced silicon-based thermal conductive gels and epoxy primers that improve chip packaging and heat dissipation for high-performance computing. According to CIC, the global market for EV and semiconductor adhesives is projected to reach RMB51 billion by 2030.
- Advanced engineering materials: We are developing thermoplastic materials that enable metal replacement for lightweighting applications, provide enhanced wear and corrosion resistance, and deliver high strength. These properties present significant opportunities in intelligent robotics, EVs, and aerospace. Several of our products are undergoing commercial validation and have secured initial orders at the 100-kilogram level. According to CIC, the global market of PEEK and PI is projected to reach RMB42 billion by 2030.

Furthermore, leveraging our capabilities in fluorine-based chemical engineering, we have also developed advanced fluorinated fine chemicals, including high-efficiency cooling materials and flame-retardant materials for AI, data center, and ESS customers to address critical heat-dissipation and fireproofing requirements amidst the rapid growth in computing power and energy demand. All such products are currently in pilot testing or customer validation phases, with mass production scheduled for 2026. According to CIC, the global market of cooling materials and flame-retardant materials is projected to reach RMB44 billion by 2030.

Within our daily chemicals and specialty chemicals business, we place great emphasis on collaborative development with our customers. We work closely with our customers to develop new products to meet the demands of end users and to improve the functionality of our products. We collaborate with customers to develop and provide customized formulae. For example, we assisted a client with the development of a formula for producing amino acids for facial cleansers, and subsequently supplied to the customer the amino acid surfactants we produced.

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During the Track Record Period, these products were principally sold in the PRC to manufacturers of well-known domestic and international brands. We have served nine of the global top ten personal care products manufactures in 2024. Revenue from overseas markets was principally generated from sales of daily chemical materials. We began our journey in the daily chemicals market in 2000 and have since expanded into the specialty chemicals sector. Over the years, we have established ourselves as one of the main suppliers of daily chemicals and specialty chemicals in the PRC.

Other Businesses

Other businesses primarily include 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.

RESEARCH AND DEVELOPMENT

We believe our strong R&D capabilities and integrated R&D 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.

Our R&D Capabilities

As a recognition of our distinguished R&D capabilities, we are certified as a National High-Tech Enterprise by the PRC government. 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. We have several distinct functions within our R&D team. One key focus is on designing and developing high-quality products. At the same time, we carry out market analysis to inform the direction of our R&D efforts. This includes assessing production cost efficiency and understanding customer sensitivities relating to pricing, required functionalities, and product specifications. We continue to recruit talents globally to strengthen our R&D competitiveness.

As of December 31, 2025, our R&D department consisted of eight R&D centers. The table below sets forth certain details of our R&D centers.

R&D Centers	Site Area	Key Development Focus
Guangzhou R&D center .	10,000 sq. m.	Lithium-ion battery materials; daily chemicals and specialty chemicals
Jiujiang R&D center	10,000 sq. m.	Lithium-ion battery materials
Shanghai R&D center . . .	3,200 sq. m.	Advanced materials
Yichun R&D center.	3,000 sq. m.	Cathode materials
Quzhou R&D center	2,000 sq. m.	Lithium-ion battery materials
Chizhou R&D center. . . .	2,000 sq. m.	Lithium-ion battery materials
Korea R&D center	300 sq. m.	Lithium-ion battery materials
North America R&D center	500 sq. m.	Lithium-ion battery materials

During the Track Record Period, we have also collaborated on 22 R&D projects with multiple leading universities and nine manufacturers with excellent R&D capabilities. By leveraging our close relationships with customers and our deep understanding of their needs, we apply our technical expertise and experience to develop new products that align closely with client

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requirements. We adopt a client-centric approach in developing electrolyte product formulations, working hand-in-hand with customers to tailor solutions that meet their specific performance requirements. This collaborative model strengthens long-term client relationships and increases customer retention, as all product development is driven by client engagement rather than standardized offerings. For example, through joint R&D with a supplier, we successfully developed an electrolyte solvent derived from coal, a more cost-effective alternative to conventional petroleum-based solvents. Currently, we are also working with suppliers to create and define product standards for a new generation of advanced solvents.

We will continue to enhance our leading technology through our R&D. For lithium-ion battery materials, we aim to improve battery cycle life, reduce battery impedance growth, enhance safety and develop proprietary additives, cathode materials and solid-state electrolytes. In the field of daily chemicals and specialty chemicals, our research and development efforts will focus on developing fragrance and flavor and the next generation of gentle cleansing and personal care solutions. We also plan to advance green and sustainable synthesis technologies, including further R&D on biodegradable functional polymers derived from natural sources and their application technologies. In addition, we are increasing our R&D focus on advanced materials, particularly the development and industrial application of specialty adhesives and encapsulant for automotive electronics and semiconductors, high-performance polymer materials (primarily including PEEK and PI), high-efficiency cooling and flame-retardant materials.

The following table presents some notable R&D projects related to new energy materials and advanced materials that were initiated during the Track Record Period. These projects contributed to advancements in product performance, sales, and the ability to address customer requirements.

Projects	Key targets	Progress
Electrolyte for lithium iron fast charge	To develop new electrolyte solutions for fast charging requirements.	Mass production
Electrolyte for ternary fast charging	To develop ternary fast-charge electrolyte optimized for cycle life and performance across a wide temperature range.	Mass production
Electrolyte for lithium manganese iron phosphate	To develop effective new electrolyte solutions for lithium manganese iron phosphate batteries.	Mass production
Sodium-ion electrolyte	To develop electrolyte solutions for sodium-ion batteries.	Pilot testing stage
Electrolyte for lithium cobalt oxide with silicon	To develop electrolyte solutions for lithium cobalt oxide with silicon, addressing lightweight needs of 3C electronic products.	Mass production
Semi-solid electrolytes for medium-high nickel and high nickel systems	To develop semi-solid electrolyte materials and solutions for medium-high nickel and high nickel systems.	Pilot testing stage
Sulfide solid-state electrolyte	To develop cost-effective sulfide solid-state electrolytes and its key composition with high ionic conductivity and excellent interfacial stability.	Pilot testing stage
Lithium manganese iron phosphate	To develop lithium iron manganese phosphate cathode materials to meet customer needs.	Pilot testing stage
5V lithium nickel manganese oxide	To develop lithium nickel manganese oxide cathode materials that meet customer needs.	Pilot testing stage
PEEK	To develop high temperature resistant, high performance thermoplastic special engineering plastics to meet the market demand for lightweight materials.	Bulk shipment

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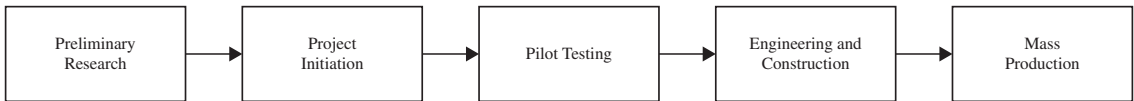
Projects	Key targets	Progress
Automotive smart electronic adhesive solutions, semiconductor (AI chip) material solutions (silicone, epoxy, polyurethane and PI).	To develop and build automotive electronic product development platforms and product solutions.	The silicone thermal management product line and epoxy product line are currently in the pilot testing stage, and some products have completed customer verification.
Development of non-fluorine cathode binder	To develop non-fluorine cathode binders such as cathode binders that can simultaneously improve cathode wetting performance.	Product mass production, customer pilot verification
Generation 5 LiFePO ₄	To develop high pressure compaction to meet customer needs.	Pilot testing stage
5V high-voltage electrolyte . .	To develop electrolyte solutions that support the stable and efficient operation of lithium nickel manganese oxide (LNMO) battery systems at ultra-high voltages of 5V.	Pilot testing stage

We have made significant investments in R&D 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. For the years ended December 31, 2023, 2024 and 2025, our research and development expenses amounted to approximately RMB645.5 million, RMB668.2 million and RMB846.9 million, respectively. See “Financial Information — Description of Principal Consolidated Statements of Profit or Loss Items — Research and Development Expenses” for details of our research and development expenses during the Track Record Period. With the anticipated growth of our business and revenue going forward, we expect to experience an increase in our research and development expenses.

As a testament to our excellent R&D capability, we have won numerous national awards in China. See “— Awards and Recognitions” in this section.

Our R&D Process

We employ a structured stage-gate approach to R&D, ensuring rigorous project governance, prudent resource allocation, and effective alignment of our R&D initiatives with our long-term strategic objectives. Our process is divided into five principal phases, each governed by formal review mechanisms and objective criteria to ensure project viability and optimize value creation. The following chart demonstrates the typical R&D process.



By employing this disciplined stage-gate R&D framework, we ensure that only projects meeting clearly established technical, commercial, and strategic thresholds progress, thereby facilitating effective resource utilization and robust risk management.

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Our Integrated R&D Platform

Based on our deep understanding of first principles of chemistry and materials science, we have established a highly integrated R&D platform focusing on four major chemical elements of lithium, fluorine, phosphorus and sulfur. By systematically analyzing each element from its most fundamental properties, we drive rigorous innovation and comprehensive solutions throughout our R&D process. This expertise forms the foundation for innovation, supporting the development of advanced materials and products that meet the needs of various industries.

We have established a comprehensive and efficient R&D platform that spans from laboratory innovation to mass production. This represents full-spectrum in-house R&D capabilities ranging from basic research on chemical compounds and polymers, to materials synthesis R&D, followed by design and optimization of equipment for mass production and industrial application. This end-to-end capability ensures continuous improvement across our production technologies, processes and equipment, supporting efficient progression from early-stage experimentation to full-scale commercial production. Through accumulated experience and continuous innovation in laboratory testing, synthesis, purification and process response control, we have developed a robust suite of experimental, pilot-scale and commercial technologies, as well as in-depth technological know-how, to underpin our high value-added solutions. This advantage ensures the alignment of our manufacturing capability with ongoing R&D advances, allowing us to bring next-generation products to market more quickly, with higher quality, and at lower cost iteration.

Our Engineering Capabilities

We have established a rapid iterative engineering system that underpins our ability to rapidly translate advanced research into large-scale manufacturing. This system provides us with sustainable competitive advantages and supports our position as an industry leader in new energy materials and advanced materials. Our key strengths include the following:

- ***Integrated and collaborative workflow:*** We have established an integrated, collaborative workflow linking research and development, design, engineering and manufacturing. This collaborative model removes departmental barriers, enabling seamless coordination that accelerates product development, shortens time-to-market period and supports the rapid commercialization of innovative, high value-added products. The R&D team initiates the process by defining technical parameters and developing prototype plans tailored to market demands. The design team transforms these technical plans into manufacturing models using digital tools, working closely with the engineering team to review the feasibility. The engineering team forms a technical committee to implement technical specifications to standardize processes and provide feedback to R&D and design teams for continual improvement and optimization.
- ***Platform advantages:*** We have established a chemical unit process development platform and a pilot testing stage technology development platform, creating a seamless transformation from basic research to data modeling, process validation, and ultimately scale-up for mass production. We have also had in place platforms for physical property testing, reaction process investigation and simulation model experiments, achieving the company-wide standardized output and large-scale replication of technical capabilities.
- ***Intelligent data systems:*** We leverage computational chemistry, AI, process and fluid simulations and production big data analysis to guide our engineering and equipment design. We have developed and applied an intelligent data analysis and diagnostic system. By applying automated systems in every link from R&D to production, we achieve centralized intelligent control, real-time data collection and feedback throughout the entire process. This ensures that our R&D efforts are dynamically adjusted and updated based on production data.

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- **Periodic technology iteration mechanism:** We have established a periodic technology iteration mechanism that continuously facilitates our production bases to conduct self-diagnostics, optimize the dynamic assessment process for equipment efficiency and product quality, establishing a sustained iteration among our production. This mechanism enables our continued and rapid technological iterations, ensuring our industry leadership in the production processes and upgrading manufacturing capabilities.

Together, these capabilities enable us to respond dynamically to evolving market needs, maintain agile innovation cycles, and establish a solid foundation for sustainable growth in the global new energy materials and advanced materials industries. At the same time, our integrated R&D platform and rapid iterative engineering capability create a powerful, ongoing feedback mechanism. Practical insights and operational improvements from production feed directly back into R&D, ensuring that we remain dynamic and competitive.

PRODUCTION

Our Global Network

As of December 31, 2025, we operate 16 production bases in the PRC, with one additional production base currently under construction in the PRC. In addition to our operation in the PRC, we have engaged two contract manufacturing providers, one in the United States and one in Germany. Furthermore, we are planning to establish production bases in Morocco and the United States.

Our PRC Production Bases

Our Existing Production Bases

The table below shows our existing 16 production bases in operation.

Location of manufacturing base	Site area (s.q. m)	Products	Land/property right
Guangzhou	45,624	Daily chemicals and specialty chemicals	Self-owned
Jiujiang	2,269,866	Lithium-ion battery materials and daily chemicals and specialty chemicals	Self-owned
Tianjin	19,988	Daily chemicals	Self-owned
Yichun	63,481	Lithium-ion battery materials	Self-owned
Liyang	108,920	Lithium-ion battery materials	Self-owned
Taizhou	133,095	Lithium-ion battery materials	Self-owned
Chizhou	149,841	Lithium-ion battery materials	Self-owned
Quzhou	192,964	Lithium-ion battery materials	Self-owned
Fuding	98,472	Lithium-ion battery materials	Self-owned
Qingyuan	149,592	Daily chemicals and specialty chemicals	Self-owned
Sichuan	167,206	Lithium-ion battery materials	Self-owned
Yichang	142,177	Lithium-ion battery materials	Self-owned
Chenzhou	76,036	Lithium-ion battery materials	Self-owned
Ganzhou	18,603	Lithium-ion battery materials	Self-owned
Dongguan	7,845	Lithium-ion battery materials	Leased
Qinghai	36,160	Lithium-ion battery materials	Self-owned

Production Base Under Construction

Our Jiangmen production base, which is currently under construction on a self-owned site with an area of 131,451 s.q. m, is planned for the manufacturing of lithium-ion battery materials to address increasing market demand. Construction commenced in 2022, with completion anticipated in 2026. The facility is designed to achieve an annual production capacity of 200,000 tonnes of lithium-ion battery electrolyte, with a total estimated investment of approximately RMB982.8 million.

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Our Overseas Contract Manufacturing Providers

In support of our strategic ambition to expand our presence in overseas markets, particularly North America and Europe, and ensure the delivery of high-quality products to key clients with optimized logistics, we have adopted a selective approach to outsourcing certain aspects of our production. Our contract manufacturing strategy prioritizes geographic proximity, actively favoring partners situated close to our principal customers’ manufacturing sites and within well-connected transportation hubs. This enables us to enhance delivery efficiency, reduce logistics costs, and provide timely, dependable service to our clients.

When assessing potential contract manufacturing partners, we conduct rigorous due diligence, paying particular attention to facility standards, technological capabilities, regulatory compliance and chemical manufacturing expertise. Our partners must demonstrate robust operational capacity, advanced equipment, structured production lines, and a mature quality management system to ensure consistent and high-standard output.

Reflecting this approach, we have established strategic partnerships with carefully selected contract manufacturing providers in both the United States and Germany, who are all independent third parties. In selecting these overseas contract manufacturing providers, we prioritized their established reputations as leading manufacturers in their respective markets, proven production capabilities, robust operational reliability, the capacity to meet our technical specifications and quality requirements and strong records of compliance with local regulatory and quality standards.

For the years ended December 31, 2023, 2024 and 2025, production volumes attributable to overseas contract manufacturing providers accounted for less than 1.0%.

Our Overseas Production Bases Under Planning

Production Base in Morocco

In 2023, we established a subsidiary in Morocco (“**Project Company**”), utilizing the country’s abundant phosphorus resources to build local production and sales networks. 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, with an estimated total investment of U.S.\$280 million. See “Future Plans and Use of Proceeds” for further details.

The Morocco project has commenced construction and is expected to complete construction by the end of 2028.

Set forth below is a summary of the major terms in the investment agreement with Moroccan government.

Key Terms	Details
Total investment amount	Approximately US\$280 million.
Project implementation timeline	Complete construction and achieve project commissioning within five (5) years from the effective date of the investment agreement. The timeline shall be extended accordingly in the event that construction conditions are not satisfied due to circumstances beyond the reasonable control of us or the Project Company;

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Key Terms	Details
Capital contributions	We undertake to provide capital contributions to the Project Company in stages in accordance with the agreed investment schedule, with any shortfall in project funding to be sourced through alternative financing arrangements.
Shareholding	We undertake to maintain direct and/or indirect equity interest and voting rights in the Project Company throughout the term of the investment agreement.
Our performance targets	We undertake to achieve project commissioning within five (5) years from effective date of the investment agreement (subject to extension if construction conditions not met due to reasons beyond investor’s control) and meet agreed production and export targets within five (5) years from commissioning date. In addition, we undertake to create agreed number of stable employment positions in Morocco by 2028.
Moroccan government’s undertakings	Moroccan government undertakes to grant tax and customs available to enterprises operating within industrial acceleration zones, in accordance with the relevant laws and regulations of the Kingdom of Morocco. Subject to our achievement of the performance targets set out above, the Moroccan government undertakes to provide financial subsidies to the Project Company calculated on the basis of (i) the actual total investment amount deployed; and (ii) the number of stable employment positions created, in each case subject to and in accordance with the applicable regulations of the Kingdom of Morocco.

Production Base in the United States

As part of our ongoing strategy to expand our presence in the North American market and strengthen our production capabilities, in early 2025, we signed a collaborative framework agreement with a U.S.-headquartered industrial conglomerate (the “**Conglomerate**”). The collaboration involves two separate joint ventures. Through these joint ventures, we plan to develop a new production base in the United States (the “**U.S. Production Base**”) for the manufacture of lithium-ion battery electrolytes. The strategic rationale for establishing production in the United States (in addition to our production base in Morocco) includes: (a) supply chain synergies as the Conglomerate has large-scale production and supply capabilities for hydrofluoric acid products, enabling localized supply of raw materials and effective recycling of by-product acids; (b) market localization benefits including facilitating localized operations in North America (while our production base in Morocco primarily focuses on meeting the demands of our European customers), accelerating large-scale production of electrolyte products, and enabling proximity supply to key customers in North America; and (c) strategic positioning to enter the North American market and improve global industrial layout while enhancing market influence and internationalization level. The agreement with the Conglomerate and the establishment of joint ventures is preliminary and subject to signing of the definitive agreements and regulatory approvals.

U.S. Production Base is designed to have an annual production capacity of 200,000 tonnes of electrolyte. The total investment is expected to be not more than U.S.\$200.0 million, which will primarily be used for the land cost, construction of the plant, procurement of major production equipment and other related preparatory costs.

The U.S. project has completed factory design and related preliminary procedures, and construction commenced in the fourth quarter of 2025. The total construction period for the U.S. Production Base is estimated to be within 22 months from commencement.

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Production Capacity and Utilization

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. 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.

The table below sets forth the breakdown of our annual production capacity and production volume for the years ended December 31, 2023, 2024 and 2025.

	For the year ended December 31,		
	2023	2024	2025
	(tonnes)		
Production Capacity			
Lithium-ion battery materials:			
Electrolyte and core compositions ⁽¹⁾	724,567	983,900	993,500
Cathode materials	137,604	243,854	347,500
Daily chemicals and specialty chemicals	209,372	268,372	298,372
Production Volume			
Lithium-ion battery materials:			
Electrolyte and core compositions ⁽¹⁾	446,648	580,763	834,612
Cathode materials	54,128	98,879	145,947
Daily chemicals and specialty chemicals	105,013	109,958	131,389

Note:

- (1) The production capacity and production volume represent 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.

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%

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 productions 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.

Note:

- 1 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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Our production capacity enables us to achieve economies of scale, cost efficiencies and higher profitability. According to CIC, we have been the world’s No. 1 electrolyte supplier in terms of shipment volumes for nine consecutive years since 2016. We plan to further grow our production capacity in the next five years and to expand our customer service network in the PRC and overseas.

Machinery and Equipment

Our production bases are equipped with a comprehensive range of machinery and equipment to support each stage of the manufacturing process. Our directors believe that the specifications and scale of our equipment are consistent with prevailing industry standards. The table below provides certain details of our principal machinery and equipment as of December 31, 2025.

For the production of	Number of projects in operation	Key machinery and equipment
Electrolyte	6	Distribution vessel
LiPF ₆	4	Synthesis vessel, distillation column
LiFSI.	3	Distribution vessel, synthesis vessel, distillation column
FePO ₄	3	Calcination kiln, dehydration column, flash dryer
LiFePO ₄	2	Spray dryer, roasting kiln
Amphoteric surfactants.	7	Synthesis vessel
Carbomer	2	Reactor vessel, dryer

Production Process

Advanced Production Technologies

Our technological advancements are central to our approach and enable us to drive efficiency, cost effectiveness, and product quality consistency.

For LiFePO₄, we utilize an innovative proprietary rotary kiln sintering process, which achieves more than a 48.0% reduction in energy consumption compared to conventional roller kiln sintering process.

For FePO₄, we adopt the ammonium-based production process and were the first company in the PRC to achieve mass production with such production process, according to CIC.

In LiPF₆ production, we pioneered a continuous solvent-based production process, which simplifies the process, lowers production costs by over 20.0%, and delivers a raw material yield above 99.0%, compared with the traditional intermittent batch process. This method also enhances process stability and minimizes raw material loss, resulting in greater efficiency and production consistency over traditional intermittent batch processes.

We have further extended the application of the continuous solvent-based production process to LiFSI production. We use widely available raw materials and maintain precise control of key reaction parameters in our advanced continuous solvent-based production process, ensuring the consistent production of high-purity liquid-state LiFSI.

Our manufacturing operations are highly automated and digitalized, utilizing state-of-the-art technology and equipment to ensure consistently high and reliable quality standards. Across our manufacturing bases, we deploy smart logistics, integrated manufacturing systems and digital management tools, which have significantly improved our efficiency. Within our electrolyte factories, we deployed intelligent AGV systems to streamline material transport, automated cleaning equipment to uphold high sanitation standards and automated printing and labelling solutions for accurate and rapid product identification. Additionally, our advanced OQC system

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rigorously inspects products before shipment, ensuring only those that meet our stringent quality standards reach customers. These innovations reduce manual tasks, improve operational safety, particularly in high-risk workshops, and reflect our leadership in adopting more advanced, safer manufacturing practices.

Each stage of our manufacturing process is continuously monitored and calibrated to ensure the highest efficiency in material use and strict adherence to product quality standards. This disciplined approach allows us to consistently produce high-quality, stable lithium-ion battery materials while using fewer key inputs and minimizing waste, ultimately contributing to increased profit margins.

Customization Capability

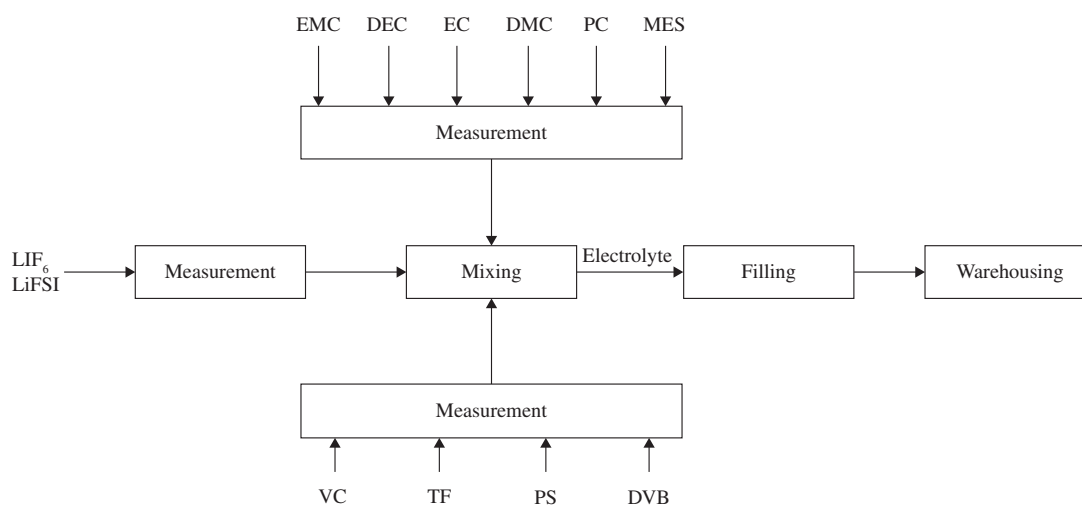
Our automated and digitalized production process, powered by innovative technology, enables flexible product customization to meet specific requirements or deliver unique functionalities requested by our clients.

We leverage established customer relationships from our electrolyte business and collaborate closely with both domestic and international lithium-ion battery manufacturers. Together, we jointly develop products to address specific challenges and client requirements. For example, we partnered with leading battery manufacturers to jointly design ultra-fast charging solutions, customizing both formulation and production processes to address client-specific challenges. Our collaborative approach has enabled our customers to achieve breakthroughs in high-performance and fast-charging battery applications, while reinforcing our reputation as a trusted research and development partner in the industry.

Customization is also prevalent within our daily chemicals and specialty chemicals segment, where products are frequently developed using formulas provided by the customer or through joint development to meet the specific needs of the end users.

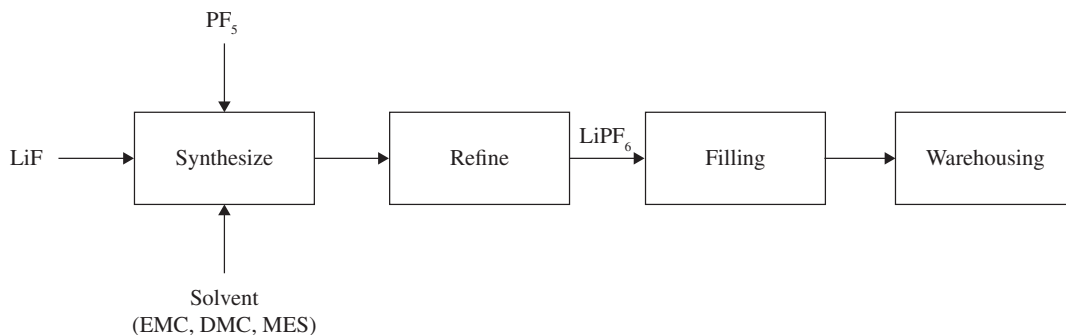
Major Lithium-ion Battery Materials Production Process

The production process of lithium-ion battery electrolyte is shown in the following diagram. The typical lead time from raw material preparation to finished product is approximately ten hours.

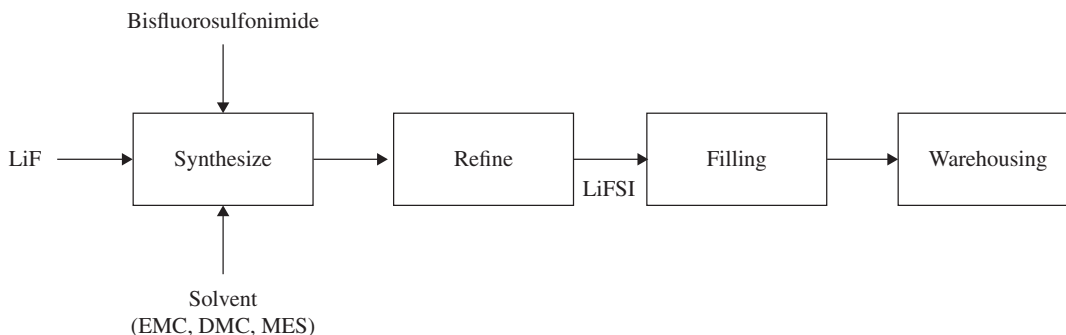


The production process of LiPF_6 is shown in the following diagram. The typical lead time from raw material preparation to finished product is approximately 30 hours.

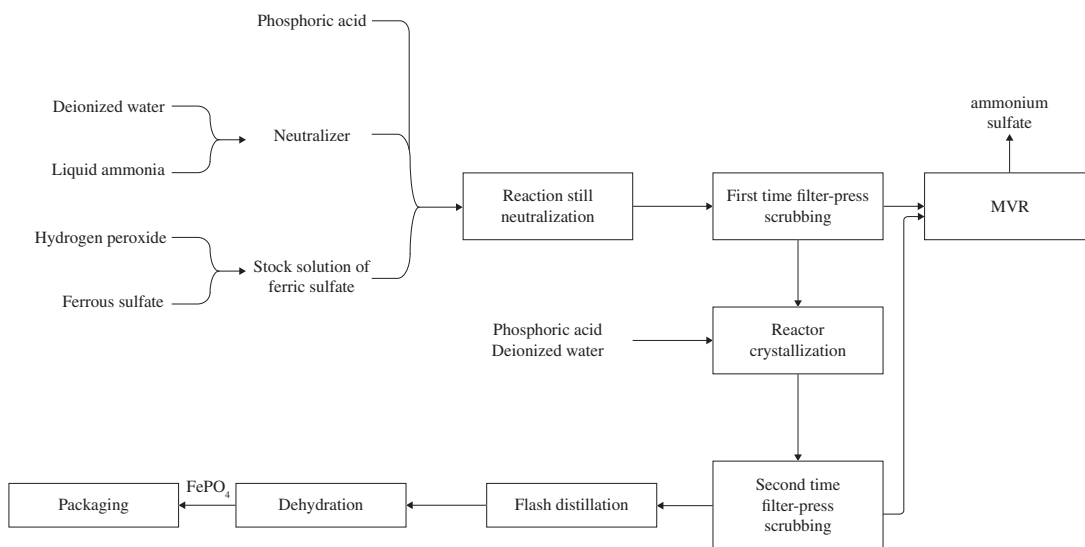
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The production process of LiFSI is shown in the following diagram. The typical lead time from raw material preparation to finished product is approximately 30 hours.

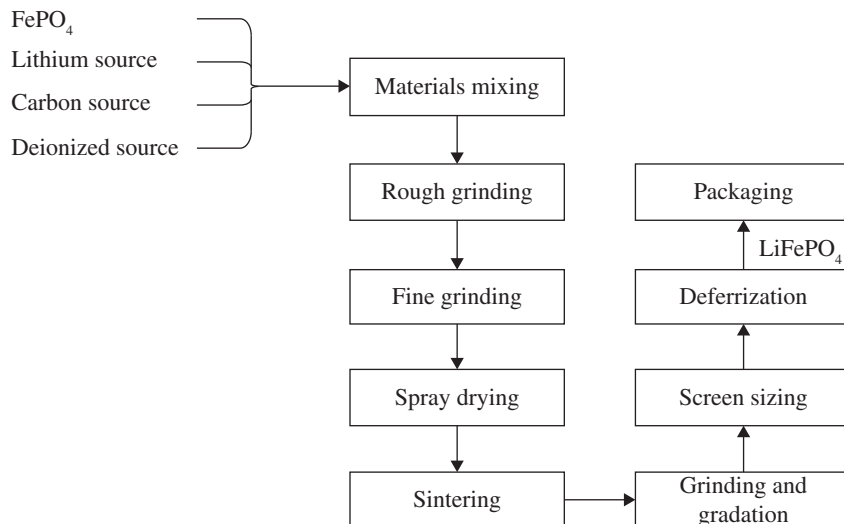


The production process of FePO_4 is shown in the following diagram. The typical lead time from raw material preparation to finished product is approximately 40 hours.



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The production process of LiFePO_4 is shown in the following diagram. The typical lead time from raw material preparation to finished product is approximately 40 hours.



SALES, MARKETING AND CUSTOMERS

Sales and Marketing

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.

Our sales and marketing department cooperates with other departments to provide a combination of sales service, R&D, technical support and other services for our customers. We also establish sales branch offices in close proximity with our major customers to ensure we effectively manage relationships with our existing customers, provide sales and technical support services to our customers and collect feedback on our products in a timely manner.

Our largest customers are manufacturers of lithium-ion batteries in China, and some of their production bases are located in the South China region where most of our sales and marketing team are based. For daily chemicals and specialty chemicals, our domestic sales network is divided into South China and East China, with Guangdong contributing most to our sales. Our international sales network is divided into Asia Pacific, Middle East, North America, Central and South America, Europe, Africa and other regions.

Customers

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.

Our long-term relationships and extensive collaborations with our customers have enabled us to increase our sales with existing customers and deepen the relationship. Our proven R&D capabilities and technical services allow us to rapidly respond to customers' needs for product

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customizations and innovations. Most of the leading domestic and international customers have a strict and long certification process for their suppliers, but our technological strengths have enabled us to successfully fulfil these certification requirements. We have established production bases across China, located strategically near our major customers in order to service their needs.

The following tables set forth the information of our five largest customers during the Track Record Period:

For the Year Ended December 31, 2023

Customer	Background	Products sold to customer	Geographical locations of our customers	Revenue generated from the sale <i>RMB in million</i>	% of our total revenue	Credit terms	Commencement year of business relationship
Group A . . .	A company specialized in the research, development, production and sales of lithium-ion batteries	Lithium-ion battery materials	PRC	8,118.3	52.7	Within 120 days	2017
Customer B .	A company specialized in the research, development, production and sales of lithium-ion batteries	Lithium-ion battery materials	PRC	960.9	6.2	Within 90 days	2016
Customer E .	A company specialized in manufacturing of lithium batteries, battery management systems and related integrated product and lithium battery materials	Lithium-ion battery materials	PRC	735.3	4.8	Within 90 days	2018
Customer D .	A company operating in various industries, including electronics, chemicals, telecommunications and services	Lithium-ion battery materials	South Korea	711.9	4.6	Within 135 days	2017
Customer F .	A company specialized in the research, development, production and sales of lithium-ion batteries	Lithium-ion battery materials	PRC	446.2	2.9	Within 60 days	2021
Total				<u>10,972.7</u>	<u>71.2</u>		

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For the Year Ended December 31, 2024

Customer	Background	Products sold to customer	Geographical locations of our customers	Revenue generated from the sale	% of our total revenue	Credit terms	Commencement year of business relationship
				<i>RMB in million</i>			
Group A . . .	A company specialized in the research, development, production and sales of lithium-ion batteries	Lithium-ion battery materials	PRC	5,002.0	40.0	Within 120 days	2017
Customer B .	A company specialized in the research, development, production and sales of lithium-ion batteries	Lithium-ion battery materials	PRC	922.3	7.4	Within 90 days	2016
Customer C .	A company specialized in the production of stainless steel, nickel and lithium-ion batteries	Lithium-ion battery materials	PRC	559.4	4.5	Within 90 days	2018
Customer E .	A company specialized in manufacturing of lithium batteries, battery management systems and related integrated product and lithium battery materials	Lithium-ion battery materials	PRC	434.0	3.5	Within 90 days	2018
Customer G .	A company specialized in the research, development, production and sales of lithium-ion batteries	Lithium-ion battery materials	PRC	424.2	3.4	Within 120 days	2018
Total				<u>7,341.9</u>	<u>58.7</u>		

For the Year Ended December 31, 2025

Customer	Background	Products sold to customer	Geographical locations of our customers	Revenue generated from the sale	% of our total revenue	Credit terms	Commencement year of business relationship
				<i>RMB in million</i>			
Group A	A company specialized in the research, development, production and sales of lithium-ion batteries	Lithium-ion battery materials	PRC	6,011.0	36.1	Within 120 days	2017

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Customer	Background	Products sold to customer	Geographical locations of our customers	Revenue generated from the sale	% of our total revenue	Credit terms	Commencement year of business relationship
<i>RMB in million</i>							
Customer B . . .	A company specialized in the research, development, production and sales of lithium-ion batteries	Lithium-ion battery materials	PRC	1,321.4	7.9	Within 90 days	2016
Customer C . . .	A company specialized in the production of stainless steel, nickel and related materials	Lithium-ion battery materials	PRC	1,138.9	6.8	Within 90 days	2018
Customer H . . .	A company specialized in the research, development, production and sale of lithium-ion batteries	Lithium-ion battery materials	PRC	697.8	4.2	Within 120 days	2021
Customer E . . .	A company specialized in manufacturing of lithium batteries, battery management systems and related integrated product and lithium battery materials	Lithium-ion battery materials	PRC	575.9	3.5	Within 90 days	2018
Total				<u>9,745.1</u>	<u>58.5</u>		

To the best knowledge of our Directors, none of our Directors and their respective close associates or any of the Shareholders holding more than 5% of our Company’s share capital as of the Latest Practicable Date has any interest in any of our five largest customers during the Track Record Period.

Customer Concentration

In each year for the years ended December 31, 2023, 2024 and 2025, purchases by our five largest customers in each period accounted for 71.2%, 58.7% and 58.5% of our total revenue, respectively; during the same years, purchases by our largest customer accounted for 52.7%, 40.0% and 36.1% of our total revenue, respectively.

Our Directors consider that our customer concentration during the Track Record Period is mainly due to the concentrated nature of the downstream lithium-ion battery industry, and our ability to meet our customers’ requirements for product innovation and for stable supply at large scale. See “— Sales, Marketing and Customers — Customers — Relationship with Group A” in this section for details. As of the Latest Practicable Date, our business relationships with our five largest customers during each period of the Track Record Period ranged from five to ten years. We believe that we have maintained our customers’ loyalty through providing a broad spectrum of products that have met, and continue to meet, our customers’ specific functional needs and technical requirement. Our performance over the years has helped us secure recurring business opportunities from these customers. During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute regarding our product quality with any customer who was one of our five largest customers in any period of the Track Record Period.

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Despite our revenue concentration from our five largest customers during each period of the Track Record Period, we consider that our business is sustainable on the following grounds:

- (i) except for Group A, none of our five largest customers in any period of the Track Record Period individually accounted for more than 10% of our total revenue during any period of the Track Record Period;
- (ii) our Group has maintained over five years’ of business relationship with each customer that was one of our five largest customers during any period of the Track Record Period. In particular, as of the Latest Practicable Date, Group A has had more than nine years of business relationships with us;
- (iii) we believe that it is mutually beneficial and complementary for both our major customers and us to maintain our business relationships. According to CIC, global new energy materials customers tend to develop close business relationships with leading suppliers rather than smaller market participants, as the former benefits from economies of scale, more robust R&D capabilities, and advanced production technologies. Leading companies in the industry typically possess extensive technical know-how and practical experience in managing complex, high-volume production lines, which enables them to meet the rigorous quality, safety, and consistency requirements set by international new energy enterprises. These factors contribute to increased customer loyalty toward leading suppliers compared to smaller peers. We believe our industry-leading R&D capabilities, proven track record of customer satisfaction, advanced manufacturing technologies and equipment, substantial production capacity and broad portfolio of lithium-ion battery materials form the foundation for our deep and stable relationships with major customers. We believe that these strengths will support the continuing stability of our core customer base.
- (iv) according to CIC, the new energy materials industry is concentrated. Thus, our Group’s reliance on our major customers is consistent with the industry norm.

Relationship with Group A

Group A is a company listed on the Hong Kong Stock Exchange and Shenzhen Stock Exchange, specialized in the research, development, production and sales of lithium-ion batteries. Group A has been our largest customer during each period of the Track Record Period and was among our top five suppliers for the year ended December 31, 2025. Group A has played a significant role in the development and growth of our business.

We commenced our business relationship with Group A in 2017, initially as a supplier of lithium-ion battery materials essential to their lithium-ion battery manufacturing process. In 2021, Group A also became a supplier of certain raw materials for lithium-ion battery materials to us. Over the course of our relationship, we have actively supported Group A’s product development by providing technical expertise and tailored solutions.

Sales to Group A

Group A primarily procures lithium-ion battery materials from us. According to CIC, consistent with prevailing industry practice in the new energy materials sector, major participants such as Group A typically do not enter into long-term purchase commitments. Instead, our commercial arrangements are governed by annual framework agreements that set forth general terms, including product specifications. This approach enables both parties to respond flexibly to fluctuations in market conditions, technological advancements and changes in end-market demand.

For the years ended December 31, 2023, 2024 and 2025, our revenue attributable to Group A amounted to RMB8,118.3 million, RMB5,002.0 million and RMB6,011.0 million, respectively, accounting for 52.7%, 40.0% and 36.1% of our total revenue, respectively. During the Track Record Period, gross profit margins attributable to sales to Group A were generally consistent with those realized for similar products sold to other major customers. While our lithium-ion battery materials sales volume in general, and the sales volume to Group A in particular, increased throughout the

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Track Record Period, the revenue declined as a result of the decrease in the average selling prices of lithium-ion battery materials and proportion of revenue attributable to Group A declined as a result of our diversification of our customer base.

Procurement from Group A

To maintain supply stability for products supplied to Group A, we from time to time procure certain lithium carbonate and certain additives directly from Group A or, in some cases, from suppliers designated by Group A. In such instances, we typically negotiate pricing with the relevant suppliers directly, and any price fluctuations in respect of raw materials are reflected in the final pricing of products supplied to Group A, in accordance with our pricing mechanism. According to CIC, such arrangements are consistent with industry standards, in order to ensure product quality and process reliability.

For the years ended December 31, 2023, 2024 and 2025, the amount of purchases we made under our procurement arrangements with Group A amounted to RMB396.8 million, RMB328.1 million and RMB631.8 million, respectively, accounting for 4.2%, 3.5% and 5.1% of our total purchases, respectively. The terms and conditions of the procurement agreement with Group A were negotiated on an arm’s length basis and were generally in line with the terms and conditions with other comparable suppliers.

We believe that our relationship with Group A is not likely to materially adversely change or terminate. Based on information available to our Directors, during the Track Record Period, Group A sourced the majority of its lithium-ion battery materials from a select group of suppliers, including our Group. Our Directors believe that it is the business plan of Group A to maintain a stable and diversified base of key suppliers to ensure continuity, quality, and supply chain reliability. We believe our relationship with Group A will remain stable due to (i) engaging new suppliers introduces significant risks and uncertainties, such as potential product quality concerns, divergence in commercial terms, and risks of delay in product delivery, any such instability could have substantial negative impacts on a customer’s production processes and downstream relationships; (ii) the global new energy materials industry is characterized by high barriers to entry, including advanced R&D capabilities, deep industry expertise and significant scale in production capacity. Only a small number of global market participants, including our Group, possess the integrated technological strengths necessary to meet the rigorous requirements of major customers such as Group A; and (iii) our Group’s R&D leadership and proprietary technical know-how in developing, customizing, and consistently producing high-performance lithium-ion battery materials have been instrumental in meeting Group A’s evolving and stringent technical standards. In addition, our strong track record of providing Group A with stable and timely supplies at a large scale has further reinforced our ability to support Group A’s demands and expectations. In the lithium-ion battery manufacturing process, uniformity and reliability of lithium-ion battery materials characteristics are critical for product safety, lifecycle, and performance. We believe our outstanding R&D capabilities and know-how have added tremendous value to our customers and have further increased our customers’ loyalty. Our numerous product and material breakthroughs, which have driven industry developments and market trends over the years, demonstrate our expertise in advising on new energy material solutions and on the overall manufacturing processes of our customers’ products. See “Research and Development — Our R&D Capabilities” and “Production Bases and Process” in this section for further details.

Our Directors believe that we will be able to mitigate our exposure to material adverse change to, or termination of, our relationship with our major customers since we believe that the Listing will enhance our profile and recognition, strengthening our ability to attract new businesses. The listing also demonstrates the financial strength of our Group, which is an important consideration for potential customers. In addition, a public listing status of our Group would offer extra confidence to potential customers as they can obtain public disclosure of information about our Group. The net proceeds from the [REDACTED] would strengthen our financial capability and

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provide us with additional capital to expand and diversify our business operations such that we will be able to undertake new projects, expand our customer base and reduce the risk of customer concentration. See “Risk Factors — We are subject to the risk of concentration of customers.” in this document for further details.

Sales Agreement

We generally enter into framework sales agreements with major customers, pursuant to which customers will subsequently place specific purchase orders with us.

Our framework sales agreements typically contain the following key terms:

- Agreement duration The term of the agreement is typically two to five years from the effective date unless terminated earlier by either party under specified conditions.
- Main provisions. We provide our products according to the specifications provided in the purchase order.
- Price: The price will be set out in the purchase order from time to time.
- Minimum Purchase Commitment: No agreed terms on minimum purchase commitment.
- Credit Terms and Payment: Payment shall be made pursuant to the purchase orders. We grant a credit term of up to 120 days to our customers.
- Termination: The framework agreements may be terminated upon the expiry date or by any party at any time by serving prior written notice.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of our contractual arrangements with customers.

Pricing Strategies

We have established competitive pricing strategies for our products. We determine the selling price of our lithium-ion battery materials and daily chemicals and specialty chemicals based on factors including product specification, production cost, market price for similar products offered by competitors and expected profit margin. Products that require more customization or which other competitors are not able to produce will typically be sold at higher margins. We conduct periodic internal reviews of the selling prices and adjust the prices from time to time in response to circumstances including fluctuations in prices of key raw materials or other costs.

A key driver of the price of lithium-ion battery materials and daily chemicals and specialty chemicals products is the cost of upstream key raw materials. Typically, pricing for such products will be determined by reference to the prevailing market price of certain key raw materials used in the production and take into account product specifications and expected profit margin. Our economies of scale, circular economy model and our vertically integrated operation allow us to achieve significant cost efficiencies and reduce our exposure to key raw material price fluctuations, which in turn allow us to offer competitive pricing of products as compared to competitors while maintaining high profit margins. We believe our competitive pricing has enabled us to achieve our leading market share.

Credit Control Policy

We have adopted a stringent credit control policy on our accounts receivable. We generally require full payment by telegraphic transfer or accept letter of credit. We also grant credit periods to certain customers. Factors to be taken into account for granting such credit terms include, among

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others, the business scale, creditworthiness, the length of business relationship as well as potential business opportunities with our customers. During the Track Record Period, we have generally granted credit terms of up to 120 days for those customers with good credit standing and long-term relationships with us. For the purpose of risk management, we maintain export credit insurance policies to lower our credit risk.

After-sales Service

We are committed to providing comprehensive after-sales services to enhance customer experience, foster client loyalty and strengthen our brand reputation. Our technical service team, comprising experienced professionals equipped with advanced tools and resources, collaborates closely with customers to ensure optimal product application and drive continual improvement in product performance.

The technical service department develops tailored solutions to address customers' technical challenges, and is equipped to provide efficient on-site support as needed. We believe these services enable us to resolve technical issues promptly and maintain strong customer satisfaction.

We have implemented robust product return and replacement processes, underpinned by a rigorous graded management system designed to safeguard product quality and promote resource efficiency. Returned products are systematically categorized based on the degree of deviation from quality benchmarks. Products with minor deviations are reformulated through the addition of specific materials and undergo comprehensive re-testing. If these products subsequently meet alternative specifications, we redeploy them accordingly. Throughout this procedure, we strictly adhere to internal quality control measures to ensure that all products comply with applicable safety and regulatory requirements, safeguarding both customer interest and our brand reputation.

This graded management system applies equally to externally returned products and to internally identified non-conforming items. All handling and categorization are governed by stringent quality assessment protocols and robust management controls. Through this systematic approach, we ensure regulatory and environmental compliance, optimize resource utilization, and effectively meet the diverse requirements of downstream customers.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product return, product recall or customer complaints regarding our products.

China-U.S. Trade Policies

The U.S. government implemented a series of executive actions in 2025 that significantly escalated trade restrictions on Chinese-origin goods. On February 1, 2025, a broad 10% tariff was imposed on all imports from China, effective February 4, 2025. On March 3, 2025, this fentanyl-related tariff was further raised to 20%. This was followed by additional measures on April 2, 2025, which introduced minimum tariff rates of 10% applicable to imports from all countries and established country-specific tariffs targeting nations with substantial trade imbalances, including China. Within days, country-specific tariffs on many Chinese products were increased to 84%, then to 125%, which in combination with the 20% fentanyl-related tariffs brought the total tariff rate on most imports from China to 145%.

On May 12, 2025, the U.S. and China announced a 90-day tariff rollback agreement following bilateral negotiations in Geneva, which reduced the country-specific tariff to a baseline of 10% for 90 days. On August 11, 2025, amidst continued negotiations, the two sides announced an additional 90-day extension until November 10, 2025. On November 1, 2025, the U.S. lowered tariffs on Chinese imports imposed to curb fentanyl flows by removing 10 percentage points of the cumulative rate, effective November 10, 2025, and suspended heightened reciprocal tariffs on Chinese imports until November 10, 2026.

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Despite significant uncertainty regarding how these tariffs or other trade restriction measures may evolve, the recent trade restrictions and tariffs imposed by the U.S. have not had any material impact on our business, financial condition or results of operations for the following reasons:

- (i) According to CIC, the rapid development of China’s lithium-ion battery industry has established a complete domestic industry chain with minimal reliance on imports, technology or otherwise, from the U.S. Due to the high level of self-sufficiency and self-reliance, combined with the relatively small portion of revenue derived from the U.S., the actual impact of the trade restrictions and tariffs imposed by the U.S. and Chinese government during the Track Record Period has been minimal.
 - Our imports from the U.S. have been minimal during the Track Record Period attributable to our high level of self-sufficiency. During the years ended December 31, 2023, 2024 and 2025, procurement from the U.S. (excluding local procurement used in the U.S.) amounted to RMB2.5 million, RMB0.1 million and RMB0.2 million, respectively, accounting for less than 0.1% of our total procurement costs during each respective year. The corresponding tariffs paid by us were minimal.
 - During the Track Record Period, our products were primarily sold domestically, with overseas revenue accounting for no more than 5.0% of our total revenue. During the years ended December 31, 2023, 2024 and 2025, revenue generated from the U.S., mainly through sales of electrolytes (including tariffs, but excluding local sales made in the U.S.) amounted to RMB44.3 million, RMB39.8 million and RMB22.0 million, respectively, accounting for 0.3%, 0.3% and 0.1%, respectively, of our total revenue during the respective year. The corresponding tariffs paid by us were RMB15.0 thousand, RMB3.0 million and RMB7.8 million, respectively, which were minimal.
- (ii) Given the high level of self-sufficiency, we do not foresee any potential trade restriction imposed by the U.S. having a material adverse impact on our operations, financial conditions and results of operations. U.S. demands will be met locally with the engagement of contract manufacturing provide in the U.S, and we do not expect to increase exports to the U.S. in the foreseeable future. Accordingly, we do not foresee tariffs imposed by the U.S. having a material impact on its operations, financial conditions and results of operations.

In addition to U.S. tariffs, the PRC government has imposed, and may impose additional export restrictions on battery material technologies in the future. The Announcement on Adjustment and Promulgation of the Catalogue of Technologies Prohibited or Restricted from Export by China issued by the Ministry of Commerce and the Ministry of Science and Technology, effective on July 15, 2025, introduced export restrictions on specific battery cathode material preparation technologies, including those related to lithium ferro phosphate and similar compounds. Furthermore, effective on October 9, 2025, the PRC government imposed further export controls on items related to lithium-ion batteries and artificial graphite anode materials, include LiFePO₄. The export control decision has been suspended, and may be reinstated in the future.

However, we do not believe that these PRC export restrictions will have a material adverse impact on our operations, financial condition or results of operations based on: (i) our current LiFePO₄ products are not affected by the export restrictions; (ii) next-generation LiFePO₄ products that would fall under the export restrictions are still under development; and (iii) we do not have any plan to export next-generation LiFePO₄ products overseas.

Nonetheless, given uncertainties in geopolitical developments, significant uncertainty remains regarding how relevant tariffs or other trade restriction measures may evolve. See “*Risk Factors — We are subject to risks associated with international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions.*”

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PROCUREMENT AND SUPPLIERS

Our operations involve substantial amounts of upstream key raw materials, the costs of which are subject to price fluctuations. These key raw materials mainly comprise various chemicals, including lithium carbonate, LiPF₆, LiFSI, FePO₄, FEC, VC, DTD, DMC, EMC, fatty acid and ADP, the costs of which account for a substantial portion of our total cost of sales, and among which, FEC, VC, LiPF₆, LiFSI, FePO₄, high-purity lithium carbonate and various additives are produced in-house, reducing our reliance on external suppliers. 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.

For the years ended December 31, 2023, 2024 and 2025, our direct material costs amounted to approximately RMB8,830.4 million, RMB7,258.2 million and RMB10,091.6 million, respectively, accounting for approximately 77.4%, 71.5% and 78.0% of cost of sales during the same periods, respectively.

Suppliers

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. The following tables set forth certain information about our five largest suppliers during the Track Record Period:

For the Year Ended December 31, 2023

Supplier	Background	Materials purchased	Geographical locations of our suppliers	Purchase costs <i>RMB in million</i>	% of total purchases	Credit terms	Commencement year of business relationship
Supplier F . . .	A company specialized in the extraction and processing of lithium and related products	Raw materials for lithium-ion battery materials	PRC	839.4	9.0	Prepayment in full	2022
Supplier D . . .	A company specialized in petroleum refining, petrochemicals and fine chemical production	Raw materials for lithium-ion battery materials	PRC	828.7	8.9	Up to 120 days	2019
Supplier A . . .	A global producer of specialty plant nutrients, lithium, iodine, potassium and industrial chemicals	Raw materials for lithium-ion battery materials	Chile	724.5	7.7	Prepayment in full	2021
Supplier E . . .	A chemical manufacturer specialized in the production of chemical fertilizers other basic chemical products	Raw materials for lithium-ion battery materials	PRC	567.1	6.1	Prepayment in full	2020

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Supplier	Background	Materials purchased	Geographical locations of our suppliers	Purchase costs <i>RMB in million</i>	% of total purchases	Credit terms	Commencement year of business relationship
Supplier G . . .	A producer of potash fertilizer and lithium products	Raw materials for lithium-ion battery materials	PRC	405.7	4.3	Prepayment in full	2022
Total				<u>3,365.3</u>	<u>36.0</u>		

For the Year Ended December 31, 2024

Supplier	Background	Materials purchased	Geographical locations of our suppliers	Purchase costs <i>RMB in million</i>	% of total purchases	Credit terms	Commencement year of business relationship
Supplier E . . .	A chemical manufacturer specialized in the production of chemical fertilizers and other basic chemical products	Raw materials for lithium-ion battery materials	PRC	980.5	10.5	Prepayment in full	2020
Supplier D . . .	A company specialized in petroleum refining, petrochemicals and fine chemical production	Raw materials for lithium-ion battery materials	PRC	857.7	9.2	Up to 120 days	2019
Supplier F . . .	A company specialized in the extraction and processing of lithium and related products	Raw materials for lithium-ion battery materials	PRC	487.8	5.2	Prepayment in full	2022
Supplier G . . .	A producer of potash fertilizer and lithium products	Raw materials for lithium-ion battery materials	PRC	420.0	4.5	Prepayment in full	2022
Supplier H . . .	A company operating in fine chemicals and chemical intermediates manufacturing	Raw materials for lithium-ion battery materials	PRC	401.8	4.3	Up to 120 days	2020
Total				<u>3,147.9</u>	<u>33.8</u>		

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For the Year Ended December 31, 2025

Supplier	Background	Material purchased	Geographical locations of our customers	Purchase costs <i>RMB in million</i>	% of total purchases	Credit terms	Commencement year of business relationship
Supplier E . . .	A chemical manufacturer specialized in the production of chemical fertilizers and other basic chemical products	Raw materials for lithium-ion battery materials	PRC	1,347.6	10.8	Prepayment in full	2020
Supplier D . . .	A company specialized in petroleum refining, petrochemicals and fine chemical production	Raw materials for lithium-ion battery materials	PRC	998.8	8.0	Up to 90 days	2019
Group A	A company specialized in research, development, production and sales of lithium-ion batteries	Raw materials for lithium-ion battery materials	PRC	631.8	5.1	Up to 120 days	2021
Supplier H . . .	A company operating in fine chemicals and chemical intermediates manufacturing	Raw materials for lithium-ion battery materials	PRC	589.4	4.7	Up to 90 days	2020
Supplier G . . .	A producer of potash fertilizer and lithium products	Raw materials for lithium-ion battery materials	PRC	399.8	3.2	Prepayment in full	2022
Total				<u>3,967.5</u>	<u>31.7</u>		

To the best knowledge of our Directors, none of our Directors and their respective close associates or any of the Shareholders holding more than 5% of our Company’s share capital as of the Latest Practicable Date has any interest in any of our five largest suppliers during the Track Record Period.

Procurement

The key raw materials and equipment we require are purchased centrally through our procurement department. We have formulated rules and regulations to ensure that our procurement costs are monitored and controlled. We select our qualified suppliers strictly in accordance with our internal guidelines, after conducting extensive market research and due diligence on the suppliers. In addition, we regularly review and re-evaluate our suppliers and their product and service qualities to ensure they continue to meet our quality standards and requirements.

Our procurement department formulates a procurement plan based on a variety of factors such as our production schedule, inventory levels, and the market demand for and price fluctuation of the key raw materials. For certain important key raw materials, we may enter into long-term purchase agreements to secure a stable supply. For other upstream key raw material, procurement is generally driven by our production requirements.

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In recent years, we have expanded the production of certain upstream key raw materials such as LiPF_6 , LiFSI , FePO_4 , various additives and lithium carbonate, so that we are able to meet most of our production requirements internally, thereby ensuring stability of supply and cost efficiencies. We are largely self-sufficient in relation to the supply of LiPF_6 , LiFSI , FePO_4 , various additives and high-purity lithium carbonate, and we target to achieve high self-sufficiency ratios for other key raw materials in the future. Although we are able to meet some of our procurement needs internally, we still rely on third-party suppliers to a certain degree for the supply of certain key raw materials used in the production of our lithium-ion battery materials and daily chemicals and specialty chemicals. The majority of our key raw materials are sourced from large, well-established suppliers based in the PRC. Over the years, we have developed stable, long-term partnerships with these suppliers, which contributes to a reliable and consistent supply of raw materials for our operations.

Procurement Agreement

We generally enter into framework procurement agreements with our suppliers, stipulating general terms of cooperation, and executing raw material procurement through specific orders based on these agreements.

Our framework procurement agreements typically contain the following key terms:

- Agreement duration: . The term of the agreement is typically eight months to five years from the effective date unless terminated earlier by either party under specified conditions.
- Materials: The suppliers supply certain raw materials to us according to our purchase order.
- Payment and credit term: Payment shall be made pursuant to the purchase orders. We are usually granted a credit term of up to 90 days by our raw material suppliers.
- Delivery: Delivery shall be made to the place designated on the purchase order.
- Minimum purchase commitment: No agreed terms on minimum purchase commitment.
- Termination: The framework agreements may be terminated upon the expiry date or by any party at any time by serving prior notice.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of our contractual arrangements with suppliers.

Due to factors such as fluctuations in material prices, changes in market supply and demand dynamics, and technological advancements, our procurement prices and quantities may vary. For details, see “Risk Factors — Changes in supply and costs of key raw materials, energy, transportation and other necessary supplies or services with respect to our lithium-ion battery materials business may impact our business, financial condition and results of operations.”

Overlapping of Suppliers and Customers

Group A, Customer B, Customer C, Customer E and Customer G, each being one of our five largest customers during at least one period of the Track Record Period, were also our suppliers during at least one period of the Track Record Period.

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Customer B is our major customer and also our supplier. They purchased lithium-ion battery materials from us, while we purchased waste lithium-ion batteries from them for recycling purposes. For the years ended December 31, 2023, 2024 and 2025, our revenue attributable to Customer B amounted to RMB960.9 million, RMB922.3 million and RMB1,321.4 million, respectively, accounting for 6.2%, 7.4% and 7.9% of our total revenue, respectively; and the amount of purchases we made under our procurement arrangements with Customer B were RMB1.6 million, RMB30.0 million and nil, respectively, accounting for 0.02%, 0.3% and nil of our total purchases, respectively. During the Track Record Period, gross profit margins attributable to sales to Customer B were generally consistent with those realized for similar products sold to other major customers. The terms and conditions of the procurement agreements with Customer B were negotiated on an arm's length basis and were generally in line with the terms and conditions with other comparable suppliers.

Customer C is our major customer and also our supplier. They purchased lithium-ion battery materials from us, while we purchased waste lithium-ion batteries from them for recycling purposes. For the years ended December 31, 2023, 2024 and 2025, our revenue attributable to Customer C amounted to RMB417.7 million, RMB559.4 million and RMB1,138.9 million, respectively, accounting for 2.7%, 4.5% and 6.8% of our total revenue, respectively; and the amount of purchases we made under our procurement arrangements with Customer C amounted to RMB11.5 million, nil and RMB5.0 million, respectively, accounting for 0.12%, nil and 0.04% of our total purchases, respectively. During the Track Record Period, we believe the gross profit margins attributable to sales to Customer C were generally consistent with those realized for similar products sold to other major customers. The terms and conditions of the procurement agreements with Customer C were negotiated on an arm's length basis and were generally in line with the terms and conditions with other comparable suppliers.

Customer G is our major customer and also our supplier. They purchased lithium-ion battery materials from us, while we acquire waste lithium-ion batteries from them for recycling purposes. For the years ended December 31, 2023, 2024 and 2025, our revenue attributable to Customer G amounted to RMB275.9 million, RMB424.2 million and RMB424.6 million, respectively, accounting for 1.8%, 3.4% and 2.6% of our total revenue, respectively; and the amount of purchases we made under our procurement arrangements with Customer G amounted to nil, RMB95.2 million and RMB55.9 million, respectively, accounting for nil, 1.0% and 0.4% of our total purchases, respectively. During the Track Record Period, we believe the gross profit margins attributable to sales to Customer G were generally consistent with those realized for similar products sold to other major customers. The terms and conditions of the procurement agreements with Customer G were negotiated on an arm's length basis and were generally in line with the terms and conditions with other comparable suppliers.

Supplier A is one of our five largest suppliers during at least one period of the Track Record Period and was also our customer during at least one period of the Track Record Period. We purchased lithium carbonate from them, while they engaged us to provide processing service of certain recycled materials. For the years ended December 31, 2023, 2024 and 2025, the amount of purchases we made under our procurement arrangements with Supplier A amounted to RMB724.5 million, RMB138.8 million and RMB199.2 million, respectively, accounting for 7.7%, 1.5% and 1.6% of our total purchases, respectively; and our revenue attributable to Supplier A amounted to nil, RMB4.6 million and RMB3.5 million, respectively, accounting for nil, 0.04% and 0.02% of our total revenue, respectively. The terms and conditions of the procurement agreement with Supplier A were generally in line with the terms and conditions with other comparable customers. During the Track Record Period, the prices for sales made to Supplier A were negotiated on an arm's length basis and we believe the gross profit margin for such sales would be similar had Supplier A not also been our supplier.

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Supplier G is one of our five largest suppliers during at least one period of the Track Record Period and was also our customer during at least one period of the Track Record Period. We purchased lithium carbonate from them, while they purchased cathode materials for lithium-ion battery from us. For the years ended December 31, 2023, 2024 and 2025, the amount of purchases we made under our procurement arrangements with Supplier G amounted to RMB405.7 million, RMB420.0 million and RMB399.8 million, respectively, accounting for 4.3%, 4.5% and 3.2% of our total purchases, respectively; and our revenue attributable to Supplier G amounted to RMB0.2 million, nil and nil, respectively. The terms and conditions of the procurement agreement with Supplier G were generally in line with the terms and conditions with other comparable customers. During the Track Record Period, the prices for sales made to Supplier G were negotiated on an arm’s length basis and we believe the gross profit margin for such sales would be similar had Supplier G not also been our supplier.

For details about our relationship with Group A, see “— Sales, Marketing and Customers — Customer Concentration — Relationship with Group A” in this section for details.

In the ordinary course of our business, we had overlapping customers and suppliers other than the major customers and suppliers of the relevant period disclosed above. According to CIC, it is a common practice in the industry to have overlapping customers and suppliers, for example, procuring raw materials from certain counterparties and subsequently process or refine these inputs into finished or semi-finished products, which may then be sold back to the same counterparties.

Hedging Policies

Certain of our principal raw materials are commodities such as lithium carbonate. During the Track Record Period, we conduct commodity hedging activities to effectively manage the risks of significant price fluctuations of such raw materials and enhance the stability and sustainability of our operating performance. In light of our ongoing overseas expansion and increasing demand for settlement in foreign currencies, we also engage in foreign exchange hedging activities to mitigate exchange rate and interest rate risks relating to our overseas business and strengthen our financial stability. During the Track Record Period, our commodity futures hedging activities and foreign exchange risk contracts, after offsetting spot gains and losses, generally met the expected risk management objectives.

To further mitigate raw material price volatility, support the stability of our production costs and optimize the use of funds, our Board authorized us on August 15, 2025 to carry out commodity futures hedging transactions. Under this mandate, the combined margin and premium for these activities is capped at RMB150 million, with the maximum notional contract value not exceeding RMB1.5 billion on any trading day. These transactions will primarily involve futures contracts linked to lithium carbonate, palm oil and copper, which are integral to our business operations. The authorization is valid for twelve months from the date of Board approval. All such activities are undertaken in accordance with our established internal control policies and risk management procedures to ensure prudent oversight and effective management of hedging exposures.

We have established internal controls relating to hedging activities and conduct ongoing assessments of hedge effectiveness to ensure that the hedge relationships remain valid throughout the designated accounting periods. These measures enable us to manage the risks associated with raw material procurement prices, the risk of inventory write-down of finished products, and product sales prices within reasonable limits, thereby contributing to the stability of production and business operations.

Measures and Strategies to Address Market Competition and Industry Trends

To address the intense market competition and the downward pressure on average selling price of lithium-ion battery materials, we have adopted a series of business measures and strategies that have helped us to effectively navigate challenging market conditions. These measures have begun to show positive results in our recent financial performance. On a year-on-year basis, our revenue

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increased by RMB4,131.6 million, or 33.0%, from RMB12,518.3 million for the year ended December 31, 2024 to RMB16,649.9 million for the year ended December 31, 2025, and our gross profit also increased from RMB2,364.2 million for the year ended December 31, 2024 to RMB3,703.2 million for the year ended December 31, 2025, with our gross profit margin increased from 18.9% for the year ended December 31, 2024 to 22.2% for the year ended December 31, 2025. See “Financial Information — Year-to-Year Comparisons of Results of Operations — Year Ended December 31, 2025 Compared with Year Ended December 31, 2024” for details.

The specific measures and strategies are as follows:

- ***Pursuit of Innovation in Products***

We are dedicated to reinforcing our R&D platform in basic chemistry, polymers and materials science, and are actively investing in research areas with significant growth potential. According to CIC, the electrolyte industry is undergoing a trend toward customization, with formulations increasingly tailored to specific application scenarios and battery technologies, and only leading players with advanced R&D capabilities and deep industry expertise can meet the rigorous customization requirements of major customers. This trend continues to reinforce our market leadership position due to our strong customisation capabilities.

Looking forward, we remain committed to continuous innovation in lithium-ion battery materials. We believe that maintaining and further enhancing our leadership in technology through our R&D will help us maintain our competitive edge over our competitors and grow our revenue as well as profit. We are also exploring opportunities in advanced materials for emerging applications, including sulfide-based solid-state electrolyte and other next-generation battery materials, positioning ourselves to capture new market opportunities as they develop. As industry-wide backward production capacity is eliminated and the market moves away from destructive price competition, we increasingly put our focus on quality and innovation, with a goal to develop superior products and customized solutions that enable us to sustain our market leadership. This quality-focused approach aligns with the industry trend toward sustainable profitability across the value chain.

- ***Diversification into high-growth and resilient sectors***

Global lithium-ion battery market size is expected to reach 5,448.0 GWh in 2030 with a CAGR of 24.7% from 2024 to 2030. Lithium-ion battery materials are expected to benefit from this expansion, with the global electrolytes, LiPF₆ and LiFSI markets expected to grow at a CAGR of 23.2%, 20.1% and 42.7%, respectively, from 2024 to 2030. This reflects the positive impact of accelerated downstream growth on the lithium-ion battery materials sector. We have diversified into other sectors beyond the lithium-ion battery material sector, which we believe will help to offset the fluctuations in the demand for lithium-ion battery materials. For example, the proportion of revenue from our daily chemicals and specialty chemicals has increased from 6.6% in 2023 to 7.7% in 2025. We have supported the supply chains of many leading multinational consumer goods companies for years. In 2024, we served nine of the top ten global personal care product manufacturers. Given the relative inelasticity of demand for daily chemical products, we believe that our daily chemicals and specialty chemicals business will provide a stable and resilient source of revenue.

In addition, we have proactively positioned ourselves in advanced materials for emerging sectors. Beyond solid-state electrolytes, we are exploring opportunities in other advanced materials, which include specialty adhesives and encapsulant for automotive electronics and semiconductor, high-performance polymer materials (primarily including PEEK and PI), high-efficiency cooling materials and flame-retardant materials. Driven by the growing needs of emerging sectors such as intelligent driving, eVTOL, semiconductors, advanced engineering materials and AI related thermal management, we see substantial market opportunity ahead. As the majority of these products in the PRC remain at the introduction or early growth stage, we believe there is substantial market opportunity for domestic substitution as demand for localized solutions increases.

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- ***Stabilizing raw material supply and mitigating commodity price risk***

Our operations involve substantial amounts of upstream key raw materials. In view of the price fluctuations in our raw materials, we have developed a multi-pronged strategy to ensure the stable supply of our raw materials and to mitigate the commodity price risks.

In-house production of certain key raw materials: As a part of our highly vertically integrated business model, we have achieved in-house production of key upstream raw materials, including LiPF_6 , LiFSI , FePO_4 and high-purity lithium carbonate as well as various additives such as FEC and VC, reducing our reliance on external suppliers and mitigating the risks associated with price volatility of these raw materials.

Battery recycling business expansion: We see our battery recycling operations as both a cost management and ESG opportunity. Through our lithium-ion battery recycling business, we can recover and reuse elements such as lithium, iron, phosphorus and fluorine, thereby strengthening the stability of our supply chain.

Upstream resource integration: We will actively pursue opportunities for strategic resource integration, including collaboration across the value chain and the targeted acquisition of upstream natural resources (such as lithium, phosphorus and fluorine resources). By integrating key resources, we can enhance the stability and reliability of our raw material supply and mitigate the risks associated with price volatility and supply disruptions, ultimately improving our cost competitiveness and supporting sustainable long-term growth.

Long-term strategic supply contracts: We management the procurement centrally through our procurement department and sign long-term supply agreements with key raw material suppliers to ensure stable supply of key raw materials and to lock in favorable terms where possible.

Futures and derivatives operations: From time to time, we conduct commodity hedging activities to manage the risks of significant price fluctuations of certain raw materials such as lithium carbonate, which we believe can help us enhance the stability of raw material supplies. See “Business — Procurement and Suppliers — Hedging Policies” in this section for details.

Through these combined measures, we believe we are well positioned to weather commodity price volatility, ensuring stable raw material supplies and sustaining our financial performance.

- ***Cost reduction and efficiency improvements***

During the Track Record Period, we have implemented a series of cost reduction and efficiency improvement initiatives, including:

Enhanced Capacity Utilization: Improved capacity utilization rates resulted in reduced unit costs through economies of scale.

Continuous Solvent-based Production Process Optimisation: Implementation of continuous solvent-based process improvements led to enhanced production efficiency and reduced energy consumption costs.

- ***Prudent Overseas Expansion in the Era of Glocalization***

According to CIC, as the global lithium-ion battery industry chain accelerates its international expansion, particularly with large-scale capacity expansions in Europe, North America and Southeast Asia, there is a growing demand for localized supply of lithium-ion battery and its key materials including electrolytes; according to the same source, due to less intense competition overseas, lithium-ion battery materials also generally enjoy higher prices and higher margins.

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Recognizing the increasing complexity of the global geopolitical landscape, however, we are taking a prudent and well-considered approach to carefully manage our overseas expansion to capture growing overseas demand. All of the overseas projects undergo thorough risk assessment and scenario planning before any commitment is made. In addition to the production bases in China, we plan to expand our production capacity by building additional production bases in Morocco and the United States. The integrated production base in Morocco is designed to be capable of producing 150,000 tonnes of electrolyte and core compositions. And the U.S. production base is designed to have an annual production capacity of 200,000 tonnes of electrolyte. See “Production — Our Global Network — Our Overseas Production Bases Under Planning” in this section for details. We have successfully developed a standardized skid-mounted module production system, in which the core reaction units and control modules of our production lines are pre-fabricated into standard modules that can be swiftly transported and installed for our overseas projects. We believe that the overseas production bases will help us to meet the demands of our overseas customers more timely and enhance the security and resilience of the local customers’ supply chain in the era of globalization. It will also increase revenue from overseas markets and diversify our sources of income.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

To better control and manage our inventories, we have implemented an inventory management system whereby incoming and outgoing materials and supplies are documented and monitored on a regular basis to ensure an optimal inventory level to satisfy the needs of our customers and to minimize any wastage on inventory and to avoid obsolete inventory.

Our warehouse management personnel maintain policies in relation to warehouse management. We separate our warehouse into three segments: the finished product warehouse, work-in-progress warehouse and the raw and auxiliary materials warehouse, each equipped with the required lighting, ventilation, temperature and humidity level. We store raw materials, work-in-progress and finished products separately according to their properties and usages to prevent mix-up of materials and products and ensure their safety and quality.

We engage qualified third-party logistics service providers for the delivery of all finished goods from our warehouse and packaging and testing facilities to locations specified by our customers. We select logistics service providers based on their reputation, scale of operations, track record and price. We set strict standards for the transportation of our products and conduct regular evaluations to ensure compliance and efficient delivery. In addition, our strategic supply system offers comprehensive coverage throughout China and key international markets. This extensive network enables us to provide focused services to key domestic customers located within a 200-kilometer radius ensuring delivery within one to two days. Our advanced cold logistic capabilities help to maintain product quality during transit. Furthermore, we can design customized logistics and distribution solutions, including tailored layouts for factory loading and unloading areas, to address specific customer requirements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption in the delivery of our products or suffered any loss due to late delivery or mishandling of products by our logistics service providers.

QUALITY CONTROL

We have implemented stringent quality control measures throughout our production process, which is fully integrated into our digitalized product cycle management system. Our quality control measures can be described as follows:

- **Selection and Management of Suppliers.** We have established a comprehensive supplier management system to ensure the selection of high-quality raw material and service suppliers. Our process includes rigorous supplier admission procedures and regular evaluations based on our Supplier Performance Evaluation Management Method.

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We also require adherence to our Raw Material Quality Assurance Certificate Management Process to ensure all materials meet our standards. Through these measures, we maintain a reliable and efficient supply chain.

- **Inspection of Raw Materials.** We adhere to stringent standards and technical requirements for raw materials and components, supported by detailed drawings and procurement plans. Our supply management department oversees the procurement and management of raw materials, ensuring compliance with our raw material storage management policies and inventory management methods. Each batch of raw materials undergoes thorough inspection upon arrival, with inspection records meticulously maintained. We monitor the non-conformance rates of incoming batches and initial usage to ensure only materials meeting our quality standards are accepted into inventory.
- **Production Process.** We operate a Quality Assessment and Evaluation System (“QAE”) for our production process, which deploys statistical process control, MES and PLC tools to further enhance the level of automation of our facilities. Before production, equipment is cleaned and disinfected to the specifications set out in our QAE to prevent cross-contamination and ensure product quality. During production, our staff monitors the process based on certain key parameters and makes adjustments to the process for any variations from the parameters. Any variations are reported to the management personnel and R&D personnel, who will analyze the data to assess the cause and formulate corrective and preventive measures as appropriate. At the same time, we adopt an automatic system to detect any errors or faults in the production process. In addition, we strictly control the purity level of the key materials of our battery electrolyte so that no impurity content would affect the performance of the batteries. We also conduct purity tests regularly throughout the production process to ensure that our products meet all purity requirements and are of high quality.
- **Finished Products.** We have established comprehensive testing guidelines that detail the procedures and requirements for evaluating our finished products. These guidelines ensure that our products consistently meet our stringent quality standards and align with our customers’ specifications prior to dispatch. The finished products have to meet the standards specified in the testing guidelines before they can be shipped. We regularly review and update these guidelines.
- **Warehousing.** All materials and goods are stored according to specified conditions, considering environmental factors, location, and stacking height requirements. Warehouse managers maintain detailed inventory records to ensure alignment between records, physical stock and inventory cards. Each item is labelled according to product identification and traceability standards. Special measures are implemented for hazardous and explosive materials to ensure their safe storage and handling.
- **Delivery.** We ensure that our products are packaged and delivered to customer-designated destinations with the utmost care. Our logistics processes are designed to maintain the integrity and quality of our products throughout transportation. Delivery times are tailored to meet customer requirements and vary depending on the destination.

We are committed to the continued improvement of our product quality, customer satisfaction and systems operation capability. We engage external professional consultants as necessary to advise us on potential enhancements to our quality controls systems, and have established an internal multi-functional team to oversee quality management from different business perspectives. We focus on four key aspects to monitor and enhance quality controls: design input, infrastructure improvements, process standardization and management and systems operation improvement. We introduced advanced production lines such as automated packaging, automated electrolyte filling as well as digitalized production process based on IOT and AI.

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In recognition of our quality control measures, we have received various certifications illustrating our ability to consistently provide quality products and/or services that meet our customers’ needs and regulatory requirements. We have received the ISO14001:2015, ISO50001, ISO10012:2002, IATF16949, ISO9001, ISO22301 (BCM), RSPO, EffCI-GMP and IPEC-GMP and other quality control certifications for our quality control management. As of December 31, 2024, all of our production bases have achieved 100% certification under the ISO9001:2015 quality management system. During the Track Record Period and up to the Latest Practice Date, we did not experience any material product recall that adversely impacted our reputation, business operations or financial condition, and were not subject to any material product liability claim.

INTELLECTUAL PROPERTY

We attach great importance to the protection of our technology and patents. We seek to protect our intellectual properties and proprietary rights primarily through intellectual property laws, relying on a combination of patents, trademarks, trade secret and other forms of intellectual property protection in China and other countries. In order to protect our intellectual property and patents we take the following steps: (i) regularly review trademark and patent notices, (ii) timely file motions and answers when our trademarks or patents are being infringed upon, and (iii) timely renew trademark registrations and pay annual fees for our patents. We also monitor changes in intellectual property laws to ensure our projects and latest technology are protected.

We place great emphasis on the protection of our trade secrets. We safeguard our confidential information and proprietary business knowledge primarily through a comprehensive internal management system, with reference to relevant trade secret laws and regulations in China and other jurisdictions. To protect our trade secrets, we take the following measures: (i) we have established a Trade Secrets Protection Committee, chaired by a vice general manager and reporting directly to the Chairman of the Board, which serves as the decision-making and leadership body for planning and overseeing company-wide trade secret management; (ii) we have set up a Trade Secrets Protection Office to coordinate the practical implementation of trade secret protection measures among departments, supervise investigations, and handle emergency responses to any suspected trade secrets incidents; (iii) we regularly conduct inspections and supervision of trade secret protection across our operations, and report findings to management; (iv) we have adopted and implemented a Trade Secrets Protection Management Policy, which sets out in detail the content and management requirements for the protection of trade secrets and integrates trade secret protection into all aspects of our business operations. We also monitor the evolving landscape of trade secret regulations to ensure that our management practices remain robust and compliant, safeguarding our lawful rights and interests.

As of December 31, 2025, we registered a total of 574 domestic patents, including 403 invention patents, 170 utility model patents and one industrial design patent and 52 domestic trademarks. In addition, we have 15 invention patents overseas and 16 overseas trademarks registered in Malaysia, Indonesia, Canada, Thailand, and the European Union. The details of the intellectual property rights owned by our Group are set out in “Statutory and General Information — Further information about our Group — 2. Intellectual property rights” in Appendix VI to this document.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our intellectual property rights. It is difficult to monitor unauthorized use of technology or know-how. In addition, our competitors may independently develop technology and/or know-how similar to ours. During the Track Record Period, save for the litigations disclosed in “Legal and Arbitration Proceedings and Compliance Matters — Legal Proceedings”, there was no material disputes or litigations related to the Group’s intellectual properties. Our precautions may not prevent misappropriation or infringement of our intellectual property. See “Risk Factors — Unauthorized use of our intellectual property, including our patents, trademarks, copyrights, or trade secrets, by third parties may harm our brand and reputation, materially and adversely affect our business, and we may incur substantial expenses to protect our intellectual property rights.”

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PROPERTIES

We own and lease certain properties primarily to be used as production facilities, R&D centers, warehouses, offices and other ancillary purposes. As of December 31, 2025, being the date of which the most recent audited consolidated statements of the financial position of our Group, we did not have any assets with a carrying amount that equaled or exceeded 15% of our consolidated total assets as of the same date.

Owned Land and Properties

As of December 31, 2025, we owned 275 properties in the PRC, with an aggregate construction area of approximately 488.9 thousand s.q. m, primarily used for production, R&D, warehousing, offices and other ancillary purposes. As of December 31, 2025, we had one parcel of land in the United States, with a total area of 95.4 thousand acres.

As of the Latest Practicable Date, save as disclosed in “Risk Factors — Failure to comply with PRC property laws and relevant regulations may affect our business, results of operations and financial condition”, our rights to use such properties were lawful and valid, and there were no disputes or potential disputes over our ownership.

Leased Land and Properties

As of December 31, 2025, we had 17 leased properties in the PRC in relation to our business operation, with a total area of 52.7 thousand s.q. m, which were used for offices, dormitory, production, R&D and warehousing purposes. As of December 31, 2025, we had ten leased properties overseas, with a total area of 150.6 thousand s.q. m, primarily used for production and offices purposes.

As at the Latest Practicable Date, we have identified certain non-compliances relating to lease registration and property title defects. See “*Risk Factors — We face risks related to title defects related to our property.*” We consider these non-compliances to be immaterial to our business and operations for the reasons set out below.

As at the Latest Practicable Date, 17 of our lease agreements have not been registered with the relevant authorities as required under PRC law. The primary reason for this non-registration is the lack of cooperation from the relevant landlords in completing the registration procedures.

As advised by our PRC Legal Advisors, the penalty for non-lease registration is a fine ranging from RMB1,000 to RMB10,000 for each of lease agreements. We have 17 lease agreements that have not been registered as of the Latest Practicable Date. Penalties would only be imposed if we fail to rectify the non-compliance after being ordered to do so by the relevant government authorities, and as of the Latest Practicable Date, no government authority has issued such a request. Nevertheless, we are actively contacting the relevant landlords and requesting their assistance in completing the lease registration.

Additionally, as at the Latest Practicable Date, the lessors of two properties we lease in China for production purposes have 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. Whilst we may not be able to continue to use such properties if the ownership of the properties or the validity of the lease agreements is challenged by third parties, as advised by our PRC Legal Advisors, as at the Latest Practicable Date, considering that (i) we had established new production facilities, (ii) our lease agreements had not been challenged by any third parties, and (iii) there are alternative properties available in surrounding area of these properties, the relocation difficulty and costs would be relatively low and would not have a material impact on our production and operations.

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As of the Latest Practicable Date, save as disclosed in “Risk Factors — We face risks related to title defects related to our property.” we were not subject to any material claims arising from or in respect of any defect in our leasehold interest in any of our leased properties.

As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

COMPETITION

According to CIC and GGII, the global lithium-ion battery electrolyte shipment volume has grown rapidly in the last four years from 302.9 kilotonnes in 2020 to 1,406.9 kilotonnes in 2024 at a CAGR of 46.8%; it is projected to continue its rapid growth at a CAGR of 23.2% in the next six years and reach 4,930.5 kilotonnes in 2030. The global lithium-ion battery electrolyte market is also competitive and highly concentrated with the top five suppliers capturing 75.4% of the global market share in 2024. We are the undisputed leader in this industry, ranking as the world’s largest lithium-ion battery electrolyte by shipment volume, with a total shipment volume reaching 502.7 kilotonnes in 2024, accounting for 35.7% of the global market share in the same year. We have retained our position as the world’s largest lithium-ion battery electrolyte supplier for nine consecutive years.

Leveraging our integrated R&D platform and engineering capabilities, 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, with our global shipments of FePO₄ ranking third globally in 2024 according to CIC. We have also secured leading positions in certain segments of the daily chemicals and specialty chemicals segment, with our global shipment of carbomers and amphoteric surfactants ranking second and third globally in 2024, respectively.

We believe we are well-positioned to maintain our leadership position and capture future opportunities in both the lithium-ion battery materials as well as the daily chemicals and specialty chemicals markets. See “Industry Overview” for more details.

EMPLOYEES

As of December 31, 2025, we had a total of 7,389 employees. The table below shows the number of our employees across our business function as of December 31, 2025.

	As of December 31, 2025
Functions	
Production	4,080
R&D and technical	2,006
Sales	176
Financial	113
Administration	1,014
Total	<u>7,389</u>

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Our workforce comprises highly trained workers and professionals from various fields and academic backgrounds, many of which have extensive knowledge and experience in the lithium-ion battery materials and specialty chemicals businesses. Talent is pivotal to the competitiveness of top-tier high-tech enterprises. We offer competitive remuneration and benefits, with opportunities for career development in order to attract the best talent. Our employees' remuneration is determined based on functions, performance appraisals and market practices. Our compensation and reward scheme aims to cultivate a skilled team of research and development who form the pillar to our continued growth and success. We are constantly growing our team of junior and middle managers with technical expertise and experience, cultivating them to be the future leaders of our Company.

We provide training for employees to acquire new knowledge and skills. Our annual training plan is designed by the human resources department and each department based on the business plan and objectives for the following year. Through a combination of external and internal lectures, we strive to develop the core skills of our employees, and cultivate our talent to meet the development needs of our Company.

We have established a labor union to protect the legal rights of all employees and encourage employees to participate in the management decision-making process. During the Track Record Period, we occasionally engaged employment agents to provide us with recruitment services for hiring some staff to support our business operation on mutually agreed terms, including the number of staff to be dispatched, the period of the dispatch and wages and benefits of the dispatched staff. We paid service fees to the employment agent for hiring such staff, and the benefit expenses and other applicable costs such as social insurance and housing funds shall be borne by us.

During the Track Record Period and up to the Latest Practicable Date, we have not had any material labor disputes with our employees which might materially and adversely affect our business operations.

INSURANCE

As of the Latest Practice Date, we maintain a number of insurance policies to cover potential liabilities in our daily operations, such as product liability insurance, safety liability insurance, employer's liability insurance, environmental pollution liability insurance, property insurance, business interruption insurance, cargo insurance, credit insurance, directors and officers liability insurance, trade secret infringement insurance and intellectual property infringement liability insurance. We believe that the current scope and coverage of our insurance is consistent with levels that are customary for PRC companies and in our industry. Nevertheless, we may be exposed to claims and liabilities which may exceed our insurance coverage. See "Risk Factors — Our insurance coverage may not be sufficient to cover all losses, which may increase our costs of operation."

LICENSES, PERMITS AND APPROVALS

We are required to maintain various licenses, approvals and permits in order to operate our business. Our major licenses and permits are set out below:

Holding entity	Types of licenses, permits and approvals
Company	Import and export consignor/consignee; Hazardous chemical business license; Hazardous chemical registration certificate; New cosmetics raw material registration certificate
TINCI Yichang	Import and export consignor/consignee

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Holding entity	Types of licenses, permits and approvals
TINCI Resource Recycle . . .	Import and export consignor/consignee; Hazardous chemical registration certificate; Recycling business registration certificate
TINCI Jiujiang	Safety production license; Non-pharmaceutical precursor chemical production registration certificate; Hazardous chemical registration certificate; National industrial product production license
KAIXIN Fuding	Safety production license; Hazardous chemical registration certificate
TINCI Jiangsu	Safety production license; Hazardous chemical registration certificate; Import and export consignor/consignee
Chizhou Tinci High-tech Materials Co., Ltd.	Safety production license; Hazardous chemical registration certificate; Non-pharmaceutical precursor chemical production registration certificate; National industrial product production license
TIANSHUO Zhejiang	Safety production license; Import and export consignor/consignee; Hazardous chemical registration certificate; Non-pharmaceutical precursor chemical production registration certificate
TINCI Sichuan	Safety production license; Hazardous chemical registration certificate; Import and export consignor/consignee
Jiujiang Tinci New Power Materials Technology Co., Ltd.	Safety production license; Import and export consignor/consignee; Hazardous chemical registration certificate; National industrial product production license; Non-pharmaceutical precursor chemical production registration certificate
KAIXIN Ningde	Hazardous chemical business license

Our legal department, finance department and investment development department are jointly responsible for monitoring the validity status of our licenses and permits and making timely applications for renewal to relevant government authorities. See “Regulatory Overview” for further information on the laws and regulations that we are subject to.

During the Track Record Period and up to the Latest Practicable Date, we have obtained all necessary licenses, permits and approvals for conducting operating activities are important to our operations, and such licenses, permits and approvals are still valid as of the Latest Practicable Date.

INTERNAL CONTROL AND RISK MANAGEMENT

We are exposed to various risks during our operations. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted, or will continue to adopt, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of the committee members, see “Directors and Senior Management — Management and Corporate Governance — Audit Committee;”

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- adopt policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- organize training sessions for our Directors, supervisors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;
- provide trainings periodically to our senior management and employees on professional behavior requirements and ethics standards to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against non-compliance in our employee discipline measures and supervision guidelines;
- set clear guidelines and processes for identifying, measuring and addressing price and currency risks, ensuring that all hedging activities are conducted within a structured and consistent framework;
- enhance our reporting and records system for factories, including centralizing their quality control and safety management systems and conducting regular inspections of the facilities;
- establish a set of emergency procedures in the event of major quality-related issues;
- provide enhanced training programs on quality assurance and product safety procedures; and
- distribute employee handbooks to enhance employees’ awareness of complying with laws and regulations.

In preparation for the Listing, we engaged an independent internal control consultant (the “**Internal Control Consultant**”) to perform a review in connection with the internal control of our Company and our major operating subsidiaries. The key areas of inspection include procurement, R&D, production, inventory, sales, human resource and remuneration, insurance, financial reporting, information technology, connected transaction, and taxation. We have adopted their commendations made by the internal control consultant, and no material issues have been identified after their follow-up review.

INFORMATION TECHNOLOGY

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

Supplier Relationship Management (SRM) System

Our SRM system enables us to manage supplier sourcing, evaluation, risk control and performance, while providing real-time data analysis and reporting. It integrates, among other functions, supplier information management, procurement management, contract management, performance assessment and compliance monitoring, for efficient management across the entire supplier relationship cycle, from supplier identification and qualification, to procurement and contracting, to ongoing collaboration and performance optimization.

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Enterprise Resource Planning (ERP) system	Our SAP ERP system serves to unify financial management, supply chain management, production and manufacturing management, sales management, procurement management and project system management into a single, comprehensive system to achieve dynamic, closed-loop, optimized management and control of procurement and logistics.
Product Lifecycle Management (PLM) system	Our PLM system enables product data management, bill of materials (BOM) management, product design and collaboration, product alteration management, project management and product configuration management. Our PLM system integrates digital design tools and document management software to enable seamless information flow across different functions, while it is also synchronized with our ERP, office and other systems to ensure automatic updates of product information to maintain consistency and accuracy.
Manufacturing Execution System (MES)	Our MES enables centralized management over work orders, production execution, materials, production processes and abnormalities, as well as product traceability. Our MES is deeply integrated into the production process. During the manufacturing process, the MES sends instructions to production equipment, establishes product production parameter specifications and standards, and controls the execution of production equipment. As products move through the production process, barcode scanners, CCD sensors and other sensors records the information, which is monitored and analyzed at each step by the MES. If abnormalities are found, defective products are identified and notifications sent to relevant personnel to remove such defective products from the production line, while the data monitoring and analysis platform provides real-time feedback on production anomalies.
Quality Management System (QMS)	Our QMS manages incoming and outgoing finished products inspection, process quality, inspection standards and incorporates statistics process control. As part of our comprehensive product quality management, we ensure that the quality information at all stages, such as raw materials, design, production, and use of products, is fully collected, accurately recorded, and efficiently managed. We have built a comprehensive QMS that integrates MES production process data and IOT data collection technology, and enables information management and process traceability across the entire quality management process of incoming material inspection, production process inspection, finished product inspection, and shipment inspection.
Warehouse Management System (WMS)	Our WMS enables real-time monitoring of the location, quantity and status of each piece of inventory, while the entire warehousing process is controlled through tag management such as barcodes. Sophisticated inbound and outbound inventory management improves inventory turnover rate, while intelligent scheduling systems enables our network of automated guided carts to quickly and accurately move inventory from the storage area to the designated cargo location, thereby reducing manpower requirements while improving efficiency and accuracy.

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Office system. Our office system drives internal communications and cross departmental compliance collaboration and approval process scenarios, such as, among others, leave applications, business trips, procurement, finance, overseas business and other approval processes.

The capability and the stability of our IT systems are vital to our business operations. Our IT department performs system checks, data back-ups, system maintenance and other examinations to secure the operation of the critical IT systems and facilities.

In addition, we strictly comply with relevant data privacy and security regulations, including the Civil Code of the PRC, the Cybersecurity Law of the PRC, the Data Security Law of the PRC and the Personal Information Protection Law of the PRC. As of December 31, 2025, we, together with our subsidiaries TINCI Jiujiang, KAIXIN Fuding, TINCI Sichuan and TINCI Jiangsu, have obtained the ISO/IEC 27001:2022 Information Security Management System certification.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material failure or general breakdown of our IT systems which had resulted in a material adverse impact on our overall business operations.

However, we cannot provide any assurance that our IT systems will always operate without interruption. See “Risk Factors — Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.”

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We have established a comprehensive sustainable development organizational structure and management mechanism to advance the effective implementation of our sustainability strategy. Our ESG Management Committee oversees the identification, assessment and management of ESG risks and opportunities, setting our vision, policy and targets. To ensure robust governance, we conduct double materiality assessments to prioritize key sustainability issues, and our strategic planning is closely aligned with the United Nations Sustainable Development Goals. We actively engage functional departments and stakeholders through interviews and surveys to gather insights and evaluate the significance of identified risks, with our Audit and Supervision Department performing comprehensive risk identification and assessment. To further strengthen our governance framework, in 2024, we released the Whistleblower Protection Management Procedure to safeguard the legal rights of employees and external entities to report concerns. No unit or individual is permitted to retaliate against a whistleblower under any pretext. Our commitment to ESG has been recognized by several industry awards, including the 2025 Listed Company Sustainable Development “Outstanding Practice Case” Award, the 2025 New Fortune “Best ESG Disclosure Award” and the Huazheng Index 2025 A-Share Listed Company ESG Outstanding Performance Top 100 and Industrial Sector ESG Performance Top 20 destinations. We are committed to complying with environmental, social and governance (“ESG”) reporting requirements from the Listing Date. Our ESG governance sets out our obligations and scope of authorities in performing the codes in Appendix C2 of the Listing Rules.

ESG Governance

Our ESG governance structure comprises a Strategy and Sustainable Development Committee as well as an ESG Management Committee which oversee corporate governance and environmental and society matters.

At the decision-making level, the Strategy and Sustainable Development Committee is responsible for (i) overseeing the development of our ESG system, identifying and assessing ESG risks and opportunities and setting our ESG vision, policies and targets; and (ii) monitoring and evaluating ESG practices, as well as reviewing ESG disclosure content. This committee consists of members of the Board and is chaired by the chairman.

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At the management level, the ESG Management Committee comprises two subdivisions: a corporate governance division and an environmental and social division. The main functions of the ESG Management Committee include: (i) reviewing ESG-related plans and key matters and providing guidance on the implementation of ESG initiatives; (ii) reviewing operational processes and related ESG issues, including the review of ESG disclosure materials; and (iii) assigning ESG-related tasks to the relevant divisions and coordinating internal resources.

The corporate governance division consists of three departments: business ethics, compliance, and coordination and information disclosure. The environmental and social division comprises five departments: product innovation and quality management, employee and public relations management, sustainable procurement management, information security management, and environmental, energy, safety and health management. These eight departments, operating at the execution level, are primarily responsible for: (i) carrying out tasks assigned by the management; (ii) compiling the sustainability report; (iii) implementing systems relating to relevant ESG topics; and (iv) monitoring and following up on annual performance data related to each topic.

To further safeguard the integrity of our ESG operations, our Audit and Supervision Department operates independently and conducts regular inspections, risk assessments and compliance audits. In 2025, we strengthened our internal controls by introducing the Fraud Risk Prevention and Control Management System and revising the Business Ethics Management Procedure in June 2025, further standardizing internal governance and reinforcing business ethics. Anti-corruption training coverage reached 100% for both directors and employees, and all managerial staff at supervisor level and above were required to sign integrity agreements. We also require all suppliers and business partners to sign agreements incorporating integrity and anti-bribery clauses. As of December 31, 2025, a cumulative total of 1,279 suppliers, service providers and contractors had signed the “Sunshine Agreement,” with anti-bribery clauses embedded in all procurement contracts. Our whistleblower protection procedures enable confidential reporting through multiple channels, with strict prohibitions against retaliation.

Environment

Environment Protection

We strictly comply with the Environmental Protection Law of the PRC and all applicable local environmental laws and regulations. We actively support the national agenda for green development and implement an EHS management policy based on the principles of “strict legal compliance, rigorous process safety, clean and safe production, people-first prevention of accidents, and safeguarding the health and well-being of employees.” We are committed to continual improvement and the pursuit of excellence.

We are committed to advancing the environmental management system and vigorously promoting the implementation of the ISO 14001 Environmental Management System in each production base to continuously improve our environmental management level and risk control capabilities. In 2025, four of our subsidiaries newly obtained environmental management system certification, bringing the total number of subsidiaries that have obtained ISO 14001 Environmental Management System certification to 15.

Addressing Climate Change

Low-carbon management

We actively adapt to the global trend of energy conservation and low-carbon development. In alignment with China’s “dual carbon” goals, to peak carbon emissions by 2030 and achieve carbon neutrality by 2060, we promote the principles of energy efficiency across our operations. We have established a quota-based energy consumption assessment system and adopted a performance evaluation mechanism that both rewards outstanding achievements and supports further improvement where needed. This approach motivates all our employees to contribute actively to energy-saving initiatives.

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We have implemented “green, low-carbon and circular” action plan and set the strategic goal of “achieving peak carbon emissions by 2029 and carbon neutrality by 2050.” In line with this ambition, we conducted a comprehensive greenhouse gas inventory of our subsidiaries in 2024, following the ISO 14064-1:2018 standard for greenhouse gas verification. By completing carbon emission calculations for 2023 and 2024, we have gained a thorough understanding of our greenhouse gas emissions profile. This data provides an important basis for developing targeted emission reduction strategies and supports our progress towards energy-saving and emission reduction targets.

In response to contemporary challenges and in full implementation of national policies and requirements, we have formulated a robust, forward-looking strategy for addressing climate change. Based on a profound understanding and forward-looking thinking on the issue of climate change, we have formulated a comprehensive and targeted strategy for responding to climate change. Drawing on an in-depth understanding of climate issues, our strategy is closely aligned with our business characteristics and development plans, covering the entire business life cycle, from low-carbon planning and design to manufacturing and recycling. The goal is to minimize the adverse impacts of climate change, strengthen our green competitiveness, and support the industry’s transformation towards sustainability and global climate governance. Throughout 2025, we actively introduced energy-saving and efficiency-enhancing measures within our production and manufacturing processes to improve energy utilization. Concurrently, we implemented a series of emission reduction initiatives, resulting in significant carbon reductions. Having achieved our target of a 30% green electricity coverage rate by 2025, with the full-year green electricity coverage rate reaching 30.2%, we have now set a new target to achieve a group-wide green electricity coverage rate of 60% by 2030.

The table below sets forth our total greenhouse gas (“GHG”) emissions figures for the years indicated:

Metrics	Year ended December 31,		
	2023	2024	2025
Total GHG emissions			
Direct (scope 1) (tonnes of CO ₂ equivalent)	90,065	89,298	141,264
Indirect (scope 2) (tonnes of CO ₂ equivalent)	452,633	391,990	634,886
Total (tonnes of CO ₂ equivalent)	<u>542,698</u>	<u>481,288</u>	<u>772,972</u>

Note: The 2025 data scope includes additional four entities compared to 2024.

Energy management

We strictly comply with national laws and regulations, including the Energy Law of the PRC, the Renewable Energy Law of the PRC, the Promotion Law of Clean Production of the PRC and all applicable local environmental laws and regulations. We also benchmark our energy management practices against ISO 50001:2008 Energy Management System. We have implemented a comprehensive suite of internal systems, such as the Energy Management Manual, Energy Conservation Management Measures, Energy Procurement Control Procedure, Energy Review Control Procedure and Energy Performance Evaluation Control Procedure. We have also established an energy conservation management leadership group, which is responsible for organizing the establishment, implementation and maintenance of energy policies that are consistent with strategic objectives, while providing the framework for setting and evaluating energy targets. To further reinforce energy management across our Group, we have introduced the Energy Management

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Measures Control Procedure, which establishes a standardized process for identifying, developing and executing new energy management initiatives. As a practical example of these efforts, our Chizhou production base continue to advance its coal-to-gas conversion project, with green electricity usage reaching 60%, effectively reducing the base’s carbon emission.

Our primary sources of energy in production include electricity, natural gas, steam, and diesel. Electricity is the principal energy source for our office operations. In 2025, we used a total of 188,244 MWh of green electricity, achieving a green electricity coverage rate of 30.2%. As we advance on our path toward sustainable development, we remain committed to optimizing energy efficiency. We actively invest in technologies such as waste heat recovery, converting waste heat generated during production into steam for internal use. This approach enhances our energy utilization effectiveness. In 2025, our sulphuric acid production line generated 375,200 tonnes of steam through waste heat recovery, accounting for 42.42% of our total steam consumption. The table below sets forth our energy consumption figures for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Total comprehensive energy consumption (tonnes of standard coal) ⁽¹⁾	104,519.35	165,255.62	203,168.76
Direct energy consumption (tonnes of standard coal) ⁽²⁾	22,128.06	36,427.58	43,856.27
Indirect energy consumption (tonnes of standard coal) ⁽³⁾	82,381.29	128,828.04	159,312.49
Comprehensive energy consumption intensity (tonnes of standard coal/tonne) ⁽⁴⁾	—	0.1808	0.1694

Notes:

- (1) The calculation of total comprehensive energy consumption refers to the “General Rules for Calculation of Comprehensive Energy Consumption” (GB/T 2589-2020). It covers energy types including diesel, coal, natural gas, steam, and electricity, but does not include gasoline used by company business vehicles and liquefied petroleum gas used in the canteen.
- (2) Direct energy includes coal, diesel, and natural gas.
- (3) Indirect energy includes electricity and steam.
- (4) Comprehensive energy consumption intensity = Total comprehensive energy consumption/Annual production volume.

Emissions and Waste Management

Pollutant emission management

Our wastewater discharge is categorized into industrial wastewater and domestic wastewater. After on-site treatment to ensure compliance with applicable standards, wastewater is discharged into the municipal sewer system. The principal pollutants in our wastewater include COD, total phosphorus, total nitrogen, and ammonia nitrogen. At major wastewater discharge points, we have installed online monitoring facilities that are directly connected to local environmental protection authorities. These facilities monitor the pH, COD, ammonia nitrogen and other emission data in real-time, allowing for continuous supervision of our compliance with regulatory discharge requirements. Our exhaust gas emissions are primarily comprised of particulate matter, sulfur dioxide, nitrogen oxides, and volatile organic compounds.

BUSINESS

We have implemented the Water Pollution Prevention and Control Management System, strengthening the control of water pollutant emissions during the production process. Each production base, in accordance with our management system and specific production conditions, applies the Wastewater Management Regulations. These regulations are based on the principles of “separating clean water from polluted water, treating different types of polluted water separately, controlling at different levels, utilizing resources categorically, discharging up to standard, controlling the total amount and managing the entire process” to carry out wastewater pollution prevention and control work. Through this approach, we work to minimize wastewater generation, promote recycling and reuse and ensure the safe and stable operation of our wastewater collection and treatment facilities.

For air pollutant control, we have established the Air Pollution Prevention and Control Management System. In accordance with the principle of “reducing emissions at the source, controlling emissions during the process, and treating pollutants at the end,” we enhance control and management of exhaust gas emissions during production. This reduces both the concentration and total emissions of air pollutants. Additionally, we have formulated the Daily Maintenance and Management Regulations for Exhaust Gas Treatment Facilities, which set out requirements for regular inspection and cleaning of exhaust gas treatment equipment. This helps ensure the safe and efficient operation of our facilities, extends equipment life, and improves overall treatment effectiveness.

The table below sets forth our emissions and waste figures for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Wastewater Pollutant Emissions			
COD (tonne).	20.81	35.56	25.98
Ammonia nitrogen (tonne).	0.77	0.85	2.23
Total phosphorus (tonne).	0.18	0.34	0.55
Total nitrogen (tonne)	1.34	6.39	8.42
Air Pollutant Emissions			
Particulate matter (PM) (tonne)	3.50	5.02	5.16
Sulfur dioxide (SO ₂) (tonne)	0.07	2.84	6.27
Nitrogen oxides (NO _x) (tonne).	1.36	6.77	16.07
Volatile organic compounds (VOCs) (tonne)	6.79	5.18	3.80
Wastewater Discharge			
Total wastewater discharge (tonne).	1,074,185	1,588,329	1,852,607

Waste management

We have established our Solid Waste Management System and the Hazardous Waste Management System in accordance with applicable regulations. These systems manage the solid waste generated during production and business operations, fully integrating the principles of “reduction, resource utilization and harmlessness.” We implement comprehensive management of solid waste across all stages, including generation, collection, storage, transportation, utilization, and disposal, to prevent environmental pollution. We also establish solid waste management ledgers to accurately record information on the types, quantities, flows, storage, utilization and disposal of solid waste, ensuring traceability and retrievability of solid waste and effective control of general waste and hazardous waste generated in production and daily life.

We categorized our waste into hazardous waste and general solid waste. Hazardous waste is mainly generated from the distillation residues in production reactors, spent activated carbon from exhaust gas treatment, sludge from wastewater treatment station dredging, waste engine oil and waste lubricating oil. General solid waste primarily comes from titanium slag generated during raw material purification, waste packaging materials, and domestic waste.

BUSINESS

In accordance with legal requirements, we entrust qualified third parties to dispose of or reuse solid waste. Hazardous waste generated in our workshops is collected, packaged and transported to the hazardous waste temporary storage area, where it is received by our solid waste management specialists. Our environmental protection department is responsible for online reporting and coordinating external disposal to minimize the environmental impact of waste. In addition, major pollutant-emitting units regularly disclose relevant waste disposal information to the public for enhanced transparency.

	Year ended December 31,		
	2023	2024	2025
Total waste generation (tonne)	–	42,104.68	141,028.77
Of which: Total hazardous waste generation (tonne)	–	6,222.11	8,256.40
Total general waste generation (tonne) . . .	–	35,882.57	132,772.37
Total waste treatment (tonne)	25,848.15	66,860.72	145,209.92
Of which: Total hazardous waste treatment (tonne)	5,243.89	6,130.76	8,249.46
Total general waste treatment (tonne) . . .	20,604.26	60,729.96	136,960.46
Of which: incineration (tonne)	34.00	19.94	154.50
Reuse (tonne)	20,570.26	60,710.02	136,805.96

Water resource protection

The water resources we use are sourced from municipal water supplies, with surface water serving as our primary water resource. We use this water mainly for production processes as well as for office and daily living needs.

We have established internal systems including the Water Pollution Prevention and Control Management System and the Stormwater and Wastewater Separation Management System to standardize the collection and discharge of wastewater from various workshops. To enhance water resource management, we have formed a cross-departmental working group to fully implement water resource management measures, optimize water usage processes, promote water-saving technologies and improve water resource utilization efficiency. These actions drive our commitment to green and sustainable development. Throughout our production and business operations, we have focused on a range of water-saving initiatives. These include treating and reusing wastewater streams such as steam condensate, organic wastewater and workshop filtrate, which helps us both reduce total water intake and improve water resource management. For the years ended December 31, 2023, 2024 and 2025, our total wastewater discharge amounted to 1,074,185 tonnes, 1,588,329 tonnes and 1,852,607 tonnes, respectively. As a result of these and other efforts, our recycled water ratio reached 64.71% in 2025.

Society

Sustainable Supply Chain

We have established the Supplier Safety Management System, Supplier Development and Evaluation System, Supplier Management System, Supplier Management Control Procedure and Raw Material Procurement Process Control Procedure. These systems and procedures standardize our procurement operations and ensure that the purchased raw materials meet our requirements for quality, environmental protection, Hazardous Substance Free (HSF), hazardous substance management, information security management and social responsibility.

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New suppliers of important raw materials are all screened and evaluated according to standards related to environment, health and safety, and social responsibility (such as ISO 14001, ISO 45001, and SA 8000). To better manage the qualified suppliers on the list, we categorize and classify suppliers, including those of raw materials, packaging materials and accessories, various chemical equipment, mechanical parts and engineering services. Different categories of suppliers are matched with different procurement personnel to handle related business, so as to improve procurement efficiency. We promote the sustainable development of our suppliers, particularly those providing important raw materials. We require these suppliers to sign a Commitment to Social and Environmental Responsibility, which addresses labour standards, health and safety, hazardous substance management, pollution control, energy conservation, and emission reduction. As of December 31, 2025, the ESG audit pass rate for core suppliers reached 100%.

Further, we conduct annual reviews of all qualified suppliers and periodic second party supplier audits. Our Audit and Supervision Department conduct quarterly spot checks on suppliers' procurement records to review the implementation of the procurement inquiry and pricing procedures. In 2025, we completed due diligence assessments on 24 core suppliers in the lithium mineral supply chain, with no major violations identified involving the financing of conflicts, breach of international sanctions, child labour, or serious environmental pollution.

Product Safety and Management of Environmentally Harmful Substances

We place high importance on product safety, integrating inherent safety throughout the entire product life cycle. We focus on safety assessments during the product research and development design phase, identifying hazardous factors from both material and process perspectives. This approach aims to eliminate or reduce the risks of accidents such as fires, explosions, leaks, and poisoning. By establishing principles for product safety and product liability, we strive to minimize the potential harm to users caused by product safety issues.

In terms of product and raw material usage, we pay close attention to the restrictions on hazardous substances stipulated by EU regulations such as Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and Restriction of Hazardous Substances Directive (RoHS). By establishing a management system for toxic and hazardous substances, we ensure that our product operations meet the basic criteria for environmental protection and safety. We continuously implement the management systems of the Environmental Substance Management Control Procedure and Environmental Substance Management Standard, clarifies the control requirements for hazardous substances in products and systematically phases out and reduces the use of harmful chemical substances in a planned manner. This approach aims to achieve compliance with regulations and minimize the impact on ecosystems.

In pursuit of green transformation, we proactively propose alternatives for substances of very high concern. Our R&D team recently developed an environmentally friendly solvent, E100, which has received a national patent. E100 is designed as a direct substitute for NMP, a substance of very high concern under EU REACH regulation, featuring lower reproductive toxicity, reduced skin irritation, and biodegradability, and in 2025 the product passed testing by battery, insulating varnish and semiconductor customers, enabling effective substitution for NMP. E100 marks a significant advance by mitigating the environmental and health risks associated with traditional NMP solvents, thereby helping us avoid potential regulatory bans. Its adoption reduces pollutant emissions, lessens ecological impact during production, and supports carbon neutrality goals. Additionally, our PS-free electrolyte products, developed since 2022, achieved cumulative sales of over 140 tonnes for the period from 2023 to 2025. We have put forward requirements for the management of environmentally harmful substances for our raw material suppliers. New suppliers need to sign the “Environmental Management Commitment on Non-use of Harmful Substances”, pledging that the products and components supplied to us are fully compliant with environmental technical standards (covering domestic regulations and requirements of EU REACH regulations, EU RoHS directive, EU packaging directive, and other international directives).

BUSINESS

Occupational Health and Safety

Safety management

We prioritize safety by maintaining strong occupational health and safety systems, information security measures, and product safety management processes. We regularly identify and assess risks, applying a range of controls to address them. This comprehensive approach ensures our products remain safe and high quality, while our employees work in a healthy, secure environment, supporting the smooth and reliable operation of our business.

Our safety management is integrated into every aspect of production and operations, including product process design, production and material storage. Our work safety management follows a clear governance structure led by the General Manager, supervised by the Safety Committee, and executed by all employees. The Safety Committee is chaired by the Chairman and General Manager, with the Deputy Chairman as the Executive Deputy Director and other directors and deputy general managers serving as members. The Safety Committee sets clear safety policies, strategies, and objectives, while the Safety Committee Office handles daily operations and implements these policies.

We are committed to achieving the goals of zero injuries, zero environmental accidents and zero process safety incidents to promote our sustainable and stable development. In addition, we have also introduced the management philosophy of the ISO 22301 Business Continuity Management System to enhance our business continuity management and build an optimal corporate emergency response system to ensure business continuity. In 2025, our total safety investment amounted to RMB121.5 million and achieved zero major safety accidents and zero fatal work-related injuries.

Occupational Health

We have always regarded the occupational health and safety of our employees as the cornerstone of our development. We place great emphasis on the occupational health and safety of our employees. By continuously improving our management systems, assessing risks, and strengthening training, we have optimized our occupational health and safety management processes across all operations.

We have established comprehensive management systems for preventing and controlling occupational diseases at each production base, including the timely formulation and updating of an Inventory of Occupational Disease Hazard Factors. We inform our employees about potential occupational hazards, post warning signs in areas where toxic or harmful substances are present, and conduct ongoing training and awareness-raising on occupational health and safety.

In accordance with the “Classification Catalogue of Occupational Disease Hazard Factors,” we identify and assess relevant risks through the processes and activities carried out at each site. Each year, we engage qualified third-party testing institutions to conduct detection of occupational disease hazard factors, including dust, noise, and hazardous chemicals. The results are prominently displayed on occupational hazard notification boards within each workshop to visibly communicate testing outcomes. We use systematic investigation and testing to identify chemical, physical, and biological occupational disease hazards. For instance, we gather specific data through Safety Data Sheets (SDS) and through continuous monitoring of air quality and noise levels in our facilities. During project design and planning, we invite subject-matter experts to develop pre-assessment reports and dedicated occupational health chapters to thoroughly identify workplace hazards and to formulate effective control measures. We have effectively implemented occupational disease prevention and control measures by regularly arranging comprehensive occupational health examinations for our employees. In 2025, a total of 4,983 employees participated in the occupational health examinations (including former employees). Among them, 17 cases of occupational contraindications were identified. All these employees were transferred from their original positions, as required by medical institutions, to positions free of relevant occupational disease hazards. As a result of these ongoing efforts, we have achieved zero occupational diseases for five consecutive years.

BUSINESS

Employee Rights Protection

We are committed to open, fair, and equal employment practices. Throughout our recruitment process, we rigorously screen candidates to ensure that no child labor is employed. Furthermore, in the supplier audit process, we require our suppliers to adhere to the prohibition of child labor recruitment.

We maintain a zero-tolerance approach to discrimination and forced labor and closely monitor overtime practices to safeguard employee well-being. Our Human Resources Department oversees employee relations in accordance with our Employee Relations Manual, providing regular training to strengthen communication and effectively manage labor risks. To the best of our knowledge, we are not aware of any child or forced labor across our supply chain.

We fully respect employees’ rights to freedom of association and collective bargaining and have established a labor union representing all employees. The labor union protects employee interests and facilitates healthy employee–company relations. All employees have voluntarily joined the labor union, achieving a 100% membership rate. To foster an inclusive workplace, we have adopted robust procedures to prevent discrimination and harassment. We do not tolerate discrimination in any aspect of employment and explicitly prohibit all forms of workplace harassment. In 2025, female employees accounted for 28.2% of our total workforce. Among them, there were 161 female managers, constituting 25.5% of the total managerial staff.

Talent Management and Development

We anchor our talent management and development strategies in our mission, vision and core values. We have put in place a standardized job position and grading system, improved our promotion and performance management frameworks, and regularly conducted talent reviews and job rotations. These initiatives, together with enhanced training programs, give our employees broad opportunities and professional guidance for career advancement.

Our Performance Management System evaluates employees through structured planning, assessment, and feedback, supporting fair compensation and promotion decisions. Human Resources uses these annual evaluations to inform career progression. We regularly update systems and policies, including our Training Management System and Professional Technical Qualification Review, to strengthen development and promotion pathways. For the years ended December 31, 2023, 2024 and 2025, our average number of training hours per employee was 77 hours, 86 hours and 86 hours, respectively.

We support career growth through avenues for both vertical progression and horizontal movement across technical, management, and other functional tracks. This flexible approach meets the diverse needs and ambitions of our workforce and promotes a dynamic environment for professional development. We are committed to promoting diversity and equal opportunity throughout our organization. As of December 31, 2025, women comprise 22.2% of our board of directors, 25.5% of our managerial staff and 28.2% of our total workforce. We support gender equality through our employment policies and benefits, including maternity leave and equal pay for equal work.

Social Responsibility

While focusing on continuous innovation and research, we are deeply committed to public welfare and fulfill our social responsibilities by contributing to community development and social progress. We believe in giving back to society and actively promoting the revitalization of rural areas. Our efforts focus on supporting rural communities through industrial assistance, creating a favorable environment for local development. For the years ended December 31, 2023, 2024 and 2025, our cumulative expenditure on public welfare donations amounted to RMB1.9 million, RMB3.1 million and RMB1.1 million, respectively.

BUSINESS

Our Audit and Supervision Department has established routine channels for receiving reports and complaints, which are managed by designated personnel. These channels include mobile phone, email and WeChat. The reporting channels are publicized on our official website, OA system, WeChat and the internal public account ‘Integrity Tinci’ to accept reports and complaints of various violations, disciplinary offenses and illegal acts.

LEGAL AND ARBITRATION PROCEEDINGS AND COMPLIANCE MATTERS

Legal Proceedings

We are, from time to time, a party to court, arbitral and administrative proceedings arising in the ordinary course of our business operations. We may be involved in intellectual property infringement claims brought by third parties, and we also actively take action to protect our intellectual property rights from infringement. During the Track Record Period and up to the Latest Practicable Date, save for the issue as set out below, there was no litigation, arbitration or administrative proceedings pending or threatened against us or any of the Directors which could have a material and adverse effect on our financial condition or result of operations.

In February 2025, the Lianxi District People’s Court of Jiujiang issued a criminal judgment, finding a former employee of our wholly owned subsidiary, TINCI Jiujiang, together with his accomplice, guilty of criminal misappropriation of trade secrets. Both individuals appealed the initial judgment. Following the appeal, the Jiujiang Intermediate People’s Court issued a final judgment in September 2025 that upheld the guilty verdict but adjusted their penalties. This judgment is now final and non-appealable.

Subsequent to the initiation of criminal proceedings, on July 3, 2025, TINCI Jiujiang commenced a civil action in the Jiangxi Provincial Higher People’s Court against twelve defendants, including among others, Zhejiang Yongtai Technology Co., Ltd. and the aforementioned two individuals, alleging misappropriation of TINCI Jiujiang’s proprietary LiPF₆ production technology and associated trade secrets. TINCI Jiujiang is seeking damages of approximately RMB887.1 million. As of the date of this document, no final judgment has been rendered in the civil proceedings. As we initiated this lawsuit to safeguard our own lawful rights and interests and based on the guilty verdict in the final criminal proceeding, we consider that this dispute will not have a material adverse effect on our operation. On July 3, 2025, Zhejiang Yongtai Technology Co., Ltd. initiated a legal proceeding against the Company at the Linhai City People’s Court, alleging that certain announcements, media reports, and statements relating to the aforementioned criminal and civil proceedings contained inaccurate information that constituted defamation of its business reputation, seeking damages of approximately RMB57.0 million. As at the Latest Practicable Date, the first instance trial proceeding has been completed and the Court has not yet issued its judgment. Our PRC legal advisors as to the Yongtai matter has advised that, although the court has not yet issued a judgment and there can be no assurance that the court will accept their view, the plaintiff’s allegations pertain to announcements or investor communications disseminated by the Company based on legal documents or objective facts. Thus, we and our PRC legal advisors believe that the outcome of the legal proceeding is not expected to have any material adverse effect on our business, financial condition and results of operations.

In September 2024, the Hukou County People’s Procuratorate filed criminal charges against Zhejiang Yanyi New Energy Technology Co., Ltd. (“**Zhejiang Yanyi**”) and two employees of Zhejiang Yanyi for trade secret infringement. On January 12, 2026, the Lianxi District People’s Court of Jiujiang issued a criminal judgment, finding Zhejiang Yanyi and two individual defendants guilty and imposing fines. As this judgment is beneficial to us to safeguard our own lawful rights and interests, we consider that this dispute will not have a material adverse effect on our operation.

Certain subsidiaries of the Group were involved as defendants in, with RMB10.0 million as a threshold, four construction contract disputes arising in the ordinary course of business, relating to project settlement and payment obligations, with a total claimed amount of approximately RMB165.0 million. As of the Latest Practicable Date, all four cases remain pending final

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judgement. The disputes are within the Group’s ordinary course of business, the project settlements and payment obligations in question fall within the scope of ordinary performance of commercial contracts. The Company’s management has estimated in good faith the progress of the relevant projects and reflected the relevant payment obligations in accounts payable in the Group’s financial statements. Accordingly, the outcomes of these cases will not have any material adverse effect on the Company’s business, financial condition and results of operations.

Litigation or any other legal or administrative proceeding, regardless of the outcome, could result in substantial costs and diversion of our resources, including our management’s time and attention. For potential impact of legal or administrative proceedings on us, see “Risk Factors — We may be subject to intellectual property infringement claims, including claims relating to patents, trademarks, copyrights, or trade secrets, which could be time-consuming or costly to defend and may result in the diversion of our financial and management resources” and “Risk Factors — We may be involved in claims, disputes, legal proceedings and administrative penalties in our ordinary course of business.”

Compliance Matters

During the Track Record Period and up to the Latest Practicable Date, we did not commit any non-compliance of laws and regulations which individually or in the aggregate, in the opinion of our Directors, would have a material and adverse effect on our business, financial condition, or results of operations.

As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we have complied with the relevant PRC laws and regulations in all material respects. To the best knowledge of our Directors, the non-compliance matters identified below have not had, and are not expected to have, any material adverse impact on our business, financial condition and results of operations.

Social Insurance and Housing Provident Funds

During the Track Record Period, we did not make social insurance and housing provident fund contributions for certain of our employees in full. As advised by our PRC Legal Advisors, 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. They are also of the view that provided that (i) there are no significant changes in the prevailing social insurance and housing provident fund policies and regulations as well as local government enforcement and regulatory requirements, (ii) the Company does not face any complaints, reports, material litigations or arbitrations from any employee, and (iii) the Company duly fulfils its undertakings as stated below, the likelihood of the Company being pursued for concentrated overdue payments or fined by the social insurance or housing provident fund authorities is remote. We undertake that, should the competent authorities in the future require us to rectify, pay, or make up any shortfall in social insurance contributions and/or housing provident fund contributions within a specified period, we will actively comply with the requirements of the competent authorities and perform the relevant obligations. However, see “Risk Factors — Risks Relating to Our Business and Industry — Failure to make adequate contributions to various employee benefit plans as required by regulations may subject us to penalties.”

Fire Safety and Accident

During the Track Record Period, our Company received an administrative penalty from the local fire department in 2024 in relation to certain violations of fire safety codes and paid a fine of RMB83.0 thousand. The violation was primarily related to (i) lack of sprinkler systems in one of our warehouses; (ii) lack of fire-escape signs; and (iii) temporary obstruction of the fire escape routes. In addition, in November 2024, a small fire broke out in our Guangzhou campus, affecting an area of 300 m² but otherwise caused no bodily injury or death. The cause of the fire was

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determined to be a leakage of flammable gas in our production process that was subsequently ignited. As advised by our PRC Legal Advisor, the accident was not classified as a major accident. For risks related to fire safety, see “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to liabilities associated with fire and other work-related accidents and the handling and storage of hazardous materials.”

The Group took the accidents and other fire safety non-compliances extremely seriously and took the following actions:

Immediate Rectification and Penalty Settlement

We promptly paid all fines imposed by the relevant authorities and took immediate remedial actions upon discovery of the non-compliances, including improving chemical storage facilities with proper segregation and containment measures to ensure compliance with applicable safety standards.

Comprehensive Internal Investigation and Corrective Actions

Following the fire accident, we launched an extensive internal investigation to identify the root causes and implement targeted corrective measures. These measures included minimizing the volume of materials stored in production facilities and reducing outdoor storage of materials to mitigate fire risks.

Enhanced Fire Safety Training and Awareness

We regularly conduct fire safety training sessions and emergency drills amongst our employees to strengthen their awareness and response capabilities. We emphasise the importance of fire safety through ongoing education programmes designed to reduce the likelihood of further fire-related non-compliances.

Establishment of Comprehensive Accident Prevention and Control System

We are committed to building a comprehensive accident prevention and control system based on the principle of “prevention first, orderly emergency response.” In furtherance of this commitment, we have:

- Established a company-wide safety production responsibility system in accordance with applicable laws and regulations, ensuring that all employees are accountable for safety management;
- Implemented a dual prevention mechanism comprising safety risk classification, management and control, and hidden hazard investigation and remediation, enabling proactive identification and mitigation of safety risks; and
- Formulated comprehensive and specialised production safety accident emergency response plans, which are regularly reviewed and practised through emergency drills to ensure preparedness.

Structured Emergency Response Protocol

In the event of an accident, we immediately activate our emergency response procedures and take effective measures to prevent escalation of harm. We promptly and accurately report incidents to the relevant government authorities, including emergency management and ecological environment departments, in accordance with applicable requirements, and actively cooperate with accident investigations and post-incident remediation work.

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These comprehensive measures demonstrate our commitment to maintaining the highest standards of fire safety and workplace safety, and its proactive approach to preventing future incidents and ensuring full compliance with all applicable safety regulations.

Storage of Hazardous Waste

One of our subsidiaries received a fine of RMB100,000 in 2023 for improper storage of certain hazardous waste as the hazardous waste was temporarily stored on site without proper anti-seepage measures in place. The same subsidiary received a fine of RMB55,000 in 2024 for improper storage of hazardous chemicals that failed to meet national safety standards. In addition, another subsidiary received a fine of RMB50,000 for improper storage of hazardous chemicals by failing to store them in a dedicated warehouse. For risks related to handling and storage of hazardous waste, see “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to liabilities associated with fire and other work-related accidents and the handling and storage of hazardous materials.” We took immediate and comprehensive remedial actions to address these non-compliances and have implemented robust systems to prevent recurrence:

Immediate Rectification and Penalty Settlement

In relation to improper storage of hazardous waste without proper anti-seepage measures occurred in 2023, we promptly paid all fines imposed by the relevant authorities and immediately commenced daily transfer of hazardous waste to a specialized disposal facility and implemented comprehensive anti-seepage measures on site to prevent environmental contamination.

Establishment of Comprehensive Hazardous Waste Management System

We have implemented a full lifecycle, standardized management system for hazardous waste in strict accordance with applicable requirements. Key elements of this system include:

- **Identification and Classification:** (i) accurate identification and classification of all hazardous waste generated by us in accordance with applicable standards; and (ii) systematic categorization to ensure appropriate handling and disposal methods are applied to each waste type.
- **Storage Facility Compliance:** (i) all hazardous waste storage facilities (including dedicated hazardous waste warehouses) are sited, constructed and operated in strict compliance with the “Pollution Control Standard for Hazardous Waste Storage,” including requirements for anti-seepage, anti-leakage and rainwater prevention measures; (ii) all storage facilities are equipped with standardized identification signage in accordance with regulatory requirements; and (iii) hazardous waste with different properties is stored in segregated zones and categories to prevent contact and mixing of incompatible substances.
- **Transfer and Disposal Compliance:** (i) all transfers of hazardous waste are conducted in strict accordance with the electronic manifest system as required by law, ensuring full traceability of waste movements; and (ii) all hazardous waste is entrusted to disposal units holding the requisite permits and licenses, ensuring that final disposal is conducted in a lawful and compliant manner.

Enhanced Hazardous Chemical Storage Standards

For the storage of hazardous chemicals, we have implemented enhanced measures including:

- Dedicated warehouse facilities designed and constructed to meet national safety standards for hazardous chemical storage;

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- Proper segregation and containment systems to prevent unauthorized access and environmental release; and
- Regular inspections and maintenance of storage facilities to ensure ongoing compliance.

These comprehensive measures demonstrate our commitment to strict compliance with all applicable regulations relating to hazardous waste and hazardous chemical management, and our proactive approach to preventing future non-compliances.

As of the Latest Practicable Date, we have complied with all relevant laws and regulations in relation to fire safety and accident and storage of hazardous waste. During the Track Record Period, we did not have any material incidents (whether based on nature of the incident or the amount of penalty/compensation involved) related to fire safety, hazardous wastes handling and other safety issues.

AWARDS AND RECOGNITIONS

During the Track Record Period, we have received various awards recognizing our achievements and capabilities in innovation, R&D, manufacturing and corporate responsibility. The table below sets forth a summary of significant awards and recognitions that we have received during the Track Record Period.

Year	Award	Awarding Body
2023 . . .	2023 Top 100 Fine Chemical Enterprises in China	China Chemical Information Association
2023 . . .	National Intellectual Property Demonstration Enterprise	China National Intellectual Property Administration
2023 . . .	National Intellectual Property Advantage Enterprise	China National Intellectual Property Administration
2023 . . .	National Green Factory	China Ministry of Industry and Information Technology
2023 . . .	Forbes China Top 100 Lithium Battery Industry Chain	Forbes China
2023 . . .	Forbes China Lithium Battery Industry Chain Innovation Award	Forbes China
2024 . . .	Sustainable “Outstanding Practice Case” by Listed Companies	China Association for Public Companies
2024 . . .	Outstanding Board Practice by Listed Companies	China Association for Public Companies
2024 . . .	2024 Top 100 Fine Chemical Enterprises in China	China Chemical Information Centre
2024 . . .	National Green Supply Chain	China Ministry of Industry and Information Technology

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Year	Award	Awarding Body
2025 . . .	China Patent Silver Award – Petrochemical Category	National Intellectual Property Administration
2025 . . .	5G Factory for 5G-based Intelligent Electrolyte Manufacturing	Ministry of Industry and Information Technology of the People’s Republic of China
2025 . . .	National Green Supply Chain Management Enterprise	Ministry of Industry and Information Technology of the People’s Republic of China