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Application Proof of

Guangzhou Tinci Materials Technology Co., Ltd.
廣州天賜高新材料股份有限公司

(the "**Company**")

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

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Guangzhou Tinci Materials Technology Co., Ltd.
廣州天賜高新材料股份有限公司

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

[REDACTED]

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

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the [**REDACTED**].

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

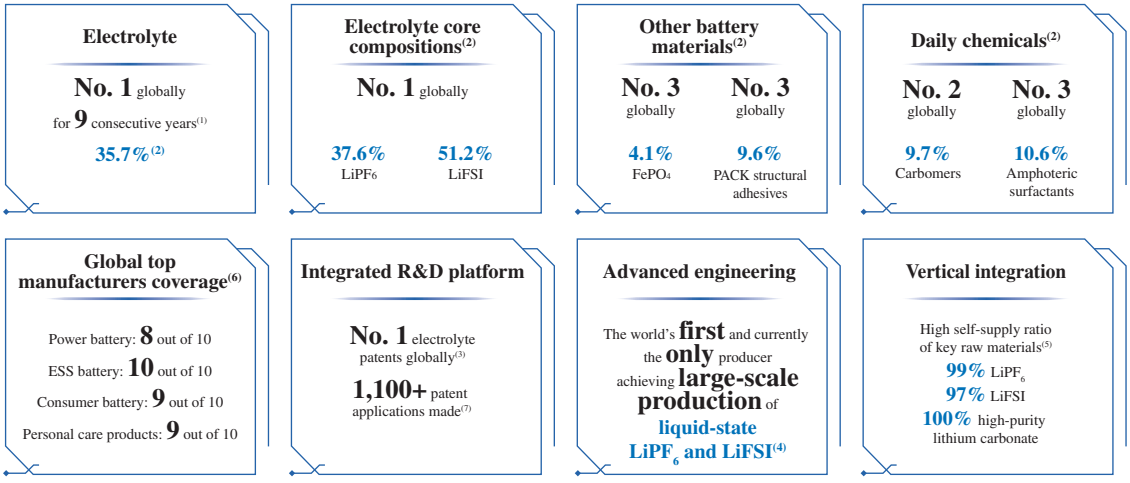
OVERVIEW

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

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

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

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



Notes:

(1) Based on global shipment volume, according to CIC

(2) Represents Group's market share and corresponding ranking based on global shipment volume in 2024, according to CIC

(3) Among lithium-ion battery electrolyte manufacturers as of December 31, 2024, according to CIC

(4) According to CIC, large-scale production denotes an annual production exceeding 100,000 tonnes (solid-content equivalent) of $LiPF_6$ and 10,000 tonnes (solid-content equivalent) of LiFSI

(5) Represents the percentage of specific materials used in our production processes that are sourced from our internal manufacturing operations for the year ended December 31, 2025. This ratio is calculated by dividing the amount of internally produced material utilized in production by the total quantity consumed, irrespective of origin, with all measurements based on pure substance content

(6) Based on global shipment volume in 2024, according to CIC

(7) As of December 31, 2025, patent applications filed domestically

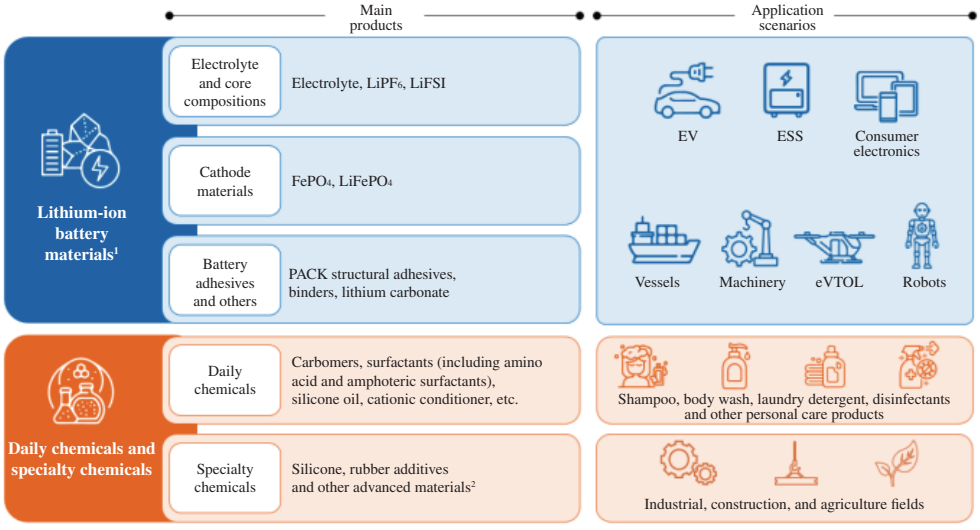
Our Principal Business

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

- **Our lithium-ion battery materials business:** mainly includes electrolyte and its core compositions, $FePO_4$, $LiFePO_4$, PACK structural adhesives and binders. Lithium-ion batteries are widely used in EV, ESS and consumer electronics sectors and are gradually expanding into emerging sectors, such as machinery, vessels, eVTOL and other intelligent applications. In recent years, we have strategically expanded into lithium-ion battery recycling, focusing on recycling of retired and waste lithium-ion batteries and recycling of lithium-ion battery materials in the production process. This initiative is designed to strengthen the stable supply of raw materials in a low-carbon, energy-efficient, and cost-effective way, supporting an integrated value chain and creating new opportunities for profit growth.

- **Our daily chemicals and specialty chemicals business:** primarily comprises daily chemicals such as carbomers, surfactants (including amino acid and amphoteric surfactants), silicone oil and cationic conditioner, as well as specialty chemicals such as silicone, rubber additives and other advanced materials. Daily chemicals are widely used in personal care and home care products, such as shampoo, body wash, laundry detergent, disinfectant and sterilization products. Specialty chemicals, on the other hand, are mainly applied across various industrial, construction and agricultural sectors. We have drawn on our R&D expertise in the daily chemicals sector, along with our established strengths in raw materials and advanced production processes, as well as our extensive customer network, to expand into fragrance and flavor sectors.

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



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

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 shown sustained improvement, giving us a strong competitive advantage globally. We have also supported the supply chains of many leading multinational consumer goods companies for years. In 2024, we served nine of the global top ten personal care product manufacturers.

Our Global Network

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

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

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

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

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

Note:

1 The production capacity represents the solid-state equivalent of our $LiPF_6$, 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.

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.

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 CAGR of 24.9%, 24.9% and 24.2%, respectively, over the same period. For lithium-ion battery recycling, according to CIC, the global lithium-ion battery recycling market size is predicted to grow at a CAGR of 35.9% from 2024 to 2030.

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

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

OUR COMPETITIVE STRENGTHS

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

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

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

OUR STRATEGIES

We intend to pursue the following strategies.

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

RESEARCH AND DEVELOPMENT

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

CUSTOMERS AND SUPPLIERS

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

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

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

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

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

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

Revenue

Revenue by Types of Products

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

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

Notes:

(1) Others primarily include binders, PACK structural adhesives and lithium carbonate.

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

Sales Volume and Average Selling Price

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

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

Revenue by Geographic Region

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

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

Note:

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

Gross Profit and Gross Profit Margin

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

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

Note:

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

Summary of Consolidated Statements of Financial Position

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

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

Net Current Assets

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

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

Net Assets

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

Summary of Consolidated Statements of Cash Flow

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

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

KEY FINANCIAL RATIOS

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

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

Notes:

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

(2) Quick ratio is calculated by subtracting inventories from total current assets, and then dividing the result by current liabilities as of the same date.

(3) Liabilities-to-assets ratio is calculated by dividing total liabilities by total assets as of the same date.

(4) Gearing ratio is calculated by dividing total debt, including its total borrowings and lease liabilities, for the year by total equity for the year.

(5) Net profit margin is calculated by dividing profit for the year by revenue.

(6) Operating cash flow conversion ratio is calculated by dividing net cash generated from operating activities by profit for the year.

(7) Average inventory turnover days is calculated by the average of opening balance and closing balance of the inventories for the relevant period divided by cost of sales for the same period and multiplied by 360 days.

RISK FACTORS

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

- Demand for our products is driven by the demand of our customers' products. If we are unable to respond effectively to these changes, our business, results of operations and financial condition will be materially and adversely affected.

- Our success depends not only on our own ability but also on our customers' ability to develop and produce, market and sell their products in a timely and cost-efficient manner to address evolving preferences of their customers, regulatory standards and technological advancement.

- We face intense competition in the industries in which we operate.

- We may not be able to achieve the desired benefits from our R&D efforts and achieve the most advanced technology, or respond to the evolvement in industry standards.

- The average selling price of our products may face downward pressure, which will adversely affect our profit margins, result of operations and financial condition.

- Changes in supply and costs of key raw materials, utilities, transportation, warehousing and other necessary supplies or services with respect to business may impact our business, financial condition and results of operations.

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

- We are subject to the risk of concentration of customers.

- We face various risks associated with our international operations and overseas manufacturing, and our inability to effectively manage and contain them could adversely affect our business and performance.

- Our business is susceptible to policy changes affecting the end market of our products.

COVID-19

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

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

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

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

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

OUR CONTROLLING SHAREHOLDER

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

[**REDACTED**]

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

Notes:

(1) All statistics in the table are based on the assumption that the [**REDACTED**] is not exercised and exclude any treasury shares held by the Company as of the Latest Practicable Date.

(2) The calculation of market capitalization is based on the assumption that [**REDACTED**] H Shares expected to be in issue immediately after completion of the [**REDACTED**].

(3) The calculation of market capitalization is based on the assumption that [**REDACTED**] H Shares will be in issue immediately after completion of the [**REDACTED**] and [2,025,395,827] A Shares (excluding treasury shares held by the Company as of the Latest Practicable Date) will be in issue immediately after completion of the [**REDACTED**] with an closing price of RMB[44.33] on the Latest Practicable Date (assuming the [**REDACTED**] is not exercised and excluding treasury shares held by the Company as of the Latest Practicable Date).

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated after making the adjustments referred to in the section headed "Appendix II – Unaudited Pro Forma Financial Information" in this document.

USE OF PROCEEDS

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

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

- approximately [80.0]%, or HK$[**REDACTED**], will be allocated for supporting our global business development, including the lithium-ion battery materials project in Morocco, and other overseas markets, as well as for upstream resource investments globally;

- approximately [10.0]%, or HK$[**REDACTED**], will be allocated for research and development activities. This will focus on electrolyte and its core compositions, cathode materials, solid-state electrolytes and other materials, as well as the acquisition of related research and development equipment and facilities; and

- approximately [10.0]%, or HK$[**REDACTED**], will be allocated for supplement working capital and for general corporate purposes.

DIVIDEND POLICY

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

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

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

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

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

LISTING EXPENSES

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

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

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained "Glossary of Technical Terms" in this document.

"2022 Convertible Bonds"	the convertible bonds issued by our Company of RMB3,410,500,000 at a par value of RMB100 in October 2022, and listed on the Main Board of the Shenzhen Stock Exchange under the bond code 127073
"2024 Share Incentive Plan"	our employee incentive plan approved and adopted by our Board on December 11, 2024 and by the extraordinary general meeting of our Company on December 30, 2024
"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Shenzhen Stock Exchange and traded in Renminbi
"Accountant's Report"	the accountant's report of our Company for the Track Record Period, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, as amended, which shall become effective from the Listing Date and a summary of which is set out in Appendix V to this document
"associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Business Day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
	[**REDACTED**]
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"China" or "the PRC"	the People's Republic of China, except where the content or context requires otherwise
"CIC"	China Insights Industry Consultancy Limited, an independent professional market research and consulting company
"CIC Report"	the report with respect to this [**REDACTED**] issued by CIC
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	Guangzhou Tinci Materials Technology Co., Ltd. (廣州天賜高新材料股份有限公司), a joint stock company with limited liability established under the laws of the PRC on June 6, 2000
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Xu
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Employee Stock Ownership Plan"	our employee stock ownership plan approved and adopted by our Board on December 11, 2024 and by the extraordinary general meeting of our Company on December 30, 2024
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

"GGII"	Shenzhen GaoGong Industry Research & Consulting Co. Ltd., an independent market research and consulting company
	[**REDACTED**]
"Governmental Authority"	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time, their predecessors (as the case may be), and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"H Share(s)"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"H Share Registrar"	[**REDACTED**]
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
	[**REDACTED**]
"HKSCC"	Hong Kong Securities Clearing Company Limited
	[**REDACTED**]

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"HKSCC Participant(s)"	a participant admitted participating in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

[**REDACTED**]

"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed to it under the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Joint Sponsors"	the joint sponsors as named in "Directors and Parties Involved in the [**REDACTED**]"
"KAIXIN Fuding"	Fuding Kaixin Battery Materials Co., Ltd. (福鼎市凱欣電池材料有限公司), a company with limited liability established under the laws of the PRC on April 28, 2020, and a wholly-owned subsidiary of our Company
"KAIXIN Ningde"	Ningde Kaixin Battery Materials Co., Ltd. (寧德市凱欣電池材料有限公司), a company with limited liability established under the laws of the PRC on November 21, 2014, and a wholly-owned subsidiary of our Company
"Latest Practicable Date"	[March 18], 2026, being the latest practicable date for ascertaining certain information in this document before its publication
"Laws"	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgments, decrees, or rulings of any Governmental Authority (including the Stock Exchange and the SFC) of all relevant jurisdictions
"Listing"	the listing of the H Shares on the Main Board
"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or about [**REDACTED**], on which the H Shares are to be listed and on which dealings in the H Shares are to be first permitted to take place on the Stock Exchange

"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"Mr. Xu"	Mr. Xu Jinfu (徐金富), our executive Director and Controlling Shareholder
"National High-tech Enterprise"	a certification by the PRC government authorities for a resident company that conducts R&D and transforms technological achievements in certain high-tech fields to form the company's core independent intellectual property rights and conduct business activities
"Nomination Committee"	the nomination committee of the Board

[**REDACTED**]

"PRC Company Law"	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government Body"	has the meaning ascribed to it under the Listing Rules
"PRC Legal Advisor"	Grandway Law Offices, our legal advisor on PRC laws
"Principal Subsidiaries"	our principal subsidiaries as identified in "History and Corporate Structure — Principal Subsidiaries and Operating Entities"
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board

"RMB or Renminbi"	Renminbi, the lawful currency of China
"SAFE"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"Sanhe Environmental"	Guangzhou Tinci Sanhe Environmental Engineering Co., Ltd. (廣州市天賜三和環保工程有限公司), a company with limited liability established under the laws of the PRC on October 5, 2001, and a company wholly-owned by Mr. Xu
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SFC"	Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai
"Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our A Shares and our H Shares
"Share Option(s)"	stock option(s) granted under the 2024 Share Incentive Plan
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy and Sustainable Development Committee"	the strategy and sustainable development committee of the Board

"subsidiary" or "subsidiaries"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"TENGWEI Dongguan"	Dongguan Tengwei Electronic Materials Technology Co., Ltd. (東莞市騰威電子材料技術有限公司), a company with limited liability established under the laws of the PRC on September 26, 2006, and a subsidiary of our Company
"TIANSHUO Zhejiang"	Zhejiang Tianshuo Fluorine Silicon New Material Technology Co., Ltd. (浙江天碩氟硅新材料科技有限公司), a company with limited liability established under the laws of the PRC on December 28, 2015, and a wholly-owned subsidiary of our Company
"TINCI Jiangsu"	Jiangsu Tinci Materials Technology Co., Ltd. (江蘇天賜高新材料有限公司), a company with limited liability established under the laws of the PRC on April 9, 2018, and a wholly-owned subsidiary of our Company
"TINCI Jiujiang"	Jiujiang Tinci Materials Technology Co., Ltd. (九江天賜高新材料有限公司), a company with limited liability established under the laws of the PRC on October 30, 2007, and a wholly-owned subsidiary of our Company
"TINCI Jorf Lasfar"	TINCI MATERIALS JORF LASFAR, a company with limited liability established under the laws of Morocco on September 7, 2023, and a wholly-owned subsidiary of our Company
"TINCI Research"	Tinci Advanced Research (Shanghai) Electronics Co., Ltd. (天賜高研(上海)電子有限公司), a company with limited liability established under the laws of the PRC on June 12, 2024, and a wholly-owned subsidiary of our Company
"TINCI Resource Recycle"	Jiujiang Tinci Resource Recycling Technology Co., Ltd. (九江天賜資源循環科技有限公司), a company with limited liability established under the laws of the PRC on September 23, 2021, and a wholly-owned subsidiary of our Company
"TINCI Sichuan"	Sichuan Tinci Materials Technology Co., Ltd. (四川天賜高新材料有限公司), a company with limited liability established under the laws of the PRC on January 11, 2022, and a wholly-owned subsidiary of our Company
"TINCI Yichang"	Yichang Tinci Materials Technology Co., Ltd. (宜昌天賜高新材料有限公司), a company with limited liability established under the laws of the PRC on July 1, 2021, and a wholly-owned subsidiary of our Company

"TINQI Jiujiang Fluorine Silicon"	Jiujiang Tinqi Fluorine Silicon New Materials Technology Co., Ltd. (九江天祺氟硅新材料科技有限公司), a company with limited liability established under the laws of the PRC on April 14, 2015, and a wholly-owned subsidiary of our Company
"Track Record Period"	the three years ended December 31, 2023, 2024 and 2025
"U.S.", "US" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder

[**REDACTED**]

"VAT"	value-added tax
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"ADP"	ammonium dihydrogen phosphate
"AGV"	automated guided vehicle
"AI"	artificial intelligence
"ammonium-based production process"	a manufacturing approach that relies on the chemical properties of ammonium ions or their associated salts to achieve a desired transformation, synthesis, or separation of materials
"CAGR"	compound annual growth rate
"CEI"	cathode electrolyte interphase, is a passivation layer that develops on the surface of the cathode in lithium-ion batteries
"CMC"	carboxymethyl cellulose, commonly used as a water-based binder, dispersant, and thickener in lithium-ion battery anode slurries. CMC itself has limited adhesive strength and is usually combined with SBR to form a composite binder system
"C-rate"	charge and discharge rate, an indicator for battery charge and discharge speed. A 1C rating means a battery can be charged or discharged completely in one hour at its rated capacity; a 4C rating means a battery can be charged or discharged completely in 15 minutes at its rated capacity
"COD"	chemical oxygen demand
"CV"	commercial vehicle
"continuous solvent-based production process"	a manufacturing method involving continuous synthesis and purification within a solvent system
"DCS"	distributed control system, is an automated control environment used to monitor and manage complex industrial processes
"DEC"	diethyl carbonate
"DMC"	dimethyl carbonate
"DTD"	1, 3, 2-dioxathiolane-2, 2-dioxide

GLOSSARY OF TECHNICAL TERMS

"DVB"	divinylbenzene
"EC"	ethylene carbonate
"EHS"	environment, health and safety
"electrolyte"	electrolyte for lithium-ion batteries
"EMC"	ethyl methyl carbonate
"energy density"	the amount of energy that can be stored within a given volume or given mass
"ERP"	enterprise resource planning system, an integrated software platform that centralizes and manages core business processes, including finance, human resources, manufacturing, supply chain, procurement and inventory, enabling real-time data visibility, resource optimization, and operational efficiency across the organization
"ESS"	energy storage system
"ESS battery"	a battery used for energy storage system
"EV"	electric vehicle, a type of vehicles powered fully or partially by battery, including battery electric vehicles and plug-in hybrid electric vehicles
"eVTOL"	electric vertical take-off and landing
"$FePO_4$"	ferric phosphate
"FEC"	fluoroethylene carbonate
"Generation 3 $LiFePO_4$"	this generation refers to cathode materials composed predominantly of micron-sized $LiFePO_4$ particles. Generation 3 materials typically achieve compaction densities of around 2.50 grams per cubic centimeter
"Generation 4 $LiFePO_4$"	this generation denotes cathode materials utilizing advanced particle engineering techniques, such as the fabrication of spherical or pseudo-spherical secondary particles. These secondary particles aggregate optimized primary particles, resulting in more uniform morphology and improved powder packing. Compaction density for Generation 4 materials generally falls around 2.60 grams per cubic centimeter
"Generation 5 $LiFePO_4$"	this generation employs state-of-the-art engineering of nano-to-micro structured particles, highly uniform secondary particle agglomerates, and sophisticated control of surface coatings and elemental doping. Compaction density for Generation 5 materials generally falls around 2.70 grams per cubic centimeter

GLOSSARY OF TECHNICAL TERMS

"GW"	Gigawatt, a unit for measuring power, 1 GW=1 billion watts
"GWh"	gigawatt-hours, a unit of electric energy, 1 GWh=1 billion Wh
"kW"	kilowatt, a unit for measuring power, 1 kW=1,000 watts
"kWh"	kilowatt-hours, a unit of electric energy, 1 kWh=1,000 Wh
"compaction density"	the amount (grams) of materials that can be loaded in a given volume
"ICE"	internal combustion engine
"IoT"	internet of things
"kilotonne"	a unit of mass equal to 1,000 metric tonnes
"LFP battery"	a lithium-ion battery that uses lithium ferro phosphate ($LiFePO_4$) as the cathode material
"LiDAR"	a radar system that detects the position and velocity of a target by emitting laser beams
"LiF"	lithium fluoride
"life cycle"	the number of times (or cycles) a battery can charge and discharge until its retirement
"$LiFePO_4$" or "LFP"	lithium ferro phosphate
"LiFSI"	lithium bis(fluorosulfonyl)imide
"$LiPF_6$"	lithium hexafluorophosphate
"lithium-ion battery"	batteries that utilize lithium-ions as conductive ions that move between the anode and cathode, and charge and discharge through the mutual conversion of chemical energy and electrical energy
"liquid-state battery"	a type of rechargeable lithium-ion batteries that use liquid-state electrolyte
"MES"	manufacturing execution system, a software-based solution used in manufacturing to monitor, control, and optimize production processes on the shop floor
"MPC"	methyl propyl carbonate
"MWh"	megawatt-hours, a unit of electric energy, 1 MWh=1 million Wh

"MVR"	mechanical vapor recompression
"$NaPF_6$"	sodium hexafluorophosphate
"NMP"	n-methyl-2-pyrrolidone
"OA"	office automation system, a software solution that facilitates the management, automation, and streamlining of routine office tasks and workflows, such as document management, communication, scheduling, and information sharing, enhancing organizational efficiency and collaboration
"OQC"	outgoing quality control, a quality management process used in manufacturing and production to inspect and verify the quality of products before they leave the factory or facility for delivery to customer
"PAA"	polyacrylic acid
"PAN"	polyacrylonitrile
"PC"	propylene carbonate
"PEEK"	polyether ether ketone
"PF_5"	phosphorus pentafluoride
"PI"	polyimide
"PLC"	programmable logic controller, a digital computing and operating electronic system specifically designed for use in industrial environment
"PLM"	product lifecycle management system, a collaborative tool that oversees the entire lifecycle of a product, from initial concept and design through to manufacturing, service, and disposal, supporting data management, version control, and process optimization to drive innovation and reduce time to market
"power battery"	rechargeable battery that provides energy for electric drive systems in transportations such as EVs, vessels and eVTOLs
"PS"	polystyrene
"PV"	passenger vehicle
"PVDF"	polyvinylidene fluoride, a non-aqueous binder that must be dissolved in organic solvents for use. Polyvinylidene fluoride can firmly bond cathode active materials and conductive additives onto aluminum foil current collectors, forming a stable electrode structure

"QMS"	quality management system, a structured software-based framework that standardizes and manages quality policies, processes, and documentation throughout an organization, ensuring compliance with regulatory standards, continuous improvement, and consistent delivery of high-quality products or services
"roller kiln sintering process"	the thermal treatment of materials within a long, tunnel-shaped kiln equipped with multiple sets of rotating rollers. Materials, typically shaped as tiles, slabs, or flat ceramic products, are placed directly on the rollers and transported automatically through the kiln at a controlled speed. As the materials move through different temperature zones, they are exposed to carefully regulated high-temperature conditions, which induce the necessary chemical and physical changes for sintering
"rotary kiln sintering process"	the thermal treatment of raw materials within a long, cylindrical rotary kiln that is slightly inclined and rotates slowly around its axis. Materials are continuously fed into the upper end of the kiln, where they gradually progress towards the lower end as the cylinder rotates. During this movement, the materials are subjected to controlled, high-temperature conditions that drive chemical and physical transformations, culminating in sintering
"SBR"	styrene-butadiene rubber, commonly used together with Sodium Carboxymethyl Cellulose in the aqueous electrode coating process for lithium-ion battery anodes
"SEI"	solid electrolyte interphase, is a passivation layer that forms on the surface of the anode in lithium-ion batteries
"self-supply ratio"	the self-supply ratio indicates the percentage of specific materials used in our production processes that are sourced from our internal manufacturing operations. 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.
"skid-mounted modules"	a skid-mounted module is a pre-fabricated and factory-assembled package comprising mechanical, electrical, or process equipment, mounted on a steel base frame (the skid). The entire module is built off-site under controlled conditions, adhering to specified standards to ensure consistent quality and compatibility. The skid design enables the entire module to be easily moved, lifted, and installed as a single unit at the project site
"sodium-ion battery"	batteries that utilize sodium ions as conductive ions that move between the anode and cathode, and charge and discharge through the mutual conversion of chemical energy and electrical energy

"solid-state battery"	a type of rechargeable lithium-ion batteries that use solid-state electrolyte
"solvent-based"	a process or method in which a liquid organic solvent serves as the primary medium for dissolving, transporting, or facilitating the reaction of other substances
"s.q. m"	square meter
"SRM"	supplier relationship management system, a specialized platform designed to manage, evaluate, and optimize interactions with suppliers, focusing on procurement processes, supplier performance, contract management and risk mitigation to strengthen supply chain relationships and value
"ternary battery"	a type of lithium-ion batteries that integrates a cathode mainly composed of three metallic elements, such as nickel, cobalt and manganese, or nickel, cobalt and aluminum
"TF"	trifluoromethanesulfonate
"tonne"	one tonne equals 1,000 kilograms
"TWh"	terawatt-hours, a unit of electric energy, 1 TWh=1 billion kWh
"VC"	vinylene carbonate
"wet process"	a process for separating and enriching metals by bringing them into contact with aqueous solutions or other liquids to induce chemical reactions
"Wh"	Watt-hour, a unit of electric energy
"Wh/kg"	Watt hour per kilogram
"WMS"	warehouse management system, a software application designed to optimize and manage the daily operation within a warehouse or distribution center

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

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

- our operations and business prospects;
- our ability to maintain relationships with, and the actions and developments affecting, our major customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain the market leading positions;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies, including our service and expansion plans;
- our ability to defend our intellectual rights and protect confidentiality;
- the effectiveness of our quality control systems;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and
- capital market developments.

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

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

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

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, results of operations, financial condition and prospects. In any such case, the market price of our H Shares could decline, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks related to our business and industry, (ii) risks related to where we conduct business, and (iii) risks related to the [**REDACTED**].

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, results of operations, financial condition and prospects. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Demand for our products is driven by the demand of our customers' products. If we are unable to respond effectively to these changes, our business, results of operations and financial condition will be materially and adversely affected.

Our products are key materials for the production and manufacture of lithium-ion battery. Demand for our lithium-ion battery materials is closely tied to the market demand for their end applications, including power batteries, ESS, and consumer electronics batteries. The demand for power batteries, ESS and consumer electronics batteries is affected by various factors beyond our control. Power batteries are primarily used in EV, including PV and CV, and the electrification of other emerging areas. The demand for electrification in these applications may fluctuate due to various factors, including but not limited to the macroeconomic environment, end-user preferences, cost efficiency, electrification technology and completeness of the infrastructure. ESS batteries are widely adopted in both FTM and BTM applications. The demand for ESS batteries in these applications is affected by various factors, including but not limited to global power demand, global penetration rate of renewable energy sources such as wind and solar, demand for grid stability, technological improvement in relevant areas (such as safety and life cycle), as well as cost efficiency. Consumer electronics batteries are primarily used in portable devices such as smartphones, laptops, tablets, wearable devices, and other personal electronic products. The demand for consumer electronics batteries is influenced by factors such as consumer spending patterns, technological advancements in electronic devices, replacement cycles, overall economic conditions, and shifts in consumer preferences.

In addition, our offerings also include daily chemicals and specialty chemicals. Demand for daily chemicals is influenced by production processes adopted by our customers, their consumer demand, preferences and spending habits, and broader economic conditions. Factors such as disposable income, advances in product technology, changing lifestyle trends, and the market reputation of both our customers' products and those of competitors can cause customer demand to fluctuate. Demand for specialty chemicals is affected by technology upgrades, industrial process changes among industrial users, shifts in industrial standards, and innovation requirements across the sectors where we have presence.

As a result, changes in these factors may affect the demand in the end applications of our products. If we are unable to adapt promptly to these changes, our business, financial condition and operating results may also be adversely affected.

Our success depends not only on our own ability but also on our customers' ability to develop and produce, market and sell their products in a timely and cost-efficient manner to address evolving preferences of their customers, regulatory standards and technological advancement.

Our revenue is principally generated from sales to corporate customers. Therefore, our business performance largely relies on our customers' ability to develop and produce, market and sell their end products in a timely and cost-efficient manner to address the evolving preferences of their customers, regulatory standards and technological advancement. We cannot assure you that our customers will continue to strengthen their sales and marketing efforts, comply with the relevant regulatory standards and respond to the technological advancement, and will not make any adjustments to their existing sales and marketing strategies. Inability to do so could reduce the demand for our products, which in turn could cause the decline in our revenue and profitability. Further, any such adjustments to their sales and marketing strategies may affect their sales, and may in turn, result in a material and adverse impact on our business, financial condition and results of operations.

We face intense competition in the industries in which we operate.

We compete with a number of domestic and international companies focusing on the production of lithium-ion battery materials and daily chemicals and specialty chemicals, including those with extensive marketing and sales networks and strong industry experience. According to CIC, the global lithium-ion battery electrolyte industry was relatively concentrated in 2024, with the top five market participants accounting for approximately 75.4% of the global shipment volume of lithium-ion battery electrolyte. The top five market participants accounted for approximately 89.0% of the global shipment volume of $LiPF_6$ in 2024. As competition intensified, particularly following upstream capacity expansion, prices for electrolytes dropped sharply from 2023 onwards. The growth in production capacity and supply of key raw materials outpaced the growth in downstream market demand, resulting in heightened price pressure across the industry. See "Industry Overview — Overview of the Global and China's Lithium-ion Battery Electrolyte Industry — Competitive landscape of the lithium-ion battery electrolyte industry".

New and existing competitors strive to increase their market share with continued R&D efforts, optimized production processes and active marketing campaigns. We expect to face competition from both existing and new competitors as we expand into new business lines, geographic markets and product categories. Competition could also have a material and adverse impact on the customers' demand for, and product pricing of, our lithium-ion battery materials and daily chemicals and specialty chemicals, which in turn affects our growth and market share. If we fail to compete effectively, we may not be able to maintain or enlarge our market share, which would have a material adverse effect on our businesses, financial condition and results of operations.

We may not be able to achieve the desired benefits from our R&D efforts and achieve the most advanced technology, or respond to the evolvement in industry standards.

We rely on technological innovation for our continued growth. The lithium-ion battery materials industry is undergoing rapid technological change, with new materials and technologies continuously emerging, which places increasingly high demands on our product R&D capabilities. As expectations for lithium-ion battery performance and safety increase, the requirements for the performance of lithium-ion battery materials are also becoming more stringent. In order to maintain and expand our competitive advantage, we may devote more resources in the future. 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. However, R&D activities are inherently uncertain. We may not always be able to achieve the desired benefits from R&D investments, reach the industry's technological frontier, or respond promptly to

changes in industry standards. If our R&D and technology cannot deliver timely product updates, we may fall behind market trends and be unable to launch new or improved products promptly. This could result in a loss of market share as customers choose competing products that better meet evolving industry requirements or consumer preferences. There is no assurance that our product development efforts will succeed, be completed within the expected time frame or budget, or that new products will achieve broad market acceptance. Even if commercialized, there is no guarantee that new products will meet anticipated sales targets or profitability levels.

Furthermore, we cannot guarantee that competitors will not develop products that are similar, superior, or more cost-effective than ours, or that we can quickly respond to changes in industry standards. Product development cycles are often unpredictable, and the window for market adoption may be brief. As a result, products under development may have to be abandoned, even after substantial investment, if it becomes commercially unviable. This could materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, technological advancements and the development of substitute chemicals or materials for lithium-ion batteries could significantly affect demand for our lithium-ion battery materials, and could cause our customers to reduce the volume of their orders. Furthermore, the commercial maturity of other emerging new energy technologies, such as hydrogen fuel cells, advanced supercapacitors, or alternative energy storage solutions, may dilute the use of batteries in certain application scenarios. As these alternative technologies become more technologically and economically viable, especially for specific sectors or end uses, reliance on lithium-ion batteries could decrease. This trend may lead to reduced demand for our products in those segments. In addition, alternatives to our products may become more economically attractive as global commodity prices shift in the future. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

The average selling price of our products may face downward pressure, which will adversely affect our profit margins, result of operations and financial condition.

The average selling price of our products is influenced by a variety of factors beyond our control, including but not limited to raw material costs, competitor pricing, market trends and labor costs. During the Track Record Period, our product prices have experienced fluctuations. The average selling price of our lithium-ion battery materials decreased from 2022 to 2023 and further decreased from RMB23,043 per tonne in 2023 to RMB13,810 per tonne in 2024, which subsequently increased to RMB14,392 per tonne in 2025. The higher product prices in 2022 were primarily driven by a global shortage in lithium carbonate supply due to rising demand for lithium-ion batteries globally, which resulted in a significant surge in global lithium carbonate prices. In contrast, the subsequent price drop from 2023 to 2024 was mainly the result of a rebalancing of supply and demand dynamics, whereby excess lithium carbonate production capacity was rationalized and supply levels aligned more closely with actual demand following a period of significant oversupply, combined with intensified competition within the industry. Growing overcapacity and greater price competition have placed further downward pressure on average selling prices. We cannot predict the future trend of the average selling price of our products, nor can we guarantee that the fluctuation of average selling price will not continue. Any decline in the average selling price could result in reduced gross profit margins and net profit, which may adversely affect our results of operations and financial condition.

Changes in supply and costs of key raw materials, utilities, transportation, warehousing and other necessary supplies or services with respect to our business may impact our business, financial condition and results of operations.

We rely on third-party suppliers for the supply of certain key raw materials used in the production of our lithium-ion battery materials and daily chemicals and specialty chemicals, such as lithium carbonate, EMC, EC, DMC, fatty acid and ADP. See "Business — Procurement and Suppliers." Any increase in the prices of these key raw materials may have a material and adverse

effect on our business performance and financial results. For instance, the lithium market experienced significant price fluctuations in recent years, with a particularly sharp increase in 2021. Such volatility in lithium prices, and prices of key raw materials, directly impacts our production costs.

For the years ended December 31, 2023, 2024 and 2025, our direct material cost accounted for approximately 77.4%, 71.5% and 78.0%, respectively, of our total costs of sales. As we procure certain key raw materials based on market pricing, our cost structure is subject to volatility in the prices of these raw materials, as well as fluctuations in the prices of utilities, transportation, warehousing, and other necessary supplies and services. Such volatility is influenced by factors beyond our control, including inflation, currency exchange rate fluctuations, extreme weather events, and changes in the broader supply and demand environment. We may not be able to offset increases in input prices by raising the prices of our products, which could result in a reduction in profit margins and, consequently, a material adverse impact on our financial condition and operating results. Furthermore, significant increases in the prices of our products may erode our competitive advantage, potentially leading to a loss of sales and customer attrition. Accordingly, our business, financial condition, and results of operations may be materially and adversely affected.

In addition, any unexpected shortages, delivery delays or substandard quality in key raw materials may disrupt our supply chain and, consequently, interrupt our production schedule. In such circumstances, we may be required to source key raw materials from alternative suppliers. If we are unable to identify alternative suppliers promptly or on comparable commercial terms, both the quality of our products and our profitability could be adversely affected. Failure to secure sufficient and high-quality supply of key raw materials for our operations at reasonable cost, or at all, may have a material and adverse impact on our business, financial condition, and results of operations.

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

Our business is principally focused on lithium-ion battery materials, which may lead to a certain amount of product concentration risk. During the Track Record Period, we generated revenue from lithium-ion battery materials of RMB14,104.4 million, RMB10,974.2 million and RMB15,050.5 million, accounting for 91.6%, 87.7% and 90.4% of our total revenue in 2023, 2024 and 2025, respectively. Market acceptance of our lithium-ion battery materials is critical to our future success. Any negative changes in the demand for, or prices of, these materials could materially and adversely affect our business, financial condition and results of operations.

We may seek to expand our product portfolio over time. During the Track Record Period, the proportion of revenue from daily chemicals and specialty chemicals products accounting for 6.6%, 9.2% and 7.7% of our total revenue in 2023, 2024 and 2025, respectively. In addition, we have pursued further product development initiatives. For example, our work on certain adhesive and solid-state electrolytes is currently at the pilot stage, with only limited shipments and not yet achieving large-scale commercialization. However, there can be no assurance that any new products we develop will achieve market acceptance. The market for these products is highly competitive, with many active participants, which further increases uncertainty around the future success of our development efforts. Failure to successfully develop, launch, and market new products could prevent us from recovering our investments, which in turn may materially and adversely affect our business, financial condition, and results of operations.

We are subject to the risk of concentration of customers.

During the Track Record Period, a majority of our products were sold to a relatively limited number of customers, and we expect our customer concentration to remain at a relatively high level in the near future. For the years ended December 31, 2023, 2024 and 2025, the revenue contributed by our top five customers accounted for 71.2%, 58.7% and 58.5%, respectively, of our total revenue.

In these periods, revenue from our largest customer amounted to RMB8,118.3 million, RMB5,002.0 million and RMB6,011.0 million, respectively, representing 52.7%, 40.0% and 36.1% of total revenue for the respective periods.

Despite our efforts to mitigate the concentration of customers, we may be subject to concentration risks from these major customers. We cannot assure you that we will be able to maintain our relationships with our major customers in the future. Our major customers are not obliged in any way to continue to cooperate with us in the future at a level that is similar to that in the past, or at all. Should any of our major customers reduce substantially their demand for our products or terminate its business relationship with us entirely, or fail to settle its payments on time, we may not be able to secure new business from other customers to compensate for such reduction in sales demand or loss of business. If our relationships with these major customers deteriorate, our sales to these major customers may decrease accordingly. In addition, if any of our major customers experiences liquidity issues, this may result in delayed payments or defaults, which could negatively impact our cash flows and financial condition. Also, we may be required to suspend or terminate our business with our customers due to regulatory restrictions or other factors beyond our control. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We face various risks associated with our international operations and overseas manufacturing, and our inability to effectively manage and contain them could adversely affect our business and performance.

While we generated a substantial majority of our total revenue during the Track Record Period from sales to customers located in the PRC, we also made sales to overseas customers in regions such as North America and Southeast Asia. As of December 31, 2025, we have established overseas subsidiaries in United States, Europe, Africa, Northeast Asia and Southeast Asia to further develop our international business. The demand for and market acceptance of our products marketed and sold abroad are subject to uncertainties.

In addition, we are planning to establish production bases in Morocco and the United States and may further expand production capacity with the aim of gradually meeting the demand from our overseas customers, subject to prevailing market conditions. In line with our strategies, we intend to continue to expand our international operations in the coming years. Our overseas manufacturing and international operations thus expose us to a number of risks, including, but not limited to:

- fluctuations in foreign currency exchange rates;
- increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing and distributing presence in various countries;
- potential liabilities as a result of existing pollutants and contaminations related to our site that are unknown at the time of site selection;
- inability to complete the construction and establishment of production bases in accordance with the anticipated timeline, or at all;
- providing customer service and support in these markets;
- relationships with business counterparts in these markets;
- difficulty with staffing and managing overseas operations;
- failure to develop and implement appropriate risk management and internal control structures tailored to overseas operations;

- difficulty and cost relating to compliance with different commercial and legal requirements of the overseas markets in which we offer or plan to offer our products;
- failure to obtain or maintain permits for our products or services in these markets;
- different safety concerns and measures needed to address accident-related risks in different countries and regions;
- difficulties in managing relationships with local communities and potential disputes with them;
- inability to obtain, maintain or enforce intellectual property rights;
- unanticipated changes in prevailing economic conditions and regulatory requirements; and
- trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses.

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

Our business is susceptible to policy changes affecting the end market of our products.

To address global climate change challenges, countries and regions worldwide are increasingly emphasizing green and low-carbon, and sustainable development, and implementing supportive policies for green and low-carbon development and energy transition. Our products are key materials for the production and manufacture of EVB and ESS lithium-ion battery, which plays a pivotal role in energy transitioning and low-carbon society. Demand for our lithium-ion battery materials is closely tied to the market demand for their end applications, and the policy and regulatory environment, both in China and overseas, has a direct and material impact on these markets. As such, our business, financial condition, results of operations and prospects are sensitive to policy shifts affecting these sectors. New policy for lithium-ion battery materials or changes in the regulatory requirements concerning the end markets for lithium-ion battery materials may affect our business, financial condition, results of operations and prospects.

Over the past few years, our business has benefited indirectly from the increased demand for lithium-ion battery materials resulting from supportive policies in China. These policies include subsidies for electric vehicle purchases and measures to promote energy storage development. See "Regulatory Overview." However, these policies are subject to certain limits, and we cannot assure you that any new legislations or regulatory requirements, if any, would be favorable to our business or financial condition. Reductions or discontinuations of subsidies, or the introduction of more stringent industry standards, can decrease demand for our products and negatively affect our operations.

Similarly, outside China, the other jurisdictions in which we operate, such as the United States and the European Union, maintain distinct legal frameworks and evolving governmental policies. Changes in these overseas regulations or policy priorities may encourage or suppress demand for the end products that use our products, and could require us to adjust our business focus.

We may need to change or adapt our business focus from time to time in response to new rules and regulations regarding the end markets of our products, but may not be able to do so timely and efficiently. Any new legislation or changes in the regulatory requirements regarding our end markets could have a material and adverse effect on our end customers, which in turn could materially and adversely affect our business, financial condition and results of operations.

We are subject to risks associated with international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions.

We are subject to the risks associated with international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions, which could adversely affect our business, financial condition and results of operations. Our revenue generated overseas amounted to RMB461.3 million, RMB548.7 million and RMB633.5 million in 2023, 2024 and 2025, respectively, representing, 3.0%, 4.4% and 3.8% of our total revenue for the respective periods. Our overseas revenue is primarily generated from Southeast Asia, the United States and South Korea, and certain components used in our products were sourced from overseas countries, such as Chile. These cross-border transactions could be materially and adversely affected by international trade regulations, which could disrupt our supply chain, impact the competitive position of our products, or affect our capability to sell products in certain countries or regions. Moreover, as our business is closely interrelated with the performance of our customers' end-use products in the marketplace, if our customers are subject to restrictive measures of trade protection, our performance and income will be adversely affected. There may be an increase in the severity and frequency of international trade friction and disputes related to products such as lithium-ion battery materials and daily use and specialty chemicals. We cannot guarantee that foreign governments will not further tighten import policies or impose more stringent product certification requirements for these categories in the future. In addition, some governments have implemented, or may implement, stricter import restrictions within the supply chain, including prohibitions on sourcing raw materials and components from specified regions. Compliance with these restrictions may increase our operational costs and complexity, and inability to demonstrate compliance could lead to restrictions on our ability to export products into certain countries or otherwise adversely affect our business or reputation.

In addition, the PRC government has imposed, and may impose additional export restrictions on battery material technologies in the future. For example, 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, has resulted in new export restrictions on specific battery cathode material preparation technologies, including those related to lithium ferro phosphate and similar compounds. In addition, effective on October 9, 2025, the PRC government has imposed further export controls on items related to lithium-ion batteries and artificial graphite anode materials, include $LiFePO_4$. The export control decision has been suspended, and may be reinstated in the future. Certain technology exports now require a license or are prohibited, and any failure to obtain the necessary approvals could limit or delay our ability to supply technologies, products, or services to overseas markets, potentially resulting in a material adverse effect on our overseas operations.

In recent years, complexities in international relations, such as the geopolitical tensions between the United States and China, have presented new challenges. There has been substantial fluctuation in the level and scope of tariffs and other trade restrictions imposed by both countries over the past period. Looking ahead, there remains significant uncertainty on how the relevant

tariffs or other trade restrictions measures may evolve. Any escalation in political tensions, as well as increases in tariffs or changes to trade policies between the U.S. and China, may have a significant impact on our customers' business, which may in turn reduce their demands for our products and business.

In addition, certain foreign jurisdictions may impose investment restrictions, economic sanctions and trade restrictions directly or indirectly affecting China-based technology companies. For example, the U.S. government issued the regulations implementing Executive Order 14105, *Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern* (such regulations, the Outbound Investment Rule). The Outbound Investment Rule, effective on January 2, 2025, imposes investment prohibition and notification requirements by U.S. persons on a wide range of investments, including acquisition of equity, in companies engaged in specified activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence. U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "Covered Transactions," and include certain acquisitions of an equity interest or contingent equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Outbound Investment Rule contains exceptions for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections. While we believe that we are not a "Covered Foreign Person" as defined in the Outbound Investment Rule, we cannot assure you that the U.S. authorities will not take a different view on the applicability of the Rule. Notably, President Trump issued the America First Investment Policy Memorandum on February 21, 2025, which proposes to further expand industry sectors covered by the U.S. outbound investment regulations. These rules may limit our ability to engage in certain kinds of research or to invest or maintain investments in China; they may also limit our ability to raise capital from U.S. and other sources. Such laws and regulations are likely subject to frequent changes, and their interpretations and enforcements involve substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are outside of our control. On December 18, 2025, U.S. President Trump signed into law the National Defense Authorization Act for Fiscal Year 2026, which includes the Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**"). The existing Outbound Investment Rule remains in effect, but the COINS Act requires the Treasury to propose certain revisions to the Outbound Investment Rule within 450 days of December 18, 2025. Those revisions ultimately will include, among other changes, an expansion of the countries of concern, an expansion of the technologies covered to include hypersonic systems, revisions to key defined terms, and the establishment of a formal advisory opinion process. If our ability to raise capital from U.S. investors is significantly and negatively affected by the COINS Act or if there are any such changes in the future, either to the rules or interpretation thereof, or to our business, U.S. investors may be subject to the requirements for notification of or prohibition from certain transactions with us, and our fundraising activities may potentially be subject to restrictions regarding investments or otherwise. Continuing changes in both U.S. and non-U.S. jurisdictions to foreign investment laws and rules could adversely affect our strategic initiatives, financial performance and growth prospects. On July 4, 2025, the One Big Beautiful Bill Act (the "**OBBBA**") was enacted. The OBBBA provides a series of clean energy tax credits but restricts certain foreign entities, including entities under the control or influence of Chinese citizens, from claiming these tax credits. Moreover, the OBBBA imposes other restrictions, such as sourcing, licensing and payment restrictions, on these foreign entities. Therefore, such restrictions, and similar or more expansive restrictions that may be imposed by the U.S. or other jurisdictions in the future, may be burdensome or costly to comply with and may materially and adversely affect our strategic initiatives, financial performance and growth prospects. There is no guarantee that we will continue to be able to operate in existing geographic markets or enter into new markets given the investment restrictions, economic sanctions and trade restrictions that may be promulgated from time to time. In addition, our suppliers, customers and other business counterparties, either in China or overseas, may be subject to sanctions or other restrictions themselves. Any of our dealings with, or any failure by us to effectively and timely identify, sanctioned or other high-risk counterparties and adopt compliance

measures accordingly could expose us to the risks of investigations, penalties, sanctions, additional regulatory scrutiny or reputational damage. Additionally, we may be required to suspend or terminate our business with our suppliers, customers and other business counterparties due to regulatory restrictions or other factors beyond our control, which could adversely affect our business and results of operations.

We may be subject to liabilities associated with fire and other work-related accidents and the handling and storage of hazardous materials.

Our production processes entail certain risks, such as industrial accidents, which could lead to significant property damage or personal injury. 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. In addition, a small fire also broke out in 2024 in one of our campuses. The storage of these hazardous, toxic or flammable materials near our production facilities and the handling of these materials in the production process pose inherent risks. See "Business — Compliance" for details. Any such incident relating to our production processes or the handling and storage of hazardous materials, regardless of its location, could result in substantial production interruptions and delays, or claims for significant damage due to personal injuries or property damage, thereby adversely impacting our business, financial condition and results of operations.

If we are unable to execute our growth strategies and operation expansion plans effectively, our business and prospects may be materially and adversely affected.

Our business, financial condition and results of operations depend in part on our ability to effectively implement our expansion strategies and operation expansion plans. With our rapid development, the scale of our capacity has continued to grow and is expected to further expand, which will increase the responsibilities of our management. To effectively manage the expected growth of our operations and personnel, we will need to continue to improve our technological, operational and financial systems, policies, procedures and controls. There is no assurance that we will be able to effectively manage our growth or to implement all these systems, procedures and control measures successfully or that our new business initiatives will be successful. If our management fails to properly manage the expansion of our business, or our organizational structure and management system do not improve in line with our expansion, our competitiveness may be weakened, and we may face management risks caused by rapid expansion.

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.

We regard our patents, trademarks and other intellectual properties as critical to our success. We seek to protect our intellectual properties and proprietary rights primarily through a combination of patents, trademarks, trade secret and other forms of intellectual property protection in China and other countries. See "Business — Intellectual Property."

We have made advanced progress and attained a large number of R&D achievements since our inception. We have successfully applied for patents for most of our technologies. However, some of our R&D is still in the process of patent applications. We may face risks that our applications may be rejected. In addition, some of our proprietary technologies are protected as trade secrets or remain unpatented, which increases their vulnerability to leaks or misappropriation. Any loss or unauthorized disclosure of these technologies could adversely affect our business and financial condition. Furthermore, even where patents have been granted, third parties may challenge, circumvent, or invalidate our patents, which could limit or eliminate their protective value.

In addition, although we enter into employment agreements with non-competition covenants, and confidentiality and intellectual property ownership clauses with our employees, consultants and advisors, we cannot assure you that these agreements will not be breached, that we will have adequate remedies to prevent any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise be disclosed to third parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position. Furthermore, our business partners or any other third-parties may not always comply with our contract terms prohibiting the unauthorized use of our brands, images and other intellectual property rights. The agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. For example, on July 3, 2025, our wholly-owned subsidiary TINCI Jiujiang commenced civil proceedings in the Jiangxi Provincial Higher People's Court against twelve defendants alleging misappropriation of TINCI Jiujiang's proprietary $LiPF_6$ production technology and related trade secrets, seeking damages of approximately RMB887.1 million. See "Business — Legal and Arbitration Proceedings and Compliance Matters — Legal Proceedings." In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

Implementation of intellectual property laws in China has been growing. Monitoring the unauthorized use of our proprietary technology, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of resources, including management time and attention, and could disrupt our business, as well as materially and adversely affect our financial condition and results of operations.

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.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, trademarks, copyrights, trade secrets or other intellectual property rights held by third parties without our being aware of such. During the Track Record Period, we are involved in legal proceedings in relation to intellectual property infringement. See "Business — Legal and Arbitration Proceedings and Compliance Matters — Legal Proceedings." We may from time to time be subject to additional proceedings and claims pending or threatened against us in the future relating to the intellectual property rights of others. We cannot assure you that holders of patents or other intellectual property rights purportedly relating to some aspect of our technology infrastructure or business, if any such holders exist, would not seek to enforce such patents or other intellectual property rights against us. Further, the application and interpretation of laws relating to patents and other intellectual property rights and the procedures and standards for granting such patents or other intellectual property rights are evolving and may be subject to change, and we cannot assure you that the courts or regulatory authorities would agree with our analysis. As we face increasing competition from competitors, there may be a higher risk of us being subject to intellectual property infringement claims or other legal proceedings. We may incur additional costs in monitoring and detecting potential infringement.

If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and may incur licensing fees or be forced to develop alternatives of our own. Defending against any infringement or licensing allegations and claims can be costly and time-consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were

issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position, results of operations and reputation could be materially and adversely affected.

We may not be able to properly manage our production capacity.

As of December 31, 2025, we had 16 production bases in operation and one production base under construction in the PRC. Our overall annual production capacity increased from approximately 862,171 tonnes and 209,372 tonnes for lithium-ion battery materials and daily chemicals and specialty chemicals, respectively, as of December 31, 2023, to approximately 1,341,000 tonnes and 298,372 tonnes for lithium-ion battery materials and daily chemicals and specialty chemicals, respectively, as of December 31, 2025[(1)]. Despite the increase in our production capacity, our ability to meet the growing demands for our customers may still be constrained by limitations in our production facilities.

We intend to continue maintaining a high level of production capacity and will actively seek opportunities to expand our capacity internationally. However, there is no assurance that such plan will be successfully implemented as scheduled or will be commercially successful. Our production capacity expansion plan is also subject to interruptions caused by risks commonly associated with large construction and expansion projects, such as sufficiency of capital, failure to obtain requisite approvals from regulatory authorities, adverse weather conditions, natural disasters, accidents and unforeseen circumstances and problems, and other factors beyond our control. As such, we may not be able to achieve the planned production capacity expansion on time.

Furthermore, our investment in such expansion plans may not necessarily lead to the desired results. If the expansion results in production capacity that exceeds our business growth or does not align with market demand for certain product categories, we may encounter issues such as low utilization rates of production capacity, overproduction, increased fixed costs, and reduced margins. If any of the foregoing events occur, our results of operations, financial performance and business prospects could be materially and adversely affected.

We may be subject to risks associated with our product quality.

The success of our business depends on our ability to consistently deliver products with high quality and reliability. Although we have not been involved in any material product quality accident, product recalls or other similar events during the Track Record Period, there is no assurance that we will not be involved in those events in the future. Lithium-ion batteries materials and daily chemicals and specialty chemicals products are inherently complex. In addition, as technologies continue to advance, the products manufactured by third parties that incorporate our components are becoming increasingly sophisticated and complicated. We cannot guarantee that there are no and will not be any quality issues with our products. Any quality issues with our products could compromise our product performance, lose customers and/or orders, and reduce our profitability. In addition, third parties who have suffered losses may bring product liability claims or legal proceedings against us, which could require us to pay substantial monetary compensation. Moreover, a product liability claim could generate considerable negative publicity about our products and business, which would materially and adversely affect our brand, business, prospects and results of operations.

Note:

(1) The production capacity represents the solid-state equivalent of our $LiPF_6$, 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.

Our production processes are potentially vulnerable to disruptions that can increase our production costs. We may experience potential disruptions in operations due to manufacturing difficulties or potential accidents.

Our production processes are complex, requiring equipment that is periodically modified and upgraded to improve production yields and product performance. From time to time, production difficulties may arise that could cause delivery delays or reduced output. There is no guarantee that we will not encounter production issues in achieving acceptable output or timely product delivery due to factors such as construction delays, challenges in upgrading or modifying existing production lines, building new plants, adapting to new manufacturing technologies or processes or delays in equipment deliveries. Any of these issues could constrain our production capacity and adversely affect our results of operations.

In addition, we may experience disruptions in our production lines due to additional factors such as labor shortages or natural disasters, which may delay our production and delivery, leading to sales loss, increased costs and damaged customer relationships. Any such event may adversely affect our business, financial condition and results of operations.

Work stoppages, increase in labor costs and other labor-related matters may have a material and adverse effect on our business.

We believe that we have a good working relationship with our employees. We have not experienced any material work stoppages, strikes or other major labor problems during the Track Record Period. However, there is no assurance that any of such events will not arise in the future. If our employees were to engage in a strike or other work stoppage, we could experience significant disruption of our operations and/or higher ongoing labor costs, which may have an adverse effect on our business, financial condition and results of operations.

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

Failure to maintain optimal inventory levels could increase our inventory holding costs or negatively impact our sales.

Our inventories primarily included raw materials, work-in-progress, finished goods and goods in transit. As of December 31, 2023, 2024 and 2025, the balances of our inventories amounted to RMB1,171.9 million, RMB1,363.7 million and RMB1,619.1 million, respectively. Our average inventory turnover days were 55.9 days, 44.9 days and 41.5 days in 2023, 2024 and 2025, respectively. However, we may not be able to effectively manage our inventory level or to identify any excessive build-up or insufficient stock of inventory in our global operations. We may misjudge market demand. Inventory levels in excess of customer demand may result in inventory write-downs or write-offs, and the sale of excess inventory at discounted prices could impair the image of our brands and harm our gross margin. However, if we underestimate the demand for our products, insufficient stock could result in delays in the shipment of our products, thereby impacting our ability to generate sales and cause damages to our reputation and relationships with our customers. Therefore, failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to lose sales, either of which could adversely impact our business, financial condition and results of operations.

We are exposed to credit risk of our customers and we may fail to collect our accounts receivables in a timely manner or at all.

We enter into a wide variety of contractual arrangements with different customers in the ordinary course of our business. We generally grant credit periods up to 120 days to our customers. Our trade and bills receivables amounted to RMB5,402.6 million, RMB5,525.1 million and RMB7,829.7 million as of December 31, 2023, 2024 and 2025, respectively. As of December 31, 2025, our trade and bills receivables with an age of one year or less was RMB7,820.2 million, and we have made sufficient provision for bad debts for account receivables.

Although our major customers are well-known players in the lithium-ion battery industry with good reputations, and we have established a relatively strict management system for our trade receivables, if any of our customers experience financial difficulties in settling the trade receivables due to factors beyond their control such as adverse changes in the competitive landscape and government policies of the industries in which they operate, not only will the receivables recoverability of our corresponding trade be adversely affected, our ability to meet payment obligations to our suppliers due to the nature of our payment arrangements may also be challenged. This could further expose us to potential disputes with the corresponding suppliers or additional liquidity pressure. If we are unable to collect our trade receivables from our customers in a timely manner per contractual terms or at all, or if there are any material delays in payment by our customers, our liquidity and cash management will be materially and adversely affected, which, in turn, might affect our business, financial condition and results of operations.

We are exposed to foreign currency exchange fluctuations.

A portion of our business settles transactions in currencies such as US dollar. Our revenue generated overseas amounted to RMB461.3 million, RMB548.7 million and RMB633.5 million, respectively, in 2023, 2024 and 2025, accounting for 3.0%, 4.4% and 3.8% of our total revenue during the same periods. In addition, we recorded net foreign exchange gains of RMB1.0 million and RMB8.7 million in the years ended December 31, 2023 and 2024, respectively, and we recorded net foreign exchange losses of RMB18.3 million in 2025. Significantly fluctuations in the foreign exchange markets may adversely affect our financial condition and results of operations. As we have expanded in, and expect to continue to explore, overseas markets, we are increasingly subject to risks associated with foreign exchange fluctuations.

We may be exposed to risks from our hedging activities in relation to the commodity prices of our raw materials.

Certain of the principal raw materials are commodities such as lithium carbonate. During the Track Record Period, we conducted 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 addition, to further mitigate raw material price volatility, support the stability of our production costs and optimize the use of funds, our Board authorized us to carry out commodity futures hedging transactions. See "Business — Procurement and Suppliers — Hedging Policies." While these hedging activities potentially reduce our exposure to changes in commodity prices, the use of such hedging instruments may ultimately limit our ability to benefit from favorable price trends. The successful use of hedging instruments depends on our ability to accurately forecast the direction and extent of market movements within a given time frame. In 2023, 2024 and 2025, the aggregate amount of hedging transactions in relation to the commodity prices of our raw materials were RMB65.3 million, RMB1,660.8 million and RMB1,610.9 million, respectively. However, to the extent selling prices remain stable or fluctuate in a direction opposite to our anticipations, we may realize losses on hedging transactions that are not offset by decreases in raw material prices. Furthermore, if we fail to properly monitor and manage our hedging positions, we may be required to deposit and utilize additional funds, which could adversely affect our cash and cash equivalent position. There can be no assurance that our internal risk control procedures of hedging transactions will be effective and adequate. There is no guarantee that we will not experience losses from these hedging transactions in the future, or that such losses will not have a material adverse effect on our financial condition and results of operations.

Fluctuations in the interest rates of our borrowings may affect our financial condition.

We have borrowings to support our business expansion and provide financing for our operation. As of December 31, 2023, 2024 and 2025, we had borrowings of RMB5,873.8 million, RMB6,394.7 million and RMB2,884.1 million, respectively, while effective interest rates range of 2.03% to 4.25%, 0.55% to 3.00% and 0.93% to 2.42% per annum, respectively. Our interest expense may increase in the future if interest rates increase, which may have a material and adverse effect on our financial condition and results of operations.

Our ability to meet our financial obligations largely depends on our operating performance and the ability of our customers to fulfil their payment obligations to us. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we encounter difficulties in generating sufficient cash to repay our outstanding financial liabilities, our liquidity, business, financial condition and results of operations may be materially and adversely affected, and we may not be able to expand our business.

We are subject to the risk of loss of ownership of certain subsidiaries due to the pledged shares related to our borrowings

Certain shares in our subsidiaries have been pledged to banks as security for borrowings. See note 32 in the Accountants Report set out in Appendix I to this document for details. If we or our subsidiaries default on these borrowings or fail to comply with the terms of the relevant financing agreements, the banks may enforce their rights over the pledged shares. This could lead to a change of control or loss of ownership of these subsidiaries. Such an event may disrupt our business operations, limit our ability to consolidate the financial results of these subsidiaries, reduce expected cash flows, and therefore may have a material adverse effect on our business, financial condition and results of operations. In addition, the enforcement or release of these pledges may require contractual or regulatory approvals, which could introduce further uncertainty or delays. Any enforcement action, or perceived risk associated with these pledged shares, could have a material adverse effect on our business, financial condition and results of operations.

We may need additional capital for business operations and expansion, and may be unable to obtain such capital in a timely manner or on acceptable terms, or at all.

We may require additional capital beyond those generated by the operating activities from time to time to grow our business, better serve our customers, develop and enhance our products, and improve our operating facilities. Accordingly, we may need to issue additional equity or debt securities or obtain a credit facility. The incurrence of debt financing would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders.

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

- our market position and competitiveness in the markets in which we operate;
- our future profitability, overall financial condition and results of operations;
- general market conditions for capital-raising activities by companies in the lithium-ion battery material market, daily chemicals and specialty chemicals market or other relevant markets, which in turn are dependent on the prospects of such industries; and
- economic, political and other conditions in China and globally.

We may be unable to obtain additional capital in a timely manner or on commercially acceptable terms, or at all. If we are unable to obtain adequate financing on terms satisfactory to us when we require it, our ability to continue to support our business growth could be significantly impaired, and our business and prospects may be adversely affected.

Any preferential income tax treatment and the government grants and subsidies that we enjoy may be altered or terminated.

Our government grants and subsidies recorded as other income amounted to RMB145.2 million, RMB128.3 million and RMB148.5 million for the years ended December 31, 2023, 2024 and 2025, respectively. Not all of those grants and subsidies are recurring in nature. In addition, certain of our subsidiaries are accredited as "High and New Technology Enterprise" under the Administrative Measures for Recognition of High and New-Technology Enterprises promulgated by the Ministry of Science and Technology of the PRC, and were entitled to a preferential EIT rate of 15% during the Track Record Period. Both the preferential income tax treatment and the government grants and subsidies we have received are subject to certain criteria and procedures stipulated by local governments, and their continuity is not guaranteed. We cannot assure you that we will be able to receive any such tax treatment or grants and subsidies in the future, or that they will be provided at the same levels as in past periods. If we are unable to obtain future government grants and subsidies or preferential tax treatment at comparable levels, or at all, our profitability for the period may be adversely affected.

Share-based compensation may cause shareholding dilution to our existing Shareholders and have an adverse effect on our financial performance.

We have implemented share incentive scheme. For the years ended December 31, 2023, 2024 and 2025, share-based payment expenses incurred were RMB10.0 million, nil and RMB69.1 million, respectively. See note 38 to the Accountants' Report set out in Appendix I to this document for details of the share incentive scheme. To further motivate our employees and non-employees to contribute to us, we may grant additional share-based compensation in the future. Issue of additional Shares in respect of such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred in respect of such share-based payment may also increase our operating expenses and therefore have an adverse effect on our financial performance.

We may need to devote additional efforts and resources to obtain and maintain the requisite licenses and approvals required in any jurisdiction where we operate.

Our operations require multiple licenses, permits, filings and approvals. See "Business — Licenses, Permits and Approvals." Certain licenses, permits or registrations we hold are subject to periodic renewal. If we fail to maintain or renew one or more of our licenses and certificates when their current terms expire, or obtain such renewals in a timely manner, our operations could be disrupted or suspended, which could affect our ability to continue production and our overall business operations. In addition, given the government regulations governing our business is evolving, it might become increasingly onerous for us to comply with such changes in regulation, and any non-compliance may expose us to liability. In case of non-compliance, we may have to incur monetary expenses and divert substantial management time and resources to resolving any deficiencies. We may also experience negative publicity arising from such deficiencies, which may adversely affect our business and financial performance.

We are subject to environmental, health and safety laws and regulations and production standards and it may become more stringent and costly to comply with such regulations and standards.

We are subject to a number of environmental, health and safety laws and regulations, including, but not limited to, the treatment and discharge of pollutants into the environment during our business operations. See "Regulatory Overview." In addition, our production lines can only be put into operation after the relevant administrative authorities in charge of environmental protection, health and safety have examined and approved the relevant facilities. Delays or failures in obtaining all the requisite regulatory approvals of such facilities may affect our ability to develop, manufacture and commercialize our products as planned. As such laws and regulations may evolve, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations. If we fail to comply with relevant laws and regulations, we may be subject to rectification orders, fines, potential monetary damages, or production suspensions in our business operations.

Failure to comply with PRC property laws and relevant regulations may affect our business, results of operations and financial condition.

As of December 31, 2025, for three properties we used as production facilities in China, we were not able to obtain the required ownership related certificate from the local government authorities. As advised by our PRC Legal Advisers, we may face the risks of, among others, (i) being unable to dispose of, transfer, lease or mortgage the properties in accordance with PRC laws and regulations; and (ii) being requested to rectify such incident or demolish the relevant properties. Considering the cumulative book value of these properties is less than 1% of the total book value of our owned properties and that these properties primarily serve as auxiliary production facilities, the risk of any material adverse effect on our business, results of operations or financial condition is remote. As advised by our PRC Legal Advisers, as of the Latest Practicable Date, the ownership of our properties had not been challenged by any third parties and we had not been fined by any regulatory authorities for failure to obtain property ownership certificates.

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

As of the Latest Practicable Date, our lessors had not provided title certificates of two properties we leased in China for production purpose, as the lessors had not obtained property ownership certificates and may not have followed the prescribed procedures to apply for and obtain approval from the relevant authorities. According to the relevant PRC laws and regulations and as advised by our PRC Legal Advisor, our rights as occupant of these properties may be adversely affected due to the absence of the relevant building ownership certificates. See "Business — Properties." We cannot assure you that the landlord of these properties has the right to lease the relevant property to us. As advised by our PRC Legal Advisor, we may not be able to continue to use such property if the ownership of the property we have leased and/or the validity of such lease is challenged by third parties. In such a scenario we will have to relocate to other premises, which could result in additional costs. Should disputes arise due to title encumbrances to such properties or government action, we may encounter difficulties in continuing to lease such properties and may be required to relocate in the future. As advised by our PRC Legal Advisers, as of 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 the surrounding area of these properties, the relocation difficulty and costs would be relatively low and would not have a material adverse impact on our production and operations.

We have not completed lease registration procedures with the relevant authorities for some of the properties we lease.

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

Potential legislative restrictions could affect our U.S. expansion.

As of the Latest Practicable Date, we owned a parcel of land in Texas, U.S. (the "**Texas Land**") primarily intended for the construction of a production base. See "Business — Production Bases and Process — Our Overseas Production Bases Currently In Planning — Production Base in the United States." The Texas Land is currently owned by one of our wholly owned subsidiaries, and leased to a Texas-based subsidiary of our Group, for an initial term ending on August 29, 2075, with options to renew. This Texas-based subsidiary also leases an office premises in Texas from a

third party landlord, for a term up to June 30, 2028. While to-come interpretations, clarifications, and regulations will confirm the details of its restrictive scope, Texas Senate Bill 17, effective September 1, 2025, restricts entities held by the owner from designated countries, including the PRC, from acquiring additional Texas real property interests, renewing leases for a term for more than one year (both leasing as a tenant from a designated country, and leasing to other entities from designated countries as a landlord) or certain transfers. As such, there is uncertainty regarding the renewal of leases for periods of longer than one year and the possibility of further restrictions. Any forced divestment, inability to renew or extend leases on acceptable terms or at all, restrictions on acquiring, transferring, or selling equity to individuals from designated countries, or equity of entities from designated countries involving Texas real property interests, or other limitations in respect of our real property could delay or prevent the development of our Texas production base, increase costs, and adversely affect our business, results of operations, and financial condition.

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

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

Our business operations are subject to risks relating to ESG.

Our business is subject to extensive and increasingly stringent environmental protection laws and regulations. There is an increasing focus on corporate responsibility and a number of regulations and requirements on ESG performance pose reputational, regulatory and other risks to us. While we believe that it is our responsibility to devote substantial time and resources to develop technology and products designed to reduce carbon footprint and maintain environmentally friendly business operations, there is no assurance that our practice will always be in line with the Good International Industry Practice. The process of developing new production technologies and enhancing existing production technologies to mitigate climate change is often complex, costly and uncertain, and we may pursue strategies or make investments that do not prove to be commercially successful in the time frames expected, or at all. Moreover, not all of our competitors may seek to establish climate or other ESG targets and goals, or at a comparable level to ours, which could adversely affect our competitiveness in the relevant market.

Compliance with these ESG requirements and relevant environmental protection laws and regulations requires additional investments of resources, and failure to comply could subject us to, among other things, legal liability, fines, suspension of production, a loss of licenses to operate certain facilities and other sanctions, interruptions to operations, securities litigation and a general loss of investor confidence, any one of which could have a material adverse impact on our business and financial performance. If we are unable to satisfy such new criteria or are unable to respond or perceived to be inadequately responding to sustainability concerns, investors may conclude that our

policies with respect to corporate responsibility are inadequate and choose to invest in our competitors. We risk damage to our brand and our reputation in the event that our corporate responsibility procedures or standards do not meet the standards set by various third parties. In addition, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. Any of these circumstances could cause negative publicity, and our business, reputation, financial conditions and results of operations could be materially and adversely impacted.

Any negative publicity regarding our Company, Directors, employees or products, regardless of its veracity, could adversely affect our business.

Our image is sensitive to the public's perception of us as a business in its entirety, which includes not only the quality and competitiveness of our products, but also our corporate management and culture. We cannot guarantee that no one will, intentionally or otherwise, distribute information about us, especially information regarding the quality of our products or our internal management matters, that may result in a negative perception of us by the public. Any negative publicity about our Company, Directors, employees or products, regardless of veracity, could lead to potential loss of customers or difficulty in retaining or recruiting talent that is essential to our business operations. As a result, our business, financial condition, results of operations, reputation and prospects may be materially and adversely affected.

Disputes with joint ventures and other business partners may also materially and adversely affect our businesses.

In the course of our business, we have in the past formed, and may in the future continue to form, joint ventures, consortiums or other cooperative relationships with other parties to jointly engage in certain business activities, which include, among other things, acquiring and operating development projects, production of lithium-ion battery materials and daily chemicals and specialty chemicals and others.

We may bear joint and several liabilities to other parties with other consortium members or joint venture or business partners under the relevant consortium, joint venture or other agreements, and as a result, we may incur damages and other liabilities for any breaches by other consortium members or joint venture or business partners. Our joint venture and other business partners may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or requests contrary to our policies or objectives;
- be unable or unwilling to fulfil our obligations under the relevant joint venture agreements or other cooperative agreements, including our obligation to make the required capital contribution; or
- have financial difficulties.

We may have disputes with these counterparties over various aspects, such as performance of each party's obligations, scope of each party's responsibilities and product quality. A serious dispute with our joint venture or other business partners may cause the loss of business opportunities or disruption to or termination of the relevant project or business venture. If such dispute or litigation cannot be settled in a timely manner, our business and financial condition may be materially and adversely affected. Such dispute or litigation may also divert our management's attention and other resources, and if a decision or award is rendered against us, we could be required to pay significant monetary damages, assume other liabilities and suspend or terminate the related projects or operations.

We are exposed to risks relating to the retention of our senior management.

The composition and continued commitment of our senior management team has been a key element of our success and our ability to operate effectively. Our future success is also significantly dependent upon the continued service of our key executives and other personnel who make up our management team, and our ability to attract and retain personnel who have the necessary experience and expertise. If we lose any of our senior management members, our business, financial condition, results of operations and ability to grow may be materially and adversely affected.

Our business depends substantially on the continuous efforts of our talent pool comprising employees and scientists who support our existing operations and future growth. If we are unable to retain, attract, recruit or train such personnel, our business may be materially and adversely affected.

Our success depends on our ability to attract, recruit and train a large number of qualified employees and retain existing key personnel including scientists and experts. In particular, we rely on our R&D team to develop technologies and our experienced sales personnel to maintain relationships with our customers. In order to compete for talent, we may need to offer higher compensation, better training, more attractive career opportunities and other benefits to our employees, which may be costly. We cannot assure you that we will be able to attract or retain the qualified workforce necessary to support our future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively affect staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above issues related to our workforce may materially and adversely affect our business, reputation, financial condition and results of operations.

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

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

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

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, breach of contract, employment or labor disputes, antitrust, infringement of intellectual property rights, and environmental matters. If we fail in defending ourselves against any such claims, we may be subject to substantial damages to compensate the claimants. Any claims, disputes or legal proceedings initiated by us, or brought against us, with or without merit, may result in substantial costs and diversion of resources and may materially harm our reputation. Furthermore, claims, disputes or legal proceedings against us may be due to defective supplies sold to us by our suppliers, who may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

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

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

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

We have engaged and may continue to engage in acquisition and investment activities, which could require significant management attention, disrupt our business, dilute shareholder value, and adversely affect our operating results.

From time to time, we may acquire or invest in other companies, products, services, or technologies to strengthen our business, broaden our service offerings, or enhance our competitive position. These activities may be an important part of our strategy, and we may continue to assess and pursue potential acquisitions or investments in the future.

However, we may not be able to identify suitable acquisition or investment targets or complete transactions on favourable terms. Even if we successfully complete such transactions, they may not achieve their intended benefits or strengthen our business as expected. Any acquisition or investment may be viewed negatively by customers or investors, and could subject us to additional legal, financial, or operational risks.

In addition, acquisitions and investments may disrupt our ongoing operations, divert management attention from their primary responsibilities, subject us to additional liabilities, increase our expenses, and adversely impact our business, financial condition, operating results, and cash flow. We may not accurately forecast the financial impact of an acquisition or investment transaction, including accounting charges. We would have to pay cash, incur debt, or issue equity securities to pay for any such acquisition and investment, each of which may affect our financial condition or the value of our capital stock and could result in dilution to our shareholders. Moreover, we may receive indications of interest from other parties interested in acquiring some or all of our business. The time required to evaluate such indications of interest could require significant attention from management, disrupt the ordinary functioning of our business, and adversely affect our operating results.

We rely on various services from third-party providers for our business. If these third parties fail to provide reliable and timely services, our business, financial condition and results of operations may be adversely affected.

We rely on third-party service providers for various business functions, including the stable, timely, and appropriate supply of logistics services and utilities essential to our production processes. We obtain services from third-party service providers who we believe are able to meet our specifications and requirements. However, the services provided by any of the third-party service providers may not be provided in a timely manner and the services provided by them may not be of satisfactory quality. If the third-party service providers do not perform satisfactorily,

substantially reduce the amount and scope of their services, substantially increase the prices of their services or terminate their business relationship with us, we may need to replace the third-party service providers or take other remedial actions which could increase our costs of operations. As we do not have direct control over the third-party service providers, if they become involved in the unauthorized provision of services not complying with our requirements or applicable laws and regulations, our reputation in the industry will be affected. This, in turn, may materially and adversely affect our business, financial condition and results of operations.

Our insurance coverage may not be sufficient to cover all losses, which may increase our costs of operation.

We maintain a number of insurance policies to cover potential liabilities in our daily operations, such as property insurance, business interruption insurance, cargo insurance, employer liability insurance and public liability insurance. However, the amount of coverage, depending on the insurance policies to which we subscribe, may not be adequate to fully compensate for all types of loss, damage and liability we may suffer in the future. For example, insurances covering loss from acts of war, terrorism, or natural disasters may be unavailable or cost prohibitive. In addition, we cannot guarantee that our policies can be renewed on similar or acceptable terms, or at all. If we suffer unexpected severe losses or losses that far exceed the policy limits, our business, financial condition, results of operations and prospects may be materially and adversely affected.

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

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

Our business and operations may be materially and adversely affected by natural disasters, epidemics and pandemics.

Our business may be adversely affected by the occurrence of typhoons, severe storms, earthquakes, floods, fires or other natural disasters or similar events especially in the areas where we operate. In addition, any outbreak of a contagious disease, such as severe acute respiratory syndrome (SARS), Middle East respiratory syndrome, avian influenza or novel coronavirus disease (COVID-19), could disrupt our operations with respect to our supply chain, production, delivery and sales. Such events could decrease the demand for our products, impact the productivity of our workforce, make it difficult or impossible for us to manufacture and deliver products to our customers in a timely manner, or to receive materials and equipment from our suppliers. Should major public health emergencies, including pandemics, arise, we could be adversely affected by more stringent employee travel restrictions, additional requirements in freight, relevant policies affecting the movement of products between regions, delays in the ramp-up of the production capacity and disruptions in the operations of our suppliers. In the event of a natural disaster, we could incur significant losses, which could require substantial recovery time and result in significant expenditures in order to resume operations.

RISKS RELATING TO WHERE WE CONDUCT BUSINESS

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

A substantial majority of our assets are located in China, and a majority of our revenue is derived from our business in China. Accordingly, our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in China. Political and economic policies in the PRC could affect our business and financial condition. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. In recent years, the PRC government implemented a series of laws, regulations and policies with respect to, among other things, quality and safety control, and supervision and administration of companies in our industry. See "Regulatory Overview." Laws, regulations and policies related to our industries will continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. If we cannot fully comply with these laws, regulations and policies, our business, financial condition, results of operations and prospects may be adversely affected. Furthermore, the pace of global or regional economic growth may vary from year to year and can be uneven across different geographic regions and industry sectors. If the business environment in the markets where we operate changes, our business may be materially and adversely affected.

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

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and

we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

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

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

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

We could be subject to changes in our tax rates, the adoption of new tax legislation or exposure to additional tax liabilities.

The EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the tax laws and regulations in China may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to tax laws and regulations in China and tax penalties or fines could affect our businesses, financial condition and results of operations.

If we fail to meet the extensive requirements relating to supervision of listed companies in the PRC, our business, results of operations and financial condition could be adversely affected.

As a listed company in the PRC, we are subject to extensive requirements relating to the supervision of listed companies in the PRC, which are designed to standardize the operation of listed companies, enhance the corporate governance of listed companies, protect the legal rights and interests of investors, promote the steady and healthy development of China's capital market and safeguard the social and economic order and social and public interests. These regulations often impose corresponding requirements on all aspects of listed companies, including, but not limited to, governance structure, trading practices and information disclosure. The PRC regulatory authorities, including, but not limited to, the CSRC and the Shenzhen Stock Exchange, conduct periodic inspections, examinations and inquiries in respect of our compliance with such requirements. Despite our efforts to comply with applicable regulations, we cannot assure that we will be able to meet all the applicable regulatory requirements, or comply with all the applicable regulations and guidelines at all times. Failure to comply with such requirements could result in self-regulatory measures, disciplinary sanctions, rectification, warning or fines. In the event we are penalized, our business, results of operations and financial condition could be adversely affected.

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

We may, from time to time, undertake capital raising activities, including offerings of equity or debt securities in the PRC or overseas markets. In connection with such activities, we may become subject to approval, filing, registration or other regulatory requirements imposed by the CSRC or other relevant PRC governmental authorities, particularly in light of evolving regulatory frameworks governing offshore listings and securities offerings by PRC-related entities. Any failure or delay in obtaining the necessary approvals or completing the required filings could materially and adversely affect our ability to access capital markets in a timely manner or on commercially favorable terms, which may in turn impact our funding strategy, expansion plans and overall financial condition.

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

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region ("HKSAR") for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) issued by the State Taxation Administration of the PRC ("STA") effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions. For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the STA, also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your investment in our H Shares may be materially affected.

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

We are a company incorporated under the PRC laws and a majority of our assets and subsidiaries are located in China. The majority of our Directors and senior management reside within China. The assets of these Directors and senior management also may be located within China. As a result, it may be complex for investors to effect service of process upon or to enforce judgments outside of China against us and most of our Directors and senior management outside China. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in China only if the jurisdiction has a treaty with China or if the jurisdiction has been otherwise deemed by the courts of China to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, China is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in China of judgments of a court in these jurisdictions may consequently be difficult or impossible. On July 3, 2008, the Supreme People's Court promulgated the Arrangement between the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "2008 Arrangement"). Under the 2008 Arrangement, where any designated court of China or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, the party concerned may apply to the relevant court of China or Hong Kong court for recognition and enforcement of the judgment. The 2008 Arrangement took effect on August 1, 2008, but the effectiveness of any action brought under the arrangement remains uncertain. On January 25, 2024, the Supreme People's Court promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "2024 Arrangement"), which became effective on January 29, 2024. The 2024 Arrangement regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in China and those in Hong Kong. However, the 2008 Arrangement will remain applicable to a "choice of court agreement in writing" within the meaning of 2008 Arrangement which is made before the effective date of 2024 Arrangement.

Any failure to comply with relevant regulations regarding the registration requirements for employee share incentive plans may subject our share incentive plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We, our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options of H shares will be subject to these regulations when we become an H-share listed company upon the completion of the [**REDACTED**]. Failure to complete SAFE registrations may subject them to fines and legal sanctions. In light of the above, we cannot assure you that we will continuously adopt additional H shares incentive plans for our directors, executive officers and employees under PRC law. In addition, the STA has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. We have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of China and Hong Kong.

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

Our A Shares are listed on the Shenzhen Stock Exchange. The characteristics of the A share and H share markets may differ.

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

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us, and may not be an indication of the market price of our H Shares following the completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following the completion of the [**REDACTED**], the market price and liquidity of our H Shares may be materially and adversely affected.

The liquidity, trading volume and market price of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of securities in Hong Kong and elsewhere in the world.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows and investments, changes in our pricing policies and expenditures, regulatory developments, demand for our services, unexpected business interruptions resulting from natural disasters or power shortages, our ability to obtain or maintain regulatory approval for our operations, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility and fluctuations in trading volume in the past, and it is possible that our H Shares may be subject to fluctuations in price and volume not directly related to our performance but related to the overall political and economic conditions in Hong Kong, the PRC or elsewhere in the world.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

Our historical dividends may not be indicative of our future dividend policy. We cannot guarantee when and in what form dividends will be paid on our H Shares following the [**REDACTED**]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements, and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See "Financial Information — Dividend Policy."

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

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

You will incur immediate and substantial dilution, and may experience further dilution in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in pro forma consolidated net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future share option incentive scheme, which would further dilute our Shareholders' interests in our Company.

Our Controlling Shareholder has a significant influence in determining the outcome of major corporate transactions that require shareholders' approval and may take actions that conflict with the interest of the other shareholders.

Our Controlling Shareholder has substantial influence over our business, including matters related to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of directors and other significant corporate actions. Immediately following the completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, our Controlling Shareholder will hold approximately [**REDACTED**] of our Shares in issue. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholder may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholder may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate", "believe", "could", "going forward", "intend", "plan", "project", "seek", "expect", "may", "ought to", "should", "would" or "will" and similar expressions. These statements are, by their nature, subject to significant risks and uncertainties. Prospective investors are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, even if the Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the disclosure of forward-looking statements in this document should not be regarded as representations by our Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events, or otherwise. For details of these forward-looking statements including the associated risks, see "Forward-looking Statements."

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

We strongly caution our investors not to rely on any information contained in press articles or other media regarding us, our Shares and the [**REDACTED**]. Prior to the publication of this document, there may be press and media coverage regarding the [**REDACTED**] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our investors should not rely on such information.

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

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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

Rules	Subject Matter
Rules 8.12 and 19A.15 of the Listing Rules	Management presence in Hong Kong
Rules 3.28 and 8.17 of the Listing Rules	Appointment of joint company secretaries
Rule 17.02(1)(b) of, and Paragraph 27 of Appendix D1A to the Listing Rules, and Paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Disclosure requirements in respect of outstanding Share Options
[**REDACTED**]	[**REDACTED**]

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong, which normally means that at least two executive directors must be ordinarily resident in Hong Kong. Pursuant to Rule 19A.15 of the Listing Rules, the requirement under Rule 8.12 may be waived at the discretion of the Stock Exchange having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange. Given that (i) our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong, namely in the mainland China; (ii) our executive Directors and members of the senior management team principally reside in the mainland China; and (iii) the management and operations of the Company have been mainly under the supervision and guidance of our executive Directors and senior management team, who are principally responsible for the overall management, corporate strategy, planning, business development and control of the Group's businesses and it is important for them to remain in close proximity to the Group's operations located in the mainland China, the Directors consider that the appointment of executive directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange to deal promptly with enquiries from the Stock Exchange and will be able to meet with the Stock Exchange within a reasonable time frame on request. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any change in our authorized representatives. At present, our two authorized representatives are Mr. Han Heng (韓恒), our executive Director and joint company secretary, and Ms. Jian Xuegen (簡雪艮), our joint company secretary;

(b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide his/her contact information (including telephone number, mobile phone number and/or email address) to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;

(c) we will endeavor to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and

(d) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Somerley Capital Limited as our compliance advisor (the "**Compliance Advisor**"), who will act as an additional channel of communication with the Hong Kong Stock Exchange from the Listing Date to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the Listing Date. The Compliance Advisor will maintain constant contact with the authorized representatives, Directors and senior management of our Company through various means, including regular meetings and telephone discussions whenever necessary. Our authorized representatives, Directors and other members of the senior management of our Company will promptly provide such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Hong Kong Listing Rules; and

(e) meetings between the Hong Kong Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in our authorized representatives and/or our Compliance Advisor.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

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

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

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

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

(d) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 under the Guide for New Listing Applicants (the "**Guide**") published by the Stock Exchange, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification nor Relevant Experience (both as defined under paragraph 11 of Chapter 3.10 under the Guide) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 under the Guide, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Mr. Han Heng (韓恒) ("**Mr. Han**") as one of our joint company secretaries. Mr. Han has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfil the requirements of the Listing Rules. Therefore, we have appointed Ms. Jian Xuegen (簡雪艮) ("**Ms. Jian**"), who is a member of both the Hong Kong Institute of Certified Public Accountants and the Chinese Institute of Certified Public Accountants and meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance to Mr. Han for an initial period of three years from the Listing Date to enable Mr. Han to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. For details of their biographies, see "Directors and Senior Management — Joint Company Secretaries."

Given Ms. Jian's professional qualification and experience, she will be able to explain to both Mr. Han and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Jian will also assist Mr. Han in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Han is expected to work closely with Ms. Jian and will maintain regular contact with Ms. Jian. In addition, Mr. Han will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the Listing Date. He will also be assisted by the Compliance Advisor and our legal advisors as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Mr. Han does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Han may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the Listing Date on the conditions that (a) Mr. Han must be assisted by Ms. Jian who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules throughout the Waiver Period; and (b) the waiver will be revoked immediately if and when Ms. Jian ceases to provide assistance to Mr. Han as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

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

DISCLOSURE REQUIREMENTS IN RESPECT OF OUTSTANDING SHARE OPTIONS

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribe certain disclosure requirements in relation to the Share Options granted by our Company (the "**Share Option Disclosure Requirements**"):

(a) Rule 17.02(1)(b) of the Listing Rules stipulates that all material terms of a share scheme must be clearly set out in this document. Our Company is also required to disclose in this document full details of all outstanding Share Options and their potential dilution effect on the shareholdings upon the Listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding Share Options;

(b) paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in this document particulars of any capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and

(c) paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that our Company shall disclose in this document the number, description and amount of any shares in or debentures of our Company which any person has or is entitled to be given, an option to subscribe for, together with the following particulars of the option, that is to say, (i) the period during which it is exercisable; (ii) the price to be paid for shares or debentures subscribed for under it; (iii) the consideration (if any) given or to be given for it or for the right to it; (iv) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures.

Paragraph 6 of Chapter 3.6 of the Guide provides that in general, the Stock Exchange would grant waivers from disclosing the names and addresses of certain grantees in the listing document.

Paragraph 7 of Chapter 3.6 of the Guide further provides that a waiver from the Share Option Disclosure Requirements is at least subject to the following conditions (the "**Waiver Conditions**"):

(a) demonstrating that the disclosure required under the relevant Listing Rules would be irrelevant or unduly burdensome;

(b) disclosing the following in this document:

  (i) for each of the grantees who is (1) a Director, (2) a member of the senior management, or (3) a connected person, all the particulars required under the Share Option Disclosure Requirements;

  (ii) for the remaining grantees, on an aggregate basis, (1) the aggregate number of grantees and the number of shares underlying the Share Options; (2) the exercise period of each Share Option; (3) the consideration paid for the Share Options; and (4) the exercise price of the Share Options; and

  (iii) the aggregate number of underlying Shares required to be issued to satisfy the Share Options; the percentage of such aggregate number of underlying Shares to the issued share capital; and the dilution effect and impact on earnings per share upon full exercise of the Share Options under the 2024 Share Incentive Plan.

(c) making available for public inspection a full list of all grantees under the 2024 Share Incentive Plan with all the particulars required under Share Option Disclosure Requirements.

As of the Latest Practicable Date, the 2024 Share Incentive Plan was in effect, to which the Share Option Disclosure Requirements are applicable. See "Appendix VI — Statutory and General Information — (D) 2024 Share Incentive Plan."

As of the Latest Practicable Date, the total number of A Shares underlying all outstanding Share Options under the 2024 Share Incentive Plan amounted to 13,635,957, accounting for approximately [**REDACTED**] of the total issued Shares upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), of which the outstanding Share Options representing 146,150 A Shares and 13,489,807 A Shares were granted to our connected persons and core technical or business employees of our Group, respectively, accounting for approximately 1.07% and 98.93% of the total outstanding Share Options under the 2024 Share Incentive Plan, and approximately [**REDACTED**] and [**REDACTED**] of the total issued Shares upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

We have applied to: (i) the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules; and (ii) the SFC for a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, respectively, on the grounds that strict compliance with the Share Option Disclosure Requirements would be unduly burdensome for our Company and the waiver and exemption would not prejudice the interest of the investing public, taking into account the following reasons:

(a) among all the 809 grantees under the initial tranche and the 311 grantees under the reserved tranche of the 2024 Share Incentive Plan, only nine grantees under the initial tranche are connected persons of our Group. The remaining 800 grantees under the initial tranche and the 311 grantees under the reserved tranche are employees of our Group who are not Directors, members of senior management or connected persons of our Group;

(b) our Directors consider that it would be unduly burdensome to disclose in this document full details of all Share Options granted by our Company to each of the grantees, which would significantly increase the cost and time required for information compilation and preparation of this document for strict compliance with the Share Option Disclosure Requirements. For example, our Company would need to collect and verify the addresses of the 809 grantees under the initial tranche and the 311 grantees under the reserved tranche to meet the disclosure requirement. Further, the disclosure of the personal details of each grantee, including their names, addresses and the number of options granted, may require obtaining information and consents from the grantees, and it would be unduly burdensome for our Company to obtain such information and consents given the number of grantees;

(c) full disclosure of the Share Options granted to each grantee could provide our employees with access to information about the remuneration of their peers or other employees, which may have a negative impact on employee morale, lead to negative internal competition and result in increased costs of recruiting and retaining talents. On the contrary, not disclosing such details in full will allow us more flexibility in determining our remuneration policies and details;

(d) full disclosure of the details of the grantees (which include their names and addresses), as well as the share options granted to each of them, would provide our competitors with our employees' compensation details and facilitate their soliciting activities which could impact our Group's ability to recruit and retain valuable personnel;

(e) the grant and exercise in full of the Share Options under the 2024 Share Incentive Plan will not cause any material adverse impact to the financial position of our Group;

(f) there will not be any new H Shares issued under the 2024 Share Incentive Plan as such plan is A-Share incentive plan;

(g) not fully complying with the Share Option Disclosure Requirements would not prevent our Company from providing our potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

(h) material information relating to the Share Options, including the information required under the Waiver Conditions, has been disclosed in this document to provide prospective investors with sufficient information to make an informed decision.

In addition, for the following considerations, our Company further applies to the Stock Exchange for a waiver from strict compliance with the Waiver Conditions, so that our Company is not required to (i) disclose, on an individual basis, the particulars of the Share Options granted to the connected persons of our Group; and (ii) make available a full list of all grantees for public inspection:

(a) the connected persons are only connected persons at the subsidiary level or associate (which are not immediate family members) of connected persons at the Company level. The disclosure of the personal details of the grantees would expose employee remuneration information to their peers, which may undermine the Group's established pay structures, generate dissatisfaction among employees, and create unnecessary tension and rivalry. Such exposure may also lead to increased turnover, higher recruitment and retention costs, and disruption to team cohesion;

(b) the grant and exercise of the options under the 2024 Share Incentive Plan will not cause any material adverse impact to the financial position of our Group. Non-compliance with the Share Option Disclosure Requirements would not prevent our Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company. In addition, the Share Options granted to the connected persons only accounted for a minimal portion of the total issued Shares of the Company;

(c) making available a full list of all grantees for public inspection will provide competitors with our employee remuneration details, facilitating their recruitment activities, exposing us to the risk of having our employees poached by our competitors and compromising our recruitment and retention efforts.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application and the non-disclosure of the required information will not prejudice the interests of the investing public. The Stock Exchange [has granted] to our Company a waiver from strict compliance with the Share Option Disclosure Requirements with respect to the Share Options granted under the 2024 Share Incentive Plan on the conditions that:

(a) a summary of the latest terms of the 2024 Share Incentive Plan is disclosed in "Appendix VI — Statutory and General Information — (D) 2024 Share Incentive Plan" to this document;

(b) full details as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance of the Share Options granted by our Company to our Directors and senior management, on an individual basis, if any, are disclosed in "Appendix VI — Statutory and General Information — (D) 2024 Share Incentive Plan" to this document. With respect to the Share Options granted to the remaining grantees (being the other grantees who are not our Directors or senior management), disclosure will be made, on an aggregate basis in this document: (i) the number of grantees, and the number of Shares underlying the Share Options, and (ii) the vesting/exercise period and the exercise price of the Share Options;

(c) the total number of Shares underlying the outstanding Share Options under the 2024 Share Incentive Plan and the percentage to our total issued Shares represented by such number of Shares as of the Latest Practicable Date are disclosed in "Appendix VI — Statutory and General Information — (D) 2024 Share Incentive Plan" to this document;

(d) the dilutive effect and impact on earnings per share upon the full exercise of the Share Options upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) are disclosed in "Appendix VI — Statutory and General Information — (D) 2024 Share Incentive Plan" to this document; and

(e) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from strict compliance with paragraph 10(d) of part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

We have applied for, and the SFC [has granted] us, a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(a) full details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance of the Share Options granted by our Company to our Directors and senior management, on an individual basis, if any, are disclosed in "Appendix VI — Statutory and General Information — (D) 2024 Share Incentive Plan" to this document. With respect to the Share Options granted to the remaining grantees (being the other grantees who are not our Directors or senior management), disclosure will be made, on an aggregate basis in this document: (i) the number of grantees, and the number of Shares underlying the Share Options, and (ii) the vesting/exercise period and the exercise price of the Share Options; and

(b) the particulars of the exemption will be disclosed in this document.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Xu Jinfu (徐金富)	Room 806, No. 133 Huajing Road Tianhe District Guangzhou, Guangdong Province PRC	Chinese
Mr. Xu Sanshan (徐三善)	Room 907, No. 18 Cuizhu Road Haizhu District Guangzhou, Guangdong Province PRC	Chinese
Mr. Gu Bin (顧斌)	Room 401, No. 96 Huacui Street Tianhe District Guangzhou, Guangdong Province PRC	Chinese
Mr. Han Heng (韓恒)	Room 706, No. 13, Donghui 1st Street Huangpu District Guangzhou, Guangdong Province PRC	Chinese
Mr. Zhao Jingwei (趙經緯)	Room 902, No. 20 Guanshengyuan Road Xuhui District Shanghai PRC	Chinese
Independent non-executive Directors		
Mr. Zhao Jianqing (趙建青)	Room 503, Building 3, Xixiu Village South China University of Technology, Wushan Road Tianhe District Guangzhou, Guangdong Province PRC	Chinese
Dr. Shen Hongtao (沈洪濤)	Room 301, 3 Mumian Street Yuexiu District Guangzhou, Guangdong Province PRC	Chinese
Dr. Ruan Wenhong (阮文紅)	Room 905, No. 1 Liuxiangnan Street Haizhu District Guangzhou, Guangdong Province PRC	Chinese
Mr. Sha Yuchen (沙渝晨)	Flat B, 3/F, Green Field Court 19 & 21 Seymour Road Hong Kong	Chinese (Hong Kong)

For details with respect to our Directors, see "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

J.P. Morgan Securities (Far East) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong

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

GF Capital (Hong Kong) Limited
27/F, GF Tower
81 Lockhart Road
Wan Chai
Hong Kong

[**REDACTED**]

Legal Advisors to our Company

As to Hong Kong law and U.S. laws
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Chater Road
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Hong Kong

As to PRC law
Grandway Law Offices
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No. 26, Jianguomennei Avenue
Dongcheng District
Beijing
PRC

Legal Advisors to the Joint Sponsors and [REDACTED]

As to Hong Kong law and U.S. laws
Allen Overy Shearman Sterling
9/F, Three Exchange Square
Central
Hong Kong

	As to PRC law **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing PRC
Auditor and Reporting Accountant	**Grant Thornton Hong Kong Limited** *Certified Public Accountants and Registered Public Interest Entity Auditor* 11/F, Lee Garden Two 28 Yun Ping Road Causeway Bay Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10F, Block B, Jing'an International Center 88 Puji Road Jing'an District Shanghai PRC
Compliance Advisor	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong

[**REDACTED**]

CORPORATE INFORMATION

Registered office and headquarter	No. 8 Kangda Road, Dongcheng Section Yunpu Industrial Zone Huangpu District Guangzhou, Guangdong Province PRC
Principal place of business in Hong Kong	40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wan Chai Hong Kong
Company's Website	**www.tinci.com** *(The information contained in this website does not form part of this document)*
Joint company secretaries	**Mr. Han Heng** Room 706, No. 13, Donghui 1st Street Huangpu District Guangzhou, Guangdong Province PRC **Ms. Jian Xuegen** *(member of Hong Kong Institute Certified Public Accountants and PRC Institute Certified Public Accountants)* 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wan Chai Hong Kong
Authorized representatives	**Mr. Han Heng** Room 706, No. 13, Donghui 1st Street Huangpu District Guangzhou, Guangdong Province PRC **Ms. Jian Xuegen** 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wan Chai Hong Kong
Audit Committee	Dr. Shen Hongtao *(Chairperson)* Dr. Ruan Wenhong Mr. Sha Yuchen
Remuneration and Appraisal Committee	Dr. Shen Hongtao *(Chairperson)* Mr. Sha Yuchen Mr. Gu Bin
Nomination Committee	Mr. Zhao Jianqing *(Chairperson)* Dr. Ruan Wenhong Mr. Han Heng

Strategy and Sustainable Development Committee	Mr. Xu Jinfu *(Chairperson)* Mr. Xu Sanshan Mr. Han Heng Mr. Gu Bin Mr. Zhao Jianqing
H Share Registrar	[**REDACTED**]
Principal Banks	**Industrial and Commercial Bank of China Guangzhou Kaifaqu Branch** No. 2 Xiangxue 2nd Road, Kaichuang Dadao Huangpu District Guangzhou, Guangdong Province PRC **HSBC Bank (China) Company Limited Guangzhou Branch** 28F, Taikoohui Tower 2 No. 381, Tianhe Road Tianhe District Guangzhou, Guangdong Province PRC **China Merchants Bank, Huanshidong Sub-branch, Guangzhou Branch** Floor 2, Fairview Joint Business Building No. 3 Tianhe Road Guangzhou, Guangdong Province PRC **Citibank (China) Co., Ltd., Guangzhou Branch** Unit 01-06, Room 3001, Guangzhou CTF Finance Centre No. 6 Zhujiang East Road Tianhe District Guangzhou, Guangdong Province PRC

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by CIC including certain data and information collected by GGII, which were commissioned by us, and from various official governmental publications and other publicly available publications. The information from official government sources has not been independently verified by us, the Joint Sponsors, or any of our or their respective directors, supervisors, senior management, representatives, advisers or any other persons involved in this document and no representation is given as to its accuracy.

Major global economies have established clear targets in laws or regulation policies to achieve carbon neutrality or net-zero emissions by around 2050. Carbon neutrality and net-zero targets are poised to significantly reshape the global energy supply by accelerating the transition from fossil fuels, such as oil, coal, and natural gas, to renewable energy sources. As a core technology supporting the energy transition, lithium-ion batteries are being widely applied in key areas such as electrified transportation, energy storage and grid regulation. They facilitate the electrification of transportation, such as replacing traditional ICE vehicles to reduce carbon emissions, provide vital energy storage to ensure the stable output of green energy sources like wind and solar and ensure power supply and demand balance and maintain grid stability. As such, lithium-ion battery and its materials, such as electrolyte and cathode, serve as essential pillars in building a low-carbon, safe, and efficient energy system, playing an irreplaceable role.

OVERVIEW OF THE GLOBAL AND CHINA'S LITHIUM-ION BATTERY INDUSTRY

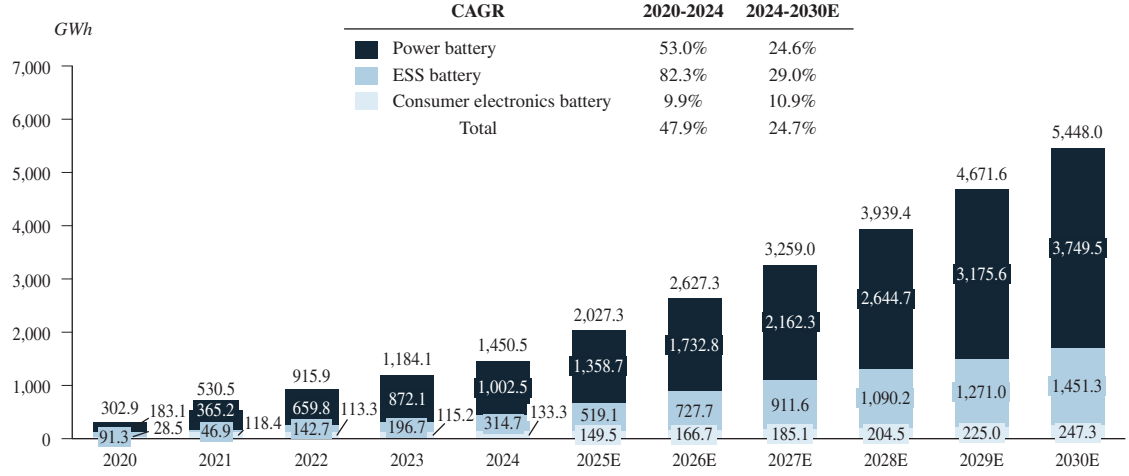
Overview of lithium-ion battery

Lithium-ion battery is a type of rechargeable battery that stores and releases energy through the reversible intercalation of lithium ions between the cathode and anode during charge and discharge cycles. Depending on the end-use application scenarios, lithium-ion batteries exhibit varying performance characteristics, including energy density, cycle life, safety, C-rate and operating temperature range. In terms of application, lithium-ion batteries are generally classified into three major categories: power batteries (primarily for EV), energy storage batteries (primarily for ESS), and consumer electronics batteries (primarily for mobile phones, laptops and other portable devices).

Market size of lithium-ion battery industry

Global lithium-ion battery market has shown explosive growth between 2020 and 2024, with market size rising rapidly from 302.9 GWh in 2020 to 1,450.5 GWh in 2024, achieving a CAGR of 47.9%. As the world accelerates its energy transition, the lithium-ion battery market is expected to continue expanding. 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. This expansion is principally driven by the electrification of various transportation sectors – including passenger vehicles, commercial vehicles, vessels, and machinery, the growing demand for renewable energy storage systems, and the widespread proliferation of consumer electronic devices.

Market size[1] of lithium-ion battery by downstream application, Global, 2020-2030E



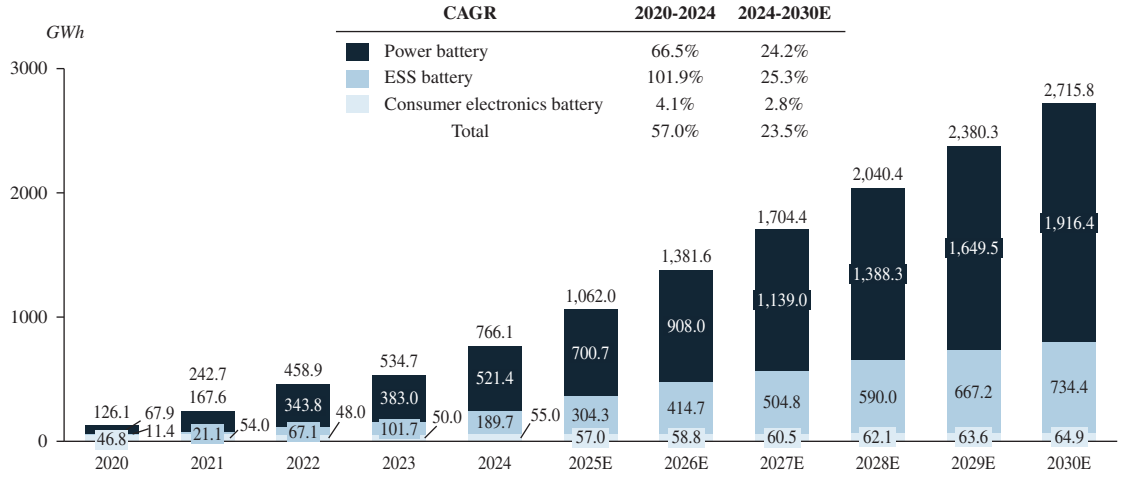
Note:

1. Market size is calculated based on end-user battery installations.

Source: CIC

China's lithium-ion battery market is projected to sustain robust growth from 2020 to 2030. Power batteries are expected to serve as the primary growth driver, with market size increasing from 67.9 GWh in 2020 to 521.4 GWh in 2024, and further reaching 1,916.4 GWh by 2030. ESS batteries are also anticipated to experience rapid expansion, rising from 46.8 GWh in 2020 to 189.7 GWh in 2024, and subsequently to 734.4 GWh by 2030, thereby emerging as a significant new contributor to overall lithium-ion battery demand.

Market size[1] of lithium-ion battery by downstream application, China, 2020-2030E



Notes:

1. Market size is calculated based on end-user battery installations.

Source: CIC

At the same time, overseas markets are also experiencing rapid growth. The market size of lithium-ion battery in the Europe increased from 85.4 GWh in 2020 to 256.4 GWh in 2024 and is expected to reach 1,109.9 GWh in 2030 with a CAGR of 27.7%. The market size of lithium-ion battery in the United States increased from 52.8 GWh in 2020 to 227.5 GWh in 2024 and is expected to reach 996.0 GWh in 2030 with a CAGR of 27.9%.

Market Drivers

- ***Rapid expansion of the power battery market:***

  - Accelerating adoption of EV: The PV segment has experienced steady growth, mainly driven by an increasingly diversified product portfolio, enhanced intelligent features, and rising consumer demand, further supported by favorable policy incentives and emerging cost advantages. The electrical architecture of EV is more adaptable to the hardware and software systems required for intelligent features. As the global automotive industry advances steadily toward electrification, automakers are launching an increasing number of intelligent and electrified vehicle models. The CV segment has experienced rapid growth, mainly driven by its enhanced cost-effectiveness with technological advancements, supportive regulation incentives and increasing number of CV models. The increasingly well-developed battery charging and swapping network for EV has also significantly enhanced the convenience of using EV. Global shipment volume of EV increased from 8.3 million in 2020 to 32.8 million in 2024, representing a CAGR of 40.8%, and is projected to reach 87.7 million by 2030, with a CAGR of 17.8%. Global EV penetration rate, measured as a percentage of EV shipment volume against total vehicle shipment volume, increased from 4.1% in 2020 to 19.9% in 2024, and is expected to reach 56.1% by 2030.

  - Increase in battery capacity per vehicle: EV manufacturers' continue to increase adoption of higher battery capacity per vehicle to enhance driving range and overall performance. The increase in the battery energy capacity per vehicle has contributed to the growth in EV battery shipments.

  - Emergence of diversified application scenarios: With technological advancement and innovation, power batteries' applications have gradually expanded to emerging fields such as machinery, vessels, eVTOL, intelligent applications such as robotics, further driving growth in demand for power batteries.

- ***Rise of the energy storage market:***

  - Continued growth in global electricity consumption: The global demand for electricity continues to rise, driven by global economic development, population growth, and accelerating electrification. Global electricity demand reached approximately 26,000 TWh in 2024, and will reach 31,000 TWh in 2030. Furthermore, AI advancements are driving surging demand for computing power and electricity consumption of data centers. Global data center electricity consumption is expected to reach approximately 2,600 TWh in 2030.

  - Deployment of renewable energy: Wind and solar power have become the primary approach of global clean energy transformation. Global installed capacity of wind and solar power increased from 1,520.4 GW in 2020 to 3,257.8 GW in 2024, representing a CAGR of 21.0%, and is projected to reach 7,871.5 GW by 2030, with a CAGR of 15.8%. The share of wind and solar power in global cumulative installed power capacity rose from 19% in 2020 to 32% in 2024, and is projected to exceed 50% by 2030. However, their power generation are unstable and volatile. Energy storage, serving as a flexible grid-balancing resource in power systems, has become increasingly critical for renewable energy integration, power supply-demand balancing, and grid stability. Furthermore, many countries have introduced policies to guide and support the development of renewable energy and energy storage industries, and to improve power system and market development.

  - Improved cost competitiveness: In recent years, the expenses associated with ESS have decreased considerably due to technological advancements, the maturation of supply chains, and economies of scale. These factors have improved the cost efficiency of energy storage solutions, leading to a swift increase in demand for ESS batteries.

- ***Stable growth and evolution of the consumer electronics battery market:*** Mainstream consumer electronics, including mobile phones, laptops and tablets, continue to demonstrate steady global demand, supported by the rising adoption of AI applications and the relatively low penetration rates in certain emerging markets. At the same time, the proliferation of emerging device categories driven by technology upgrade, such as consumer service robots and smart wearables, is expanding the use cases for consumer batteries, thereby contributing to sustained market growth.

OVERVIEW OF THE GLOBAL AND CHINA'S LITHIUM-ION BATERY MATERIALS INDUSTRY

High-performance lithium-ion batteries, serving as key energy storage carriers, feature high energy density, ultra-fast charging, wide operating temperature range, enhanced safety and extended cycle life, making them fundamental components of the new electricity system and essential enablers of a low-carbon society. The core materials of lithium-ion battery cells primarily include electrolyte, cathode materials, anode materials, separator, and other auxiliary materials such as adhesive.

In lithium-ion battery cells, raw materials typically account for 70%-80% of total costs, with cathode materials being the largest contributor, followed by anode materials, electrolytes, separators and other auxiliary materials. The cost structure varies depending on the cathode chemistry. For LFP cells, cathode materials generally account for 30%-40% of raw material costs, anode materials 20%-30%, electrolytes 10%-15%, separators around 10%, and other auxiliary materials approximately 20%. For ternary lithium-ion battery cells, cathode materials typically account for 40%-50% of raw material costs, anode materials 10%-20%, electrolytes 10%-15%, separators around 10%, and other auxiliary materials roughly 20%.

The primary market driver for both the lithium-ion battery electrolyte industry and the broader lithium-ion battery materials sector is the growth in lithium-ion battery shipments. As demand for electric vehicles, energy storage systems, and portable electronics continues to rise, the shipment volume of lithium-ion batteries expands correspondingly, directly boosting the consumption of key materials such as electrolytes, cathode and anode materials. The increasing adoption of lithium-ion batteries acts as the fundamental catalyst for the development and expansion of the entire lithium-ion battery supply chain.

OVERVIEW OF THE GLOBAL AND CHINA'S LITHIUM-ION BATTERY ELECTROLYTE INDUSTRY

Overview of lithium-ion battery electrolyte

Electrolyte functions as the medium for lithium-ion transport within the battery and is required to possess high ionic conductivity, low electronic conductivity, and strong chemical and thermal stability. A typical lithium-ion battery electrolyte consists of three core compositions: solute, solvents and functional additives, together accounting for approximately 90.0% of the electrolyte's total cost. Among these, solute, such as $LiPF_6$, represent the largest share, typically accounting for 40%-50% of total electrolyte costs, followed by solvents at 30-40%, and additives at 10-20%.

- ***Solute:*** provides lithium ions for transport between the cathode and anode during charge and discharge, supporting conductivity and electrochemical performance. $LiPF_6$, as the primary solute in lithium-ion battery electrolytes, plays a critical role in enabling stable and efficient ion transport. LiFSI, as the novel solute, is increasingly adopted in electrolyte formulations for its superior thermal stability, high ionic conductivity, and wide electrochemical window, enabling enhanced battery performance under high-voltage operation, fast-charging conditions, and across wide temperature ranges. Globally, LiFSI accounted for 0.4% of electrolyte by volume in 2020, increased to 1.9% in 2025, and is expected to reach 4.1% by 2030.

- ***Solvent:*** serves as the transport medium for lithium ions, mainly including DMC, DEC and EMC.

- ***Additives:*** though used in small amounts, are key to improving electrolyte stability and battery performance, and serve as a core differentiator for electrolyte and materials manufacturers. Common additives include VC, DTD and FEC.

The importance of lithium-ion battery electrolyte

Electrolytes play a critical role in determining the overall performance, efficiency and safety of lithium-ion batteries. The industry is undergoing a trend toward customization, with formulations increasingly tailored to specific application scenarios and battery technologies. Their formulation directly influences several key parameters:

- ***Energy Density:*** Electrolytes that exhibit superior stability under high-voltage conditions, greater ionic conductivity and lower density enable maximized utilization of the cell's designed capacity during charge and discharge cycles. High-performance electrolytes effectively reduce polarization and internal resistance, leading to improved energy utilization efficiency. These benefits are particularly pronounced under high-rate or high-voltage operating conditions.

- ***Cycle Life:*** Its stability under high voltage and elevated temperatures, along with its film-forming ability and interfacial compatibility, directly determines the battery's long-term reliability. Strong film formation decreases the consumption of active lithium and electrolyte, thereby mitigating capacity fade.

- ***Safety:*** High-quality electrolytes possess excellent thermal stability, low flammability, and superior interfacial compatibility, effectively suppressing thermal runaway and mitigating the rate of temperature rise, thereby significantly enhancing the intrinsic safety of lithium-ion batteries.

- ***C-rate:*** High C-rate performance requires electrolytes with high lithium-ion mobility, low interfacial impedance, and excellent thermal stability to ensure rapid ion transport and stable interfacial reactions under fast charging and discharging conditions.

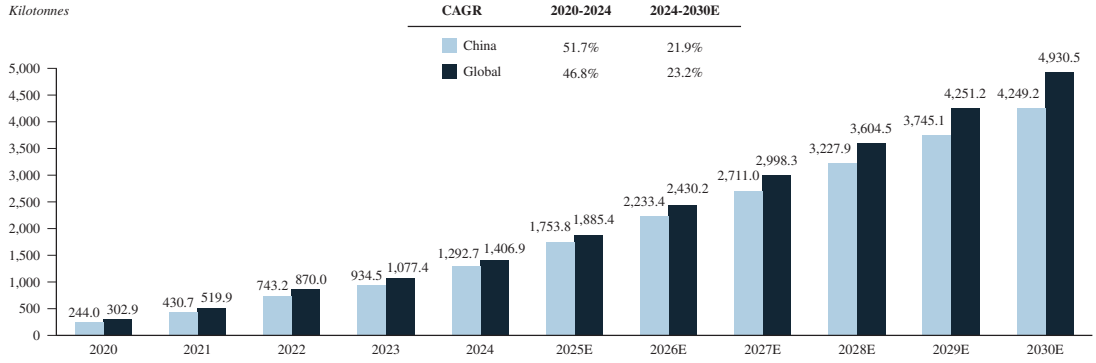
- ***Operating temperature range:*** High-quality electrolytes, characterized by high fluidity at low temperatures and strong chemical stability at elevated temperatures, ensure efficient lithium-ion transport and interfacial stability across a wide operating temperature range. These properties enhance the performance and reliability of lithium-ion batteries under extreme temperature conditions.

Shipment volume of lithium-ion battery electrolyte industry

As one of the four core components of lithium-ion batteries, the electrolyte market has also grown rapidly. Global lithium-ion battery electrolyte shipment volume increased from 302.9 kilotonnes in 2020 to 1,406.9 kilotonnes in 2024 with a CAGR of 46.8%. China, as the largest producer of lithium-ion battery electrolytes, dominates shipment volume worldwide. China's lithium-ion battery electrolyte shipment volume increased from 244.0 kilotonnes in 2020 to 1,292.7 kilotonnes in 2024, representing a CAGR of 51.7%. The electrolyte market will continue to grow rapidly, driven by increasing demand from green transportation, energy storage and consumer electronics and, advancements in high-performance electrolyte technologies. Global lithium-ion battery electrolyte shipment volume is expected to reach 4,930.5 kilotonnes and China's lithium-ion battery electrolyte shipment volume is expected to reach 4,249.2 kilotonnes in 2030, with a CAGR of 23.2% and 21.9% respectively. The rapid expansion of overseas markets is primarily driven by leading lithium-ion battery enterprises actively implementing internationalization strategies, accelerating capacity deployment in regions such as Europe and United States.

In additions, the booming development of the solid-state battery industry is driving the demand for solid-state electrolytes. The global solid-state electrolyte market is expected to grow from approximately RMB10 billion in 2030 to around RMB116 billion in 2040, with a CAGR of 27.5% during this period. It is further projected to reach RMB334 billion by 2050 with a CAGR of 11.1%.

Shipment volume of the lithium-ion battery electrolyte industry, Global and China, 2020-2030E



Future trends

- ***Upgrading toward higher performance and customization****:* The expansion and upgrading of the lithium-ion battery industry constitute the primary drivers of growth in the electrolyte market. As lithium-ion battery applications diversify and material systems evolve, electrolyte requirements are becoming increasingly differentiated. Breakthroughs in advanced solute and additives are enabling significant improvements in high energy density, long cycle life, outstanding safety, fast-charging capability and wide operating temperature range. Electrolyte products are shifting from standardized formulations to scenario-specific, system-integrated, and performance-tailored solutions, positioning customization as a key industry trend.

- ***Overseas manufacturing expansion by Chinese enterprises:*** As the global lithium-ion battery industry chain accelerates its international expansion and the localization requirement of production and supply chains increases, 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. Leveraging advanced formulation technologies and manufacturing capabilities, Chinese lithium-ion battery value chain is accelerating overseas expansion.

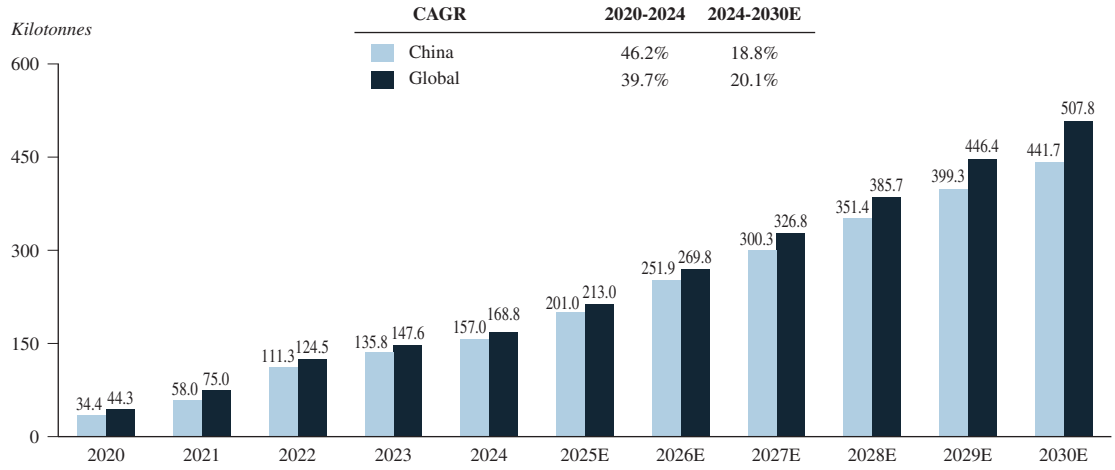
- ***Increasing industry concentration:*** Driven by rising technical barriers, prolonged customer certification cycles, and growing overseas localization requirements, the industry concentration is steadily increasing. Companies with advanced formulation development, strong customer stickiness, and global delivery capabilities are poised to continuously expand market share.

$LiPF_6$ and LiFSI, as two core compositions in lithium-ion battery electrolytes, play a crucial role in electrolyte performance and have both benefited from the rapid development of the lithium-ion battery electrolyte industry.

Shipment volume of the $LiPF_6$ industry

Global and China's $LiPF_6$ market has experienced rapid growth in recent years. From 2020 to 2024, global $LiPF_6$ shipments surged from 44.3 kilotonnes to 168.8 kilotonnes, with a CAGR of 39.7%, reflecting strong market demand expansion. It is projected that global market will further expand to 507.8 kilotonnes by 2030, with a CAGR of 20.1%. China's $LiPF_6$ shipment volume increasing from 34.4 kilotonnes in 2020 to 157.0 kilotonnes in 2024, achieving a CAGR of 46.2%. It is expected that China's $LiPF_6$ shipment volume will grow at a CAGR of 18.8%, reaching 441.7 kilotonnes by 2030.

Shipment volume of the $LiPF_6$, Global and China, 2020-2030E

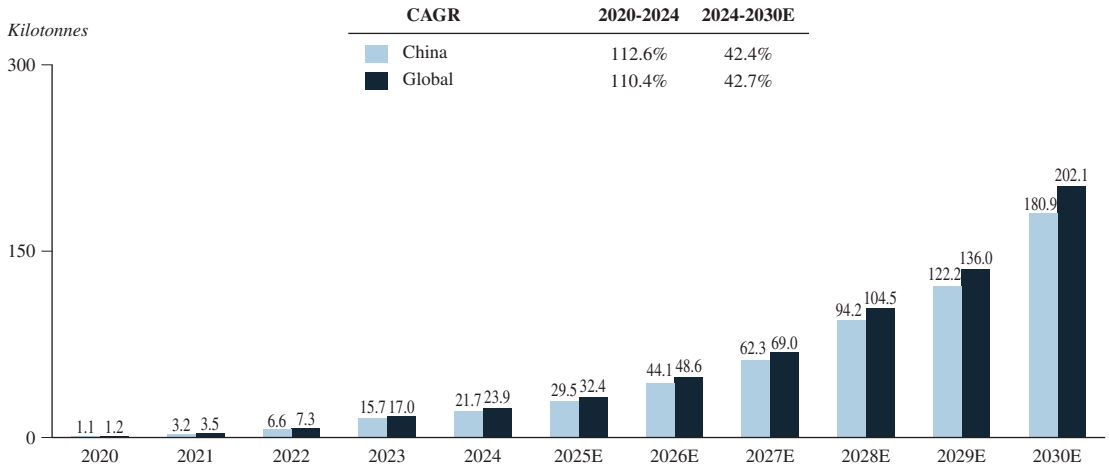


Source: CIC, GGII

Shipment volume of the LiFSI industry

Global LiFSI shipments surged from 1.2 kilotonnes in 2020 to 23.9 kilotonnes in 2024, reflecting a remarkable 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%. China's LiFSI shipment volume increased from 1.1 kilotonnes in 2020 to 21.7 kilotonnes in 2024, achieving a CAGR of 112.6%. By 2030, China's LiFSI market is expected to reach 180.9 kilotonnes, growing at a CAGR of 42.4%.

Shipment volume of the LiFSI industry, Global and China, 2020-2030E



Source: CIC, GGII

Competitive landscape of the lithium-ion battery electrolyte industry

In 2024, the Company ranked as the world's largest lithium-ion battery electrolyte supplier by shipment volume, with total shipments reaching 502.7 kilotonnes, accounting for 35.7% of the global market. The Company has retained its position as the world's largest lithium-ion battery electrolyte supplier for 9 consecutive years.

The top five lithium-ion battery electrolyte companies in terms of shipment volume, Global, 2024

Ranking	Company	Shipment volume, 2024, thousand tons	Global market share, 2024
1	The Company	502.7	35.7%
2	Company A[1]	219.9	15.6%
3	Company B[2]	193.9	13.8%
4	Company C[3]	74.6	5.3%
5	Company D[4]	70.0	5.0%
	CR5	1,061.0	75.4%
	Global Total	1,406.9	100.0%

Notes:

1. Established in 1994, Company A is a listed company engaged in automobiles, rail transit, new energy, and electronics. It is a leading enterprise in Chinese EV industry, with total revenue exceeding RMB770.0 billion in 2024.

2. Established in 1996, Company B is a listed company and a global leader in electronic chemicals and functional materials, engaged in the production of battery chemicals, organic fluorochemicals, capacitor chemicals and semiconductor chemicals, with total revenue exceeding RMB7.0 billion in 2024.

3. Established in 2017, Company C is a listed company engaged in the R&D, production and sales of lithium-ion battery materials and advanced chemical materials, with total revenue exceeding RMB2.0 billion in 2024.

4. Established in 2004, Company D is an unlisted company specialized in lithium-ion battery materials, and is among the early enterprises in China engaged in the R&D and production of power lithium-ion battery electrolytes.

Source: CIC

The Company ranked as the world's largest supplier of $LiPF_6$ by shipment volume in 2024, with total shipments reaching 63.5 kilotonnes, accounting for 37.6% of the global market.

The top five $LiPF_6$ companies in terms of shipment volume, Global, 2024

Ranking	Company	Shipment volume, 2024, thousand tons	Global market share, 2024
1	The Company	63.5	37.6%
2	Company E[1]	43.3	25.7%
3	Company F[2]	23.0	13.6%
4	Company G[3]	10.5	6.2%
5	Company H[4]	10.0	5.9%
	CR5	150.3	89.0%
	Global Total	168.8	100.0%

Notes:

1. Established in 1999, Company E is a listed high-tech enterprise focused on the R&D and industrialization of fluorine-, lithium- and silicon-based materials and energy systems, with total revenue exceeding RMB8.0 billion in 2024.
2. Established in 1996, Company F is a listed company specialized in lithium hexafluorophosphate and related fluorine chemicals, as well as small household appliances, with total revenue exceeding RMB2.0 billion in 2024.
3. Established in 2013, Company G is an unlisted, vertically integrated enterprise specialized in fluorite mining and in the production of lithium hexafluorophosphate and electrolyte materials for lithium-ion batteries.
4. Established in 2002, Company H is a listed company with principal businesses in active pharmaceutical ingredients, pharmaceutical intermediates and new energy materials such as lithium hexafluorophosphate, with total revenue exceeding RMB1.0 billion in 2024.

Source: CIC

The Company ranked as the world's largest supplier of LiFSI by shipment volume in 2024, with total shipments reaching 12.2 kilotonnes, accounting for 51.2% of the global market.

The top five LiFSI companies in terms of shipment volume, Global, 2024

Ranking	Company	Shipment volume, 2024, thousand tons	Global market share, 2024
1	The Company	12.2	51.2%
2	Company I[1]	3.0	12.6%
3	Company J[2]	2.8	11.7%
4	Company K[3]	1.5	6.3%
5	Company B	0.8	3.3%
	CR5	20.3	85.1%
	Global Total	23.9	100.0%

Notes:

1. Established in 2019, Company I is an unlisted company specialized in the R&D and production of fluorine-containing lithium-ion battery additives and related advanced materials, with total revenue exceeding RMB170.0 million in 2024.
2. Established in 2016, Company J is an unlisted high-tech enterprise focused on the R&D, production and sales of advanced lithium-ion battery electrolytes, advanced lithium salts and functional additives for new energy applications.
3. Established in 1996, Company K is a listed company engaged in display materials, new energy battery materials and silicon materials, and provides CDMO services for innovative pharmaceuticals, with total revenue exceeding RMB670.0 million in 2024.

Source: CIC

OVERVIEW OF THE GLOBAL AND CHINA'S LITHIUM-ION BATTERY CATHODE MATERIAL INDUSTRY

Overview of the lithium-ion battery cathode materials

Cathode materials are key components of lithium-ion batteries and play a decisive role in determining energy density, cycle life, safety performance. Cathode materials can be categorized based on their chemical composition into LFP, ternary materials, LCO and LMO. Among them, LFP, with its advantages in safety, long cycle life, and low cost, is widely adopted in both EV and ESS. Global shipment volume of LFP cathode materials increased from 143.0 kilotonnes in 2020 to 2,480.0 kilotonnes in 2024 and is expected to reach 9,422.8 kilotonnes in 2030 with a CAGR of 24.9% during the period. The market share of LFP cathode materials in the global lithium-ion battery cathode materials market increased from 18.8% in 2020 to 69.7% in 2024, and is expected to further rise to 72.1% by 2030.

In LFP cathode materials, lithium carbonate and $FePO_4$ account for approximately 55% and 25% of the cost respectively, constituting the primary components of the raw material cost structure.

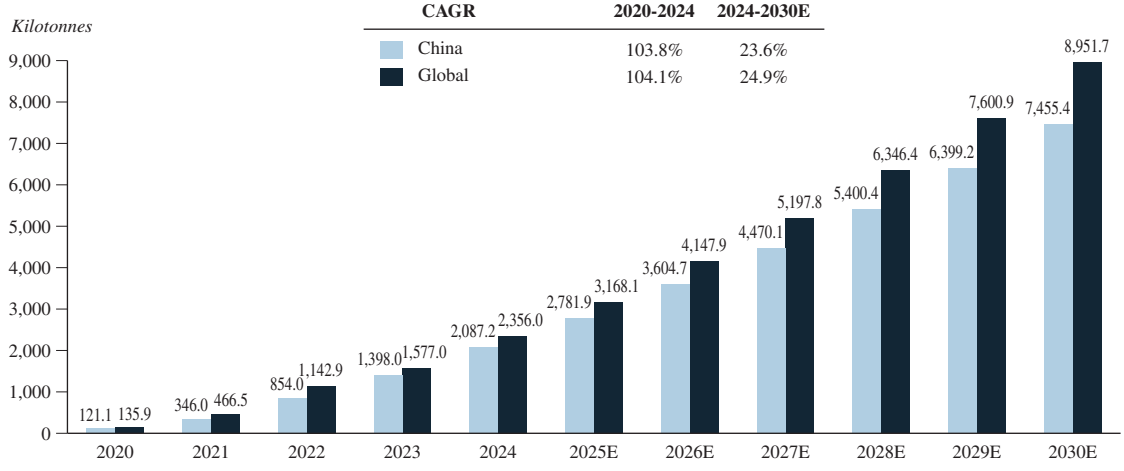
Introduction of $FePO_4$

$FePO_4$, as the critical precursor in the synthesis of LFP cathode materials, exerts a decisive influence on the electrochemical performance of the final cathode product. Fundamental quality attributes including 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 LFP cathode material.

Shipment volume of the $FePO_4$

As a key raw material in the process for manufacturing LFP cathode materials, $FePO_4$ has experienced rapid growth over the past five years. Global shipments increased from approximately 135.9 kilotonnes in 2020 to around 2,356.0 kilotonnes in 2024 and are projected to reach 8,951.7 kilotonnes by 2030, representing a CAGR of 24.9% between 2024 and 2030. In China, Iron phosphate shipment volumes are expected to rise from 2,087.2 kilotonnes in 2024 to 7,455.4 kilotonnes by 2030, with a CAGR of 23.6% during the same period.

Shipment volume of the $FePO_4$, Global and China, 2020-2030E



Source: CIC, GGII

Competitive landscape of the $FePO_4$ industry

The Company ranked as the world's third largest supplier of $FePO_4$ by shipment volume in 2024, with total shipments reaching 95.5 kilotonnes, accounting for 4.1% of the global market.

The top five $FePO_4$ companies in terms of shipment volume, Global, 2024

Ranking	Company	Shipment volume, 2024, kilotonnes	Global market share, 2024
1	Company M[1]	682.0	28.9%
2	Company N[2]	220.0	9.3%
3	The Company	95.5	4.1%
4	Company O[3]	80.0	3.4%
5	Company P[4]	79.0	3.4%
	CR5	1,156.5	49.1%
	Global Total	2,356.0	100.0%

Notes:

1. Established in 2016, Company M is a listed company specialized in the R&D, production and sales of lithium-ion battery cathode materials, primarily focusing on lithium ferro phosphate and ternary materials, with total revenue exceeding RMB20.0 billion in 2024.
2. Established in 2010, Company N is a listed company specialized in the R&D, production and sales of lithium-ion battery cathode materials, with a core focus on lithium ferro phosphate, and total revenue exceeding RMB7.0 billion in 2024.
3. Established in 2014, Company O is a listed integrated service provider of new energy materials, with core products including ternary precursors and tricobalt tetroxide, and total revenue exceeding RMB40.0 billion in 2024.
4. Established in 1986, Company P is a listed company and leading global manufacturer of chemical intermediates, engaged in the production of lithium-ion battery phosphates, with total revenue exceeding RMB2.0 million in 2024.

Source: CIC

OVERVIEW OF THE GLOBAL AND CHINA'S LITHIUM-ION BATTERY AUXILIARY MATERIAL INDUSTRY

Overview of the lithium-ion battery adhesives

Adhesives used in lithium-ion batteries are essential materials in the battery manufacturing process. They are widely applied in the assembly and packaging of cells, modules, and battery packs, serving multiple functions including structural bonding, thermal conduction and dissipation, sealing and waterproofing, as well as flame retardant protection. Based on their functions, lithium-ion battery adhesives can be primarily categorized into structural adhesives and binders.

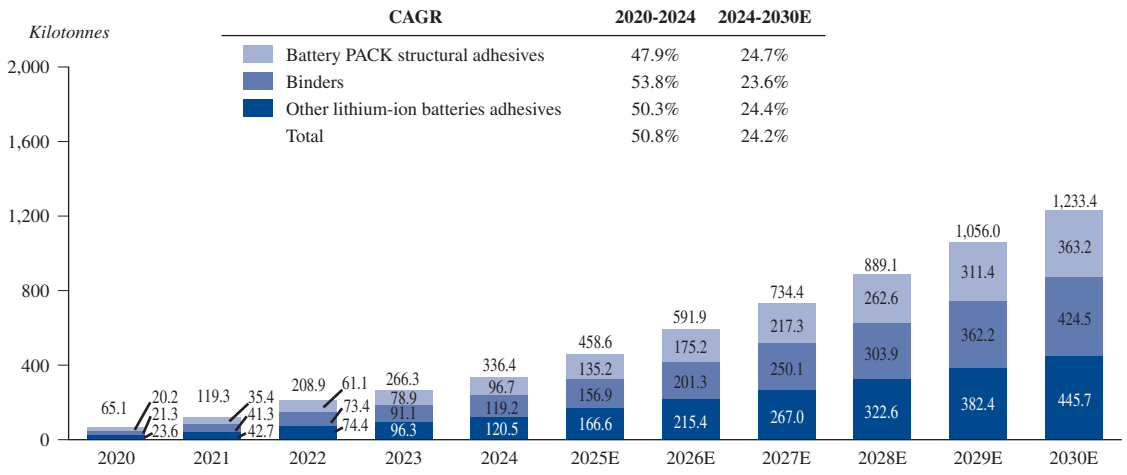
Structural adhesive for lithium-ion battery packs refers to a specialized adhesive material used in the manufacturing and assembly process of lithium-ion battery packs. It is mainly applied to bond and secure battery modules to the housing, between modules, and other structural components. Its core function is to provide reliable structural support and long-lasting mechanical strength, while also offering comprehensive properties such as thermal conductivity, flame retardancy, sealing, waterproofing, and shock resistance.

Binders for lithium-ion batteries are primarily used to bond the active materials of the cathode and anode to the current collectors. The main function of the binder is to ensure the structural stability of the active materials during processes such as coating, drying, calendaring, and charge-discharge cycles, preventing detachment, pulverization, or delamination from the current collectors, thereby enhancing the battery's cycle life, safety, and energy density. Based on polarity and solvent systems, common binders include water-based types (such as SBR and CMC) and solvent-based types (such as PVDF).

Market size of the lithium-ion battery adhesives

Global lithium-ion battery adhesives market increased from 65.1 kilotonnes in 2020 to 336.4 kilotonnes in 2024 with a CAGR of 50.8% and is expected to reach 1,233.4 kilotonnes in 2030 with a CAGR of 24.2%. Global lithium-ion battery PACK structural adhesives market has shown explosive growth between 2020 and 2024, with market size rising rapidly from 20.2 kilotonnes in 2020 to 96.7 kilotonnes in 2024, achieving a CAGR of 47.9% from 2020 to 2024 and is projected to reach 363.2 kilotonnes by 2030, with a CAGR of 24.7% from 2024 to 2030. In 2024, the company ranked as the world's third-largest producer of lithium-ion battery PACK structural adhesives, with a 9.6% market share by shipment volume. Global lithium-ion battery binders market increased from 21.3 kilotonnes in 2020 to 119.2 kilotonnes in 2024 with a CAGR of 53.8% and is expected to reach 424.5 kilotonnes in 2030 with a CAGR of 23.6%.

Market size of the lithium-ion battery adhesives, Global, 2020-2030E



Source: CIC, GGII

Key entry barriers for the lithium-ion battery materials industry

- ***R&D capabilities:*** The lithium-ion battery materials industry demands a deep, systematic comprehension of fundamental materials science, chemical systems and application transformation. It requires enterprises to possess original R&D capabilities built upon long-term interdisciplinary accumulation across chemistry, materials science and related fields, with the ability to continuously innovate in order to maintain technological leadership. For new entrants, breakthroughs in core technologies require platform-based R&D system and sustainable innovation capability.

- ***Engineering and scalability:*** The lithium-ion battery materials industry is driven by the rapid evolution of downstream battery technologies and application scenarios, resulting in frequent iterations of formulation and key materials. This requires enterprises not only to possess the engineering capabilities to rapidly translate laboratory achievements into commercial-scale implementation, but also to effectively control costs while maintaining performance advantages. At the same time, sufficient financial strength is important to support R&D investment, production expansion, and supply chain integration. Capabilities such as integrating upstream lithium-ion battery material supply chains and implementing material recycling and reusing are critical to achieve optimal operation efficiency under cost-competitive conditions. Enterprises demonstrating leadership in these areas are able to maintain a strong competitive position in the industry.

- ***Efficient production system:*** The manufacture of lithium-ion battery materials requires vertically integrated, continuous, circular, digitalized and intelligent production models to ensure consistent product performance and delivery reliability. Enterprises are also required to produce customized, high-performance electrolytes, and to respond rapidly to market demands. Building and operating such an efficient and stable production system requires significant capital investment and long-term operational expertise, which constitutes a substantial barrier to entry for new market participants.

- ***Continuous product expansion and application deployment:*** The industry features broad applications and rapid technological evolution, with novel materials continuously emerging, including solid-state electrolytes, thermosetting and thermoplastic materials, fluorine-based extinguishing agents and coolants etc. Enterprises that prioritize continuous development of new products and expansion into emerging high-potential application fields are better positioned to capture growth opportunities, strengthen their market presence, and maintain strong competitive advantages as the industry evolves.

- ***Customer relationship:*** Downstream customers include global battery manufacturers and automakers, most of which require rigorous and lengthy supplier qualification processes as well as strict production and management standards. Establishing stable, trust-based relationships with leading global customers requires not only sustained recognition of the enterprises' technology and product quality, but also their capability to jointly drive product and application innovation with customers. In addition, with the rapid growth of EV, lithium-ion battery markets, and the increasing localization trend of production and supply chains worldwide, the global market presents significant growth opportunities. Customers prefer to choose suppliers with proven technical capabilities, stable cooperative relationships, local production deployment and reliable, high-quality supply chain performance.

Market challenges and threats for the lithium-ion battery materials industry

- ***Shortage of high-end technical talent:*** The lithium-ion battery materials industry is highly dependent on high-end R&D talent, particularly in the core fields of materials science, electrochemistry, and battery engineering. Such talent not only requires a solid theoretical foundation but also extensive experimental experience and research capabilities to drive innovation in new materials, processes, and high-performance battery solutions. However, the current supply of high-end R&D talent in the industry is insufficient, mainly due to a limited total number of professionals, a lack of multidisciplinary expertise, and the long training cycle required for senior engineers and scientists, which constrains companies' capabilities in key technology development and innovation.

- ***Instability of raw material prices:*** The lithium-ion battery materials industry faces ongoing challenges due to fluctuations in the prices of key raw materials such as lithium, cobalt, and nickel. These price changes create uncertainty in procurement planning, production budgeting, and overall cost management. Companies must continuously adjust sourcing strategies, optimize supply chains, and manage operational expenses to mitigate the impact of raw material volatility. Persistent fluctuations can affect short-term financial performance and influence strategic decisions regarding product pricing, capacity expansion, and investment in new technologies, making it a continual market challenge.

OVERVIEW OF THE GLOBAL AND CHINA'S LITHIUM-ION BATTERY RECYCLING INDUSTRY

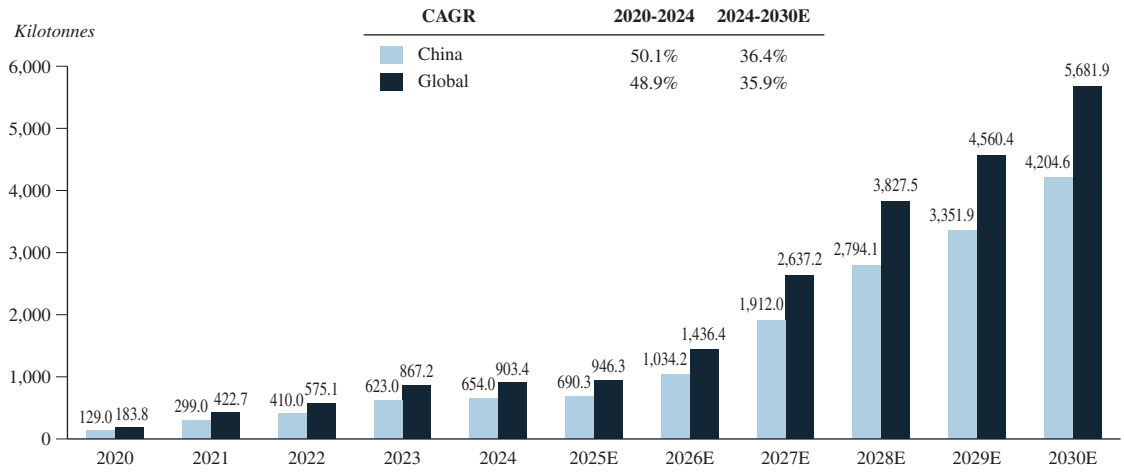
Overview of the lithium-ion battery recycling industry

Lithium-ion battery recycling refers to the centralized recycling of retired lithium-ion batteries, to reuse the battery or extract valuable metal elements such as lithium, cobalt, and nickel in the battery through physical, chemical and other recycling processes. As the shipment volume of lithium-ion battery and the sales volume of EVs continue to rise year by year, lithium-ion batteries are about to face large-scale retirement. Lithium-ion battery recycling is the necessary way to achieve sustainable development of the value chain.

Market size of the lithium-ion battery recycling industry

As the EV market rapidly expands, addressing the disposal of a large volume of lithium-ion batteries has become an urgent issue. The recycling of lithium-ion batteries is a critical component in achieving a climate-neutral circular economy. Globally, the market size of the lithium-ion battery recycling industry is expected to increase from approximately 903.4 kilotonnes in 2024 to 5,681.9 kilotonnes in 2030, reflecting a CAGR of 35.9%. Market size of the lithium-ion battery recycling industry in China is projected to grow from 654.0 kilotonnes in 2024 to 4,204.6 kilotonnes in 2030, with a CAGR of 36.4%.

Market size of the lithium-ion battery recycling industry, Global and China, 2020-2030E



Source: CIC

OVERVIEW OF THE GLOBAL AND CHINA'S SPECIALTY CHEMICALS INDUSTRY

Specialty chemicals are particular chemical products that provide a wide variety of effects on which many other industry sectors rely. Specialty chemicals include daily chemicals, agrichemicals, cleaning materials, construction chemicals, elastomers, fragrances and flavors, food additives, lubricants, paints, polymers, textile auxiliaries and etc. The Company's specialty chemicals business is mainly focused on daily chemicals, as well as silicone, rubber additives, and certain advanced materials.

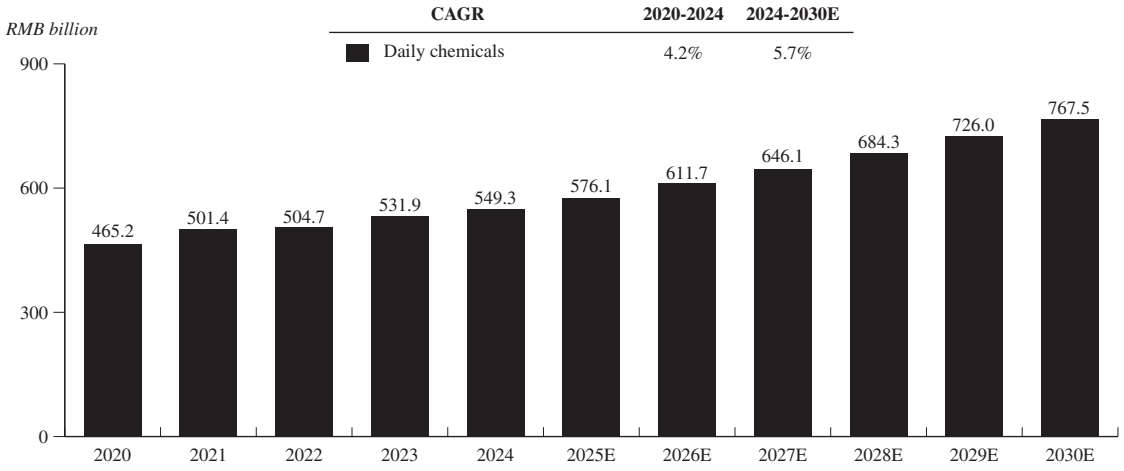
Overview of the daily chemicals industry

Daily chemicals refer to essential raw materials and functional additives used in the production of personal and home care products, such as detergents, skincare, haircare, and cosmetics. These materials include surfactants, emulsifiers, thickeners, humectants, preservatives, fragrances, active ingredients, and other auxiliary agents, which play critical roles in cleansing, moisturizing, emulsifying, preserving, and enhancing product efficacy and user experience. With the rising demand for safety, functionality, and sustainability, the daily chemical materials industry is shifting towards green, bio-based, and high-performance ingredients.

Market size of the daily chemicals industry

The daily chemicals market is substantial and continues to demonstrate steady growth, encompassing various segments such as surfactants and carbomers. Driven by rising living standards and increasing health awareness, demand for personal care and home care products has expanded, thereby propelling the overall development of the daily chemical materials market. The market size of daily chemicals grew from RMB465.2 billion in 2020 to RMB549.3 billion in 2024, representing a CAGR of 4.2% during the period. The global daily chemicals market is expected to maintain stable growth, with projections estimating the market size to reach RMB767.5 billion by 2030, further solidifying its position as a key pillar within the daily chemicals industry.

Market size of the daily chemicals market, Global, 2020-2030E



Source: CIC

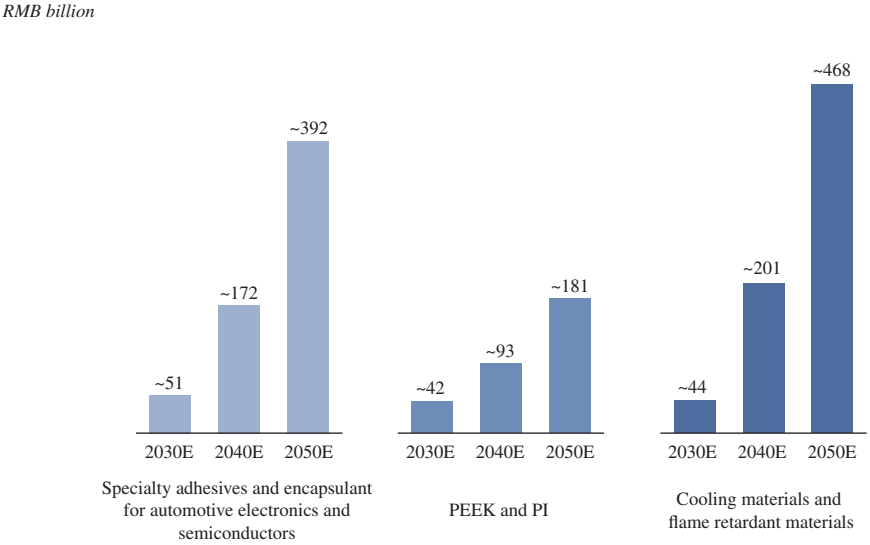
Competitive landscape of the daily chemical materials industry

Carbomer and amphoteric surfactants are two of the principal materials in the daily chemicals industry. Carbomer is a high-performance polymer commonly used as a thickener and stabilizer, while amphoteric surfactants are surface-active agents that carry both positive and negative charges depending on pH. In 2024, the company ranked as the world's second-largest producer of carbomer, with a 9.7% market share by shipment volume, serving a strong international customer base. The company is also the world's third-largest producer of amphoteric surfactants with a 10.6% market share by shipment volume.

OUTLOOK OF THE CERTAIN ADVANCED MATERIAL

With the accelerated development of new technologies and new economy, the demand landscape of advance materials are undergoing profound transformation. The widespread adoption of AI is continuously driving product performance enhancement and application upgrades, thereby unlocking new growth opportunities. At the same time, the rise of the new energy and semiconductor industries has fueled broad applications of advanced materials, including specialty adhesives and encapsulant for automotive electronics and semiconductors, high-performance polymer materials (such as PEEK and PI), as well as high-efficiency cooling materials and flame-retardant materials etc. These materials are rapidly penetrating into emerging fields such as intelligent driving, eVTOL, semiconductor, advanced engineering materials and AI thermal management, offering the industry a broader development prospect.

Market size of the certain advanced materials market, Global, 2030-2050E

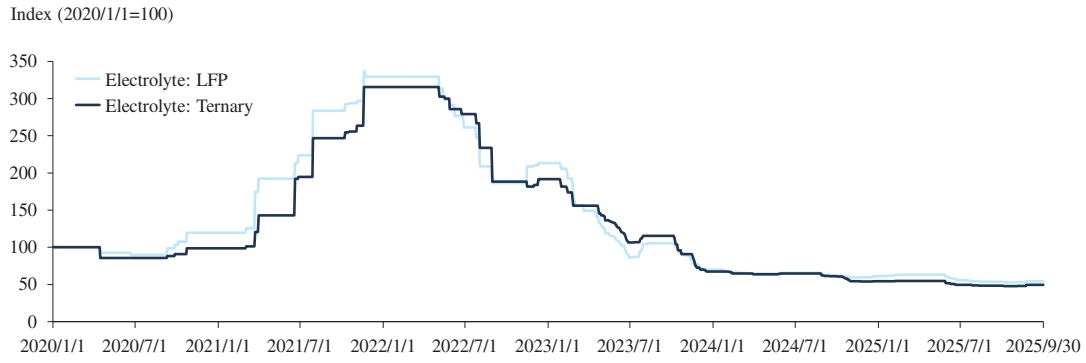


Source: CIC

PRICE ANALYSIS

Electrolytes are primarily categorized into LFP-type and ternary-type formulations. During the period from 2020 to September 2025, the price of LFP electrolyte recorded a peak of RMB112.8 thousand per ton and a low of RMB17.7 thousand per ton, while the price of ternary electrolyte recorded a peak of RMB121.5 thousand per ton and a low of RMB18.4 thousand per ton. Electrolyte prices rose from 2020 to 2022, driven by surging raw material costs and supply shortage of key materials such as lithium carbonate and $LiPF_6$, but dropped sharply from 2023 onward as upstream capacity expansion improved the supply of electrolyte raw materials, with capacity and supply growth outpacing downstream market demand growth, amid intensifying market competition that further exerted pressure on prices.

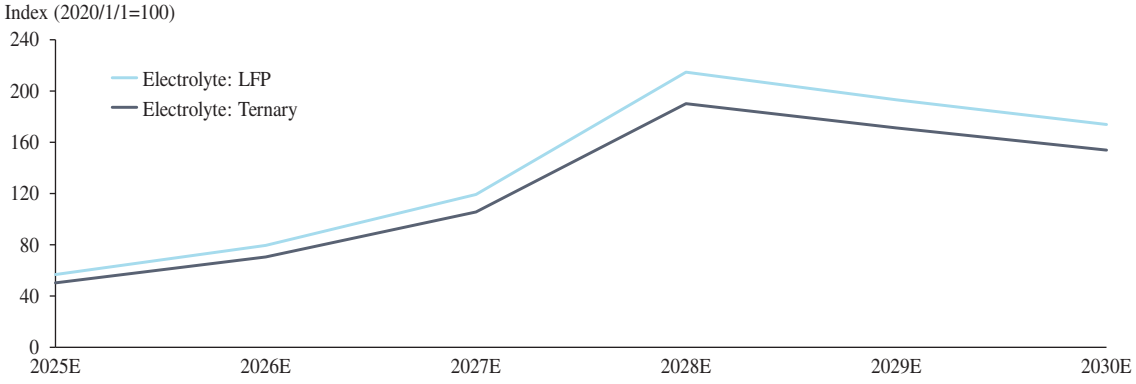
Daily average price index of electrolyte, China, 2020 – September 30, 2025



Source: CIC

During 2024–2025, electrolyte prices remained at relatively low levels, mainly due to declining raw material costs and ample market supply. In the second half of 2025, as end-market demand recovered and some raw material prices rose slightly, electrolyte prices began to stabilize and show a gradual upward trend. In the future, with the continuous expansion of downstream electric vehicle and energy storage markets and relatively slow upstream capacity growth, production is expected to struggle to meet demand. Therefore, electrolyte prices are likely to rise significantly again, exhibiting a phase of upward movement.

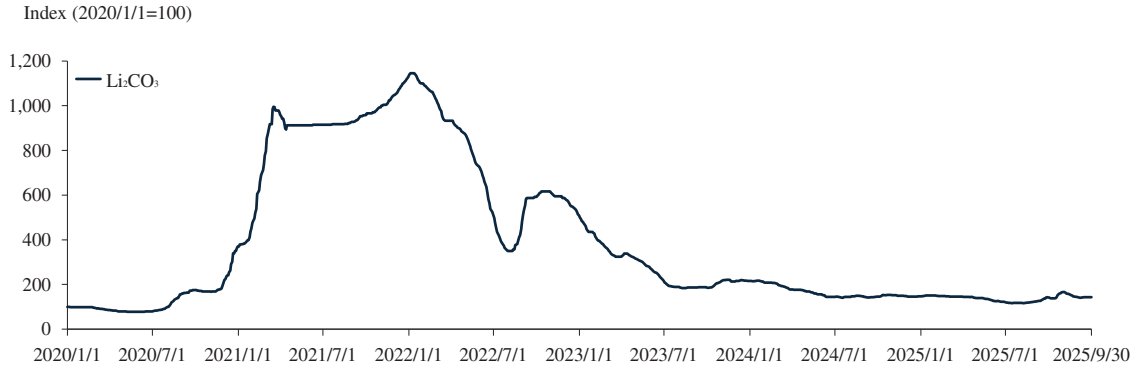
Price forecast of lithium-ion battery electrolyte, 2025-2030E



Source: CIC, GGII

Lithium carbonate (Li_2CO_3) is one of the major raw materials for the solute in electrolytes. The significant price increase from 2020 to 2022 was primarily driven the rapid growth of downstream demand coupled with limited incremental supply of lithium carbonate. As supply gradually increased, price began to decline. During the period from 2020 to September 2025, the price of Li_2CO_3 recorded a peak of RMB590.0 thousand per ton and a low of RMB40.0 thousand per ton.

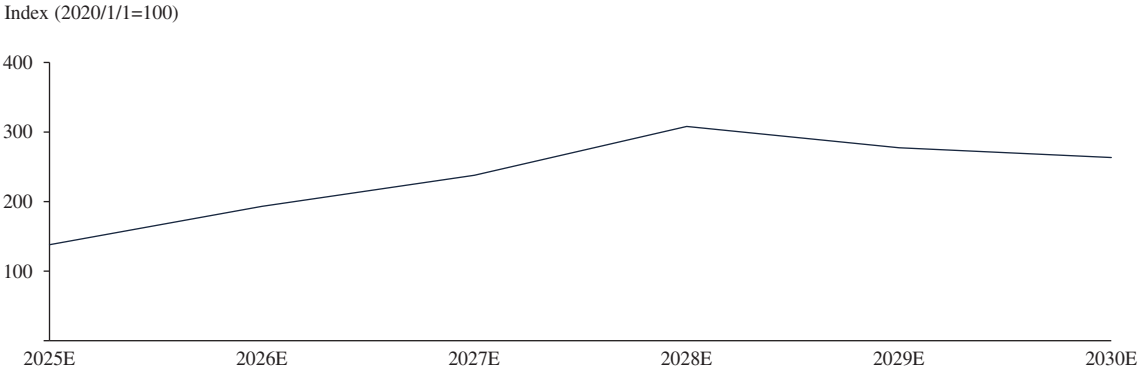
Daily average price index of lithium carbonate (Li_2CO_3), China, 2020 – September 30, 2025



Source: CIC

In recent years, lithium carbonate prices have remained at low and fluctuating levels. A In the second half of 2025, lithium carbonate prices began to rise again, mainly because after 2–3 years of low prices, lithium mining companies' enthusiasm for capacity expansion has declined, and production cannot keep pace with the growth in demand. The price of lithium carbonate undergoes daily dynamic adjustments and is highly sensitive to fluctuations in market supply and demand. Variations in upstream supply and downstream demand will both induce price volatility of the product. As a core raw material for electrolyte manufacturing, changes in lithium carbonate prices will be transmitted to the electrolyte sector, leading to a broadly consistent price trend between the two materials.

Price forecast of lithium carbonate, 2025-2030E



Source: CIC, GGII

DATA SOURCES AND RESEARCH METHODOLOGY

We have commissioned CIC to conduct an analysis and report on the global lithium battery materials and specialty chemicals market. CIC is a market research and consulting firm established in Hong Kong, engaged in providing professional consulting services across various industries. We have agreed to pay CIC a fee of RMB0.54 million for the preparation of the CIC Report. We have extracted certain information from the CIC Report in this section, as well as from the sections of "Summary," "Risk Factors," "Business," "Financial Information" and elsewhere in this Document. In addition, we have engaged GGII, which was commissioned by us for a fee of RMB0.15 million to prepare certain data and information in connection with the [**REDACTED**]. The data and information collected by CIC and GGII is independently prepared by CIC and GGII and is not subject to any influence from us or other interested parties. Unless otherwise specified, all data and forecasts contained in this section are sourced from the CIC Report and GGII.

The information and data collected by CIC have been analyzed, evaluated and verified using CIC's internal analysis models and techniques. Primary research is conducted through interviews with key industry experts and leading industry participants. Secondary research involves analyzing data from various public data sources such as the National Bureau of Statistics of China and various industry associations. The market forecasts in the CIC Report are made based on the following key assumptions: (1) in the forecast period, the overall social, economic and political environment globally and in China is expected to remain stable; (2) in the forecast period, relevant key industry drivers are likely to continue to drive the growth of the energy storage market, such as technological advancements, supportive policies, and the increasing downstream demand; and (3) in the forecast period, there will be no extreme force majeure events or unforeseeable industry regulations that could have a drastic or fundamental impact on the market.

Established in 2017, GGII's predecessor was a business unit under Shenzhen Gaogong Consulting Co., Ltd. GGII has been focusing on market research and consulting for emerging industries such as lithium-ion batteries, sodium-ion batteries, solid-state batteries, new energy storage, hydrogen energy and hydrogen fuel cells for more than 10 years. Data and information collected by GGII was primarily sourced from two categories: obtained by GGII through market research, cross-validation and prediction based on certain assumptions; as well as reference and citation of official websites of global government agencies, public company reports (including prospectuses, transfer instructions, annual reports, semi-annual reports, inquiry reports), and public reports issued by or authorized by other third-party institutions. Due to the research methods and data effectiveness, there may be discrepancies between the data collected by GGII and other third-party sources and the actual industry data.

INDUSTRIAL POLICIES FOR NEW ENERGY INDUSTRY

According to the Opinions on Completely, Accurately and Comprehensively Implementing New Development Concepts and Achieving Peak Carbon Neutrality promulgated by the Central Committee of the Communist Party of China and the State Council on September 22, 2021, the development of strategic emerging industries such as new energy, new materials, new energy vehicles, and green environmental protection shall be accelerated. We should also implement renewable energy replacement actions, vigorously develop wind power, solar energy, biomass energy, ocean energy, geothermal energy, etc., and continuously increase the consumption proportion of non- fossil energy. We should also accelerate the large- scale application of pumped storage and new energy storage. The development of new energy and clean energy vehicles and vessels shall be accelerated, and intelligent transportation shall be promoted. The construction of a convenient, efficient and moderately advanced battery charging and swapping network system shall be accelerated.

According to the Guiding Opinions on Promoting the Development of Energy Electronics Industry jointly promulgated by six authorities including the Ministry of Industry and Information Technology and the National Energy Administration on January 3, 2023, efforts should be made to overcome technical difficulties in the industrialization of new energy storage batteries and promote the large- scale application of advanced energy storage technologies and products. We should research into breakthroughs in key technologies in systems of ultra-long life and high security batteries, large-scale, large-capacity and efficient energy storage, energy storage for the movement of transport tools, and accelerate the research and development of solid batteries, sodium-ion batteries, hydrogen storage/fuel batteries and other new types of batteries. We should promote intelligent production technology and equipment, advanced integration and manufacturing techniques, performance testing and evaluation techniques. The capacity to guarantee key resources such as lithium, nickel, cobalt and platinum shall be improved, and the development and application of alternative materials shall be strengthened. We should promote hybrid energy storage systems based on complementary power-type and energy-type electrochemical energy storage technologies. We support the establishment of whole-lifecycle traceability management platforms for lithium-ion batteries and other devices, carry out research on accounting standards and methods for battery carbon footprint, and explore the establishment of a carbon emission management system for battery products.

According to the Opinions of the Central Committee of the Communist Party of China and the State Council on Accelerating the Comprehensive Green Transformation of Economic and Social Development jointly promulgated by the Central Committee of the Communist Party of China and the State Council on July 31, 2024 with effect on the same day, low-carbon transportation tools shall be promoted. We should vigorously promote new energy vehicles and promote electrification and replacement of urban public service vehicles. We should promote ships, aircraft, and non-road mobile machinery to use clean power, accelerate the elimination of old means of transport, and promote zero-emission freight transport. We should strengthen the research and development and application of sustainable aviation fuel, and encourage the research and development, production and application of net zero-emission marine fuel. By 2030, the carbon emission intensity of operating vehicles per converted turnover shall have decreased by about 9.5% from that in 2020. By 2035, new energy vehicles shall have become the mainstream of newly sold vehicles.

INDUSTRIAL POLICIES FOR DAILY CHEMICAL MATERIALS AND SPECIALIZED CHEMICALS

The National People's Congress promulgated the Fifteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China on March 13, 2026, which sets forth the objective of developing and expanding emerging industries and accelerating the growth of strategic emerging industries, including next-generation information technology, new energy, new materials, intelligent connected new energy vehicles, robotics, biomedicine, high-end equipment, and aerospace. In the emerging battery sector, the Plan emphasizes accelerating the development of key materials such as high-capacity electrode materials, high-conductivity

electrolyte materials, and composite current collectors; advancing research and development of high-end manufacturing equipment and processes such as high-precision coating and high-speed stacking; and expanding the application of high-safety, high-energy-density batteries in areas such as new intelligent terminals, new energy storage, and electric transportation vehicles.

The Implementation Plan for the Innovative Development of Fine Chemical Industry (2024-2027) promulgated by the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Ecology and Environment, the Ministry of Agriculture and Rural Affairs, the Ministry of Emergency Management, the Chinese Academy of Sciences, the Chinese Academy of Engineering, and the National Energy Administration on July 2, 2024, proposes that "we should focus on strengthening the high-value utilization of fluorine, silicon, phosphorus and other mineral resources, and developing super-clean and high-purity hydrofluoric acid, special fluorine-containing monomers, fourth-generation fluorine-containing refrigerants and other fluorine-containing chemicals, high-quality fluorine resin, high-performance fluorine-containing rubber and other fluorine-containing new materials; new organosilicon monomers and high-performance silicone oil, silicone rubber, silicone resin and other advanced silicon materials; phosphorus-based new energy materials, high-performance phosphorus-containing flame retardants, plasticizers, water purifying agents, pharmaceutical pesticide intermediates, black phosphorus-based materials and other high-value phosphorus-containing chemicals."

The Several Provisions on Supporting Innovation of Cosmetic Ingredients promulgated by the NMPA on January 26, 2025 propose to support the innovation and application of new ingredients, and implement early intervention and whole-process guidance for new ingredients that meet certain conditions, such as new ingredients to be first marketed for use in China and developed by applying modern science and technology and combining with China's traditional advantages and characteristic plant resources, and enhance the quality of research and development and the speed of application of new ingredients; special review channels shall be set up for those applying for registration of new ingredients and special cosmetics using the aforesaid new ingredients that meet the above conditions, and give priority to review and accelerate the marketing of new ingredients and products.

COMPANY LAW

According to the Company Law of the People's Republic of China (the "**Company Law**") last revised on December 29, 2023 and effective as of July 1, 2024 by the Standing Committee of the National People's Congress (the "**NPC Standing Committee**") of the People's Republic of China, both limited liability companies and joint stock limited companies established in the People's Republic of China have legal person status. Shareholders of a limited liability company are liable to the company to the extent of their respective capital contributions; shareholders of a joint stock limited company are liable to the company to the extent of their respective subscribed shares. The Company Law also applies to foreign investment enterprises. Where there are special provisions in foreign investment laws, such provisions shall prevail.

LAWS AND REGULATIONS RELATING TO WORK SAFETY, CHEMICALS, ENVIRONMENTAL PROTECTION AND ENERGY CONSERVATION REVIEW

Work Safety

According to the Work Safety Law of the People's Republic of China last revised on June 10, 2021 and effective on September 1, 2021 by the Standing Committee of the National People's Congress, entities engaging in production and operation activities within the territory of China shall meet the work safety conditions stipulated in the Work Safety Law of the People's Republic of China and other relevant laws, administrative regulations, national standards, and industry standards; those that do not meet the work safety conditions are not allowed to engage in production and operation activities. Production and operation entities shall strengthen work safety

management, establish and improve an all-staff work safety responsibility system and rules and regulations on work safety, increase investment and guarantee of work safety funds, materials, technology, and personnel, improve work safety conditions, strengthen work safety standardization and information construction, establish a dual prevention mechanism of safety risk grading control and hidden danger troubleshooting and addressing, improve the risk prevention and resolution mechanism, and improve the level of work safety to ensure work safety.

According to the Regulations on Work Safety Licenses last amended on July 29, 2014 by the State Council and effective on the same day, the State implements a work safety licensing system for mining enterprises, construction enterprises, and enterprises producing hazardous chemicals, fireworks and civil explosives. Without a work safety license, such enterprises are not allowed to engage in production activities. After obtaining a work safety license, an enterprise may not lower its work safety conditions, and shall strengthen its routine work safety management and be subject to the supervision and inspection of the administrative department from which the license is issued.

According to the Regulations on Emergency Responses to Work Safety Accidents promulgated on February 17, 2019 by the State Council and effective on April 1, 2019, production and operation entities shall strengthen emergency responses to work safety accidents and establish and improve the work safety accident emergency responsibility system, and the person chiefly in charge of such entities shall be fully responsible for the entity's emergency responses to work safety accidents.

Chemicals

Hazardous Chemicals

According to the Regulations on the Safety Administration of Hazardous Chemicals last amended on December 7, 2013 and effective on the same day by the State Council, the Regulations are applicable to the safety administration of the production, storage, use, operation and transportation of hazardous chemicals. Hazardous chemicals refer to hyper- toxic chemicals and other chemicals with the nature of toxicity, corrosion, explosion, flammability and combustion-supporting, which are harmful to human body, facilities and environment. The Catalogue of Hazardous Chemicals shall be determined and announced by the work safety supervision and administration department of the State Council in conjunction with the administrative departments of the State Council in charge of industry and information technology, public security, environmental protection, health, quality supervision, inspection and quarantine, transportation, railway, civil aviation, and agriculture. No entity or individual may produce, operate or use hazardous chemicals whose production, operation and use are prohibited by the State. Where the State has any restrictive provisions on the use of hazardous chemicals, no entity or individual may use such chemicals in violation of such restrictive provisions.

According to the Measures for the Safety Supervision and Administration of Construction Projects of Hazardous Chemicals, last amended on May 27, 2015 and effective on July 1, 2015 by the Ministry of Emergency Management (the former State Administration of Work Safety), the new construction, reconstruction and expansion projects of production and storage of hazardous chemicals and the chemical construction projects with the generation of hazardous chemicals within the territory of the People's Republic of China are subject to safety review. Without the safety review and the acceptance of safety facilities upon completion, the construction project shall not start construction or be put into production (use).

According to the Measures for the Administration of Registration of Hazardous Chemicals, promulgated on July 1, 2012 and effective on August 1, 2012 by the Ministry of Emergency Management (the former State Administration of Work Safety), the State adopts a registration system for hazardous chemicals. A newly established producer shall go through the hazardous chemical registration prior to the completion and acceptance thereof. An importer shall go through the hazardous chemical registration prior to its first import. The original and duplicate of the hazardous chemical registration certificate shall indicate the serial number of the certificate, the

name, registered address and nature of the enterprise, the registered type of hazardous chemical, the term of validity, issuing authority and date of issuance, etc. The nature of the enterprise shall be indicated if it is a producer, importer or producer (importer) of hazardous chemicals.

Chemicals Liable to Producing Drugs

According to the Administrative Regulations on Precursor Chemicals, last amended on September 18, 2018 and effective on the same day by the State Council, and the Measures for the Licensing for Production and Operation of Non- pharmaceutical Precursor Chemicals promulgated on April 5, 2006 and effective on April 15, 2006 by the Ministry of Emergency Management (the former State Administration of Work Safety), the State applies the classified administration and licensing system to the production, operation, purchase, transportation and import and export of precursor chemicals. Whoever produces or operates a non-pharmaceutical precursor chemical of Class II or Class III shall go through the archival filing of production or operation of the non-pharmaceutical precursor chemical. Whoever produces a non-pharmaceutical precursor chemical of Class II or Class III shall report the varieties under production, the quantity and etc. to the supervision and administration department of work safety of the local people's government at the district city level for archival filing within 30 working days as of the day of production.

Environmental Protection

According to the Environmental Protection Law of the People's Republic of China, last amended on April 24, 2014 and effective on January 1, 2015 by the Standing Committee of the National People's Congress, any entity which discharges or is about to discharge pollutants in its operation or other activities must adopt effective environmental protection measures to control and properly dispose of waste gas, wastewater, waste residue, dust, malodorous gas, radioactive substances, noise, vibration, electromagnetic radiation and other hazardous substances generated from the relevant activities. The State implements a pollutant discharge licensing management system according to the law.

Pollutant Discharge Licensing

According to the Administrative Regulations on Pollutant Discharge Licensing which was promulgated on January 24, 2021 and was effect on March 1, 2021 by the State Council, enterprises, public institutions and other producers and operators that are subject to pollutant discharge licensing management shall discharge pollutants in accordance with the Regulations, and shall not discharge pollutants without a pollutant discharge license. Competent environmental protection authorities shall impose administrative penalties on individuals and enterprises that violate the Environmental Protection Law of the People's Republic of China, such as fines, orders to make corrections, restrictions on production, production suspension for rectification, orders to cease business, etc.

According to the Administrative Measures on Pollutant Discharge Licensing promulgated on April 1, 2024 by the MEE and effective on July 1, 2024, enterprises, public institutions and other producers and operators that are subject to pollutant discharge licensing management in accordance with the law shall apply for a pollutant discharge license in accordance with the law and discharge pollutants in accordance with the provisions of the pollutant discharge license; no pollutant discharge is allowed without a pollutant discharge license. Enterprises, public institutions and other producers and operators that are required to fill in a pollutant discharge registration form in accordance with the law shall conduct pollutant discharge registration on the national pollutant discharge license information management platform.

According to the Catalog of Classified Management of Pollutant Discharge Licenses for Stationary Pollution Sources (2019 Edition) promulgated by the MEE on December 20, 2019 and effective on the same day, pollutant discharge entities shall be subject to key management, simplified management and registration-based management of pollutant discharge licensing based

on the quantity of pollutants generated and discharged, degree of environmental impact and other factors. Pollutant discharge entities with a relatively large quantity of pollutants generated or discharged or a relatively large degree of environmental impact shall be subject to key management of pollutant discharge licensing; Pollutant discharge entities with a relatively small quantity of pollutants generated or discharged or a relatively small degree of environmental impact shall be subject to simplified management of pollutant discharge licensing. Pollutant discharge entities with a very small quantity of pollutants generated or discharged or a very small degree of environmental impact shall be subject to the registration management of pollutant discharge licensing. Pollutant discharge entities subject to registration management are not required to apply for a pollutant discharge license; instead, they shall fill in pollutant discharge registration forms on the national pollutant discharge license information management platform, registering their basic information, whereabouts of pollutants discharged, pollutant discharge standards implemented, pollution prevention and control measures adopted, etc.

Solid Wastes

According to the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, which was last revised on April 29, 2020 and entered into force on September 1, 2020 by the Standing Committee of the National People's Congress, any entity or individual generating or collecting, storing, transporting, utilizing or disposing of solid wastes shall adopt measures to prevent or reduce environmental pollution by solid wastes and shall assume liability for any resulting environmental pollution. If there are hazardous wastes among solid wastes, such wastes shall be managed as hazardous wastes.

Fire Control

According to the Fire Control Law of the People's Republic of China which was last revised on April 29, 2021 by the Standing Committee of the National People's Congress and entered into force on the same day, the emergency management department under the State Council and the emergency management departments of local people's governments at or above the county level shall supervise and administer the fire control work. The fire control design and construction of a construction project must conform to the national fire control technology standards for construction of projects.

According to the Interim Administrative Provisions on the Examination and Acceptance of Fire Control Design for Construction Projects which was last revised on August 21, 2023 by the Ministry of Housing and Urban-Rural Development and implemented on October 30, 2023, special construction projects prescribed in Article 14 of the Interim Administrative Provisions on the Examination and Acceptance of Fire Control Design for Construction Projects shall be subject to the fire control design examination and fire control acceptance. Construction projects other than special construction projects which require fire control design in accordance with the national fire control technology standards for construction of projects shall be subject to filing and random check for fire control acceptance.

Energy Conservation Review

According to the Energy Conservation Law of the People's Republic of China which was last revised on October 26, 2018 by the Standing Committee of the National People's Congress and entered into force on the same day, the State implements the energy conservation assessment and review system for fixed asset investment projects. For projects that do not meet the mandatory energy conservation standards, the developer shall not commence construction; and if such projects have been completed, they shall not be put into production or use.

According to the Measures for the Energy Conservation Review of Fixed Asset Investment Projects which was revised by the National Development and Reform Commission on March 28, 2023 and entered into force on June 1, 2023, the opinions on the energy conservation review of

fixed asset investment projects are an important basis for the commencement of construction, completion acceptance and operation management of projects. For government-invested projects, the developer shall obtain the opinions on energy conservation review issued by the energy conservation review authority before submitting the project feasibility study report. For enterprise-invested projects, the developer shall obtain the opinions on energy conservation review before the commencement of construction. For projects which have not undergone or failed to pass the energy conservation review, the developer shall not commence construction and the projects which have been completed shall not be put into production or use.

LAWS AND REGULATIONS RELEVANT TO PRODUCT QUALITY

According to the Product Quality Law of the People's Republic of China which was last revised on December 29, 2018 and entered into force on the same day by the Standing Committee of the National People's Congress, the market supervision and administration department under the State Council is in charge of national supervision of product quality. Producers are prohibited from producing or selling products that do not meet the standards and requirements for protection of human health and personal and property safety. The products shall not contain any unreasonable dangers which endanger personal and property safety. If personal injury or damage to the property of others is caused due to the defects of products, the victims may claim compensation against producers or sellers of such products. Producers and sellers of unqualified products may be ordered to cease production or sales and may face confiscation of products and/or fines; if there are illegal gains, such gains shall be confiscated concurrently; if the circumstance is serious, the business license may be revoked.

According to the Civil Code of the People's Republic of China which was promulgated by the National People's Congress on May 28, 2020 and entered into force on January 1, 2021, producers shall bear tortious liability for damages caused to others due to the defects of their products. The injured party may seek compensation from either the producer or the seller of such products for damages caused to others due to the defects of such products. If the product defect is caused by the producer, the seller shall have the right to recover the same from the producer after paying compensation. If the product defect is caused by the seller, the producer shall have the right to recover the same from the seller after paying compensation. If the product defect endangers the personal or property safety of others, the injured party shall have the right to request producers and sellers to bear tortious liability such as cessation of infringement, removal of obstruction, elimination of danger, etc.

LAWS AND REGULATIONS RELEVANT TO IMPORT AND EXPORT

According to the Customs Law of the People's Republic of China which was last revised on April 29, 2021 and entered into force on the same day by the Standing Committee of the National People's Congress, the customs is the supervisory and administrative agency for entry and exit of customs territory, and has the power, in accordance with the relevant laws and administrative regulations, to supervise and control the means of transport, goods, luggage, postal items and other articles entering or leaving the territory, to collect customs duties and other taxes and fees, to uncover and suppress smuggling, to compile customs statistics and to handle other customs operations. A customs declaration agent refers to a consignor or a consignee of exported or imported goods or a customs declaration enterprise which is filed for record with the customs. A consignor or a consignee of exported or imported goods may complete customs declaration formalities by itself or entrust a customs declaration agency to do so.

LAWS AND REGULATIONS REGARDING FOREIGN TRADE AND TECHNOLOGY EXPORT

According to the Foreign Trade Law of the People's Republic of China, which was last revised on December 30, 2022 and entered into force on the same day by the Standing Committee of the National People's Congress, the State may restrict or prohibit the import or export of relevant goods

or technologies for the following reasons: (i) it is necessary to restrict or prohibit the import or export of goods or technologies to maintain national security, social public interests or public morality; (ii) it is necessary to restrict or prohibit the import or export of goods or technologies to protect human health or safety, the life or health of animals and plants, or the environment; (iii) it is necessary to restrict or prohibit the import or export of gold or silver because of implementation of measures relating to import or export of gold or silver; (iv) it is necessary to restrict or prohibit the export of natural resources that are in short supply at home or to effectively protect natural resources that might be exhausted; (v) it is necessary to restrict the export of goods due to limited market capacity in the importing country or region; (vi) it is necessary to restrict the export of goods due to serious disruptions in the order of export operations; (vii) it is necessary to restrict the import of goods in order to establish or speed up establishing specific industries at home; (viii) it is necessary to restrict the import of agricultural, animal husbandry or fishery products in any form; (ix) it is necessary to restrict the import of goods or technologies in order to maintain the State's international financial status and international balance of payments; (x) it is necessary to restrict or prohibit the import or export of goods due to other circumstances in accordance with laws and administrative regulations; (11) it is necessary to restrict or prohibit the import or export of goods according to the provisions of international treaties or agreements to which China is a contracting party or a party.

According to the Regulations of the People's Republic of China on the Administration of the Import and Export of Technology last revised on November 29, 2020 by the State Council and implemented on the same day, the term "import and export of technology" refers to the act of transferring technology from outside the territory of the People's Republic of China to inside the territory of the People's Republic of China or from inside the territory of the People's Republic of China to outside the territory of the People's Republic of China by way of trade, investment or economic and technical cooperation, including the transfer of patent right, the transfer of patent application right, the licensing of patent implementation, the transfer of technical secrets, the technical services and other forms of technology transfer. The competent foreign trade department under the State Council shall, in conjunction with other relevant departments under the State Council, formulate, regulate and publish a list of technologies that are prohibited from being exported or where export is restricted. Technologies prohibited from being exported shall not be exported. Technologies restricted from being exported shall be subject to licensing administration; and shall not be exported without licensing.

LAWS AND REGULATIONS RELEVANT TO INTELLECTUAL PROPERTY RIGHTS

Patents

According to the Patent Law of the People's Republic of China which was last revised on October 17, 2020 and entered into force on June 1, 2021 by the Standing Committee of the National People's Congress, the patent administrative department of the State Council is responsible for administration of patent work nationwide, accepts and examines patent applications in a unified manner, and grants patent rights pursuant to the law. The patent administrative department of the people's government of a province, an autonomous region or a municipality directly under the central government is responsible for patent administration work within its administrative region. Any invention or utility model for which a patent right may be granted must possess novelty, inventiveness and practical applicability. Patents are classified into three categories, namely, patents for inventions, patents for utility models, and patents for industrial designs. The duration of a patent right for an invention shall be twenty years, that for a utility model ten years, and that for a design fifteen years, all commencing from the date of filing. After the grant of a patent right for an invention, utility model or design, except where otherwise provided for in the Patent Law of the People's Republic of China, no entity or individual may exploit the patent without the authorization of the patentee.

Trademarks

According to the Trademark Law of the People's Republic of China which was last revised on April 23, 2019 and entered into force on November 1, 2019 by the Standing Committee of the National People's Congress and the Implementing Regulations of the Trademark Law of the People's Republic of China which was last revised on April 29, 2014 and entered into force on May 1, 2014 by the State Council, the trademarks registered with the Trademark Office of China National Intellectual Property Administration are registered trademarks, including commodity trademarks, service trademarks, collective trademarks and certification trademarks. The validity period of a registered trademark shall be 10 years, commencing from the date of registration. Where a trademark registrant intends to continue using the registered trademark upon expiry of the validity period, it shall complete renewal formalities pursuant to the provisions within the 12-month period prior to expiry of the validity period. A trademark registrant may execute a trademark licensing contract to license the use of its registered trademark to others. Without licensing by the trademark registrant, using a trademark similar to a registered trademark on the same type of commodities, or using a trademark identical or similar to the registered trademark on similar commodities, which easily causes confusion, shall be deemed as infringement upon the exclusive right to use a registered trademark. In the case of infringement upon the exclusive right to use a registered trademark, the infringer shall cease the infringement, confiscate and destroy the infringing commodities and the tools mainly used for manufacturing the infringing commodities and forging the logo of the registered trademark.

Trade Secrets

According to the Anti-unfair Competition Law of the People's Republic of China (the "**Anti-Unfair Competition Law**") last revised on April 23, 2019 by the Standing Committee of the National People's Congress and entered into force on the same day, trade secrets refer to business information, such as technical and business information, which is unknown to the public, has commercial value, and for which the right holder has adopted corresponding measures for confidentiality. Business operators shall not engage in any of the following infringements upon trade secrets: (1) obtaining a right holder's trade secrets by theft, bribery, fraud, coercion, electronic intrusion or other improper means; (2) disclosing, using, or allowing others to use a right holder's trade secrets obtained by the means mentioned in the preceding paragraph; (3) disclosing, using, or allowing others to use a right holder's trade secrets in violation of confidentiality obligations or a right holder's requirements on keeping such trade secrets confidential; and (4) instigating, inducing or assisting others to violate confidentiality obligations or a right holder's requirements on keeping such trade secrets so as to obtain, disclose, use, or allow others to use a right holder's trade secrets. Any natural person, legal person or unincorporated organization other than a business operator that engages in any of the illegal activities listed in the preceding paragraph shall be deemed to have infringed upon trade secrets. Where a third party knows or should know that an employee, former employee of a right holder of trade secrets, or any other entity or individual, has engaged in any of the illegal activities mentioned in the preceding paragraph, but still obtains, discloses, uses or allows others to use such trade secrets, such practice shall be deemed to have infringed upon the trade secrets. Where a business operator or any other natural person, legal person or unincorporated organization infringes upon a trade secret in violation of regulations, the supervision and inspection authorities shall order it to cease the illegal act, confiscate illegal income and impose a fine against it.

LAWS AND REGULATIONS REGARDING LABOR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labor Law; labor contract

According to the Labor Law of the People's Republic of China last amended by the Standing Committee of the National People's Congress on December 29, 2018 and entered into force on the same day, the Labor Contract Law of the People's Republic of China last amended by the Standing

Committee of the National People's Congress on December 28, 2012 and entered into force on July 1, 2013, and the Regulations on the Implementation of the Labor Contract Law of the People's Republic of China promulgated by the State Council on September 18, 2008 and entered into force on the same day, a written labor contract shall be concluded for the establishment of labor relationship between an employer and an employee. The labor contract concluded according to law shall be legally binding, and the obligations stipulated therein shall be performed by the employer and the employee. Employers shall establish and improve labor rules and regulations according to law to ensure that employees enjoy labor rights and perform labor obligations. Employers shall strictly comply with the labor quota standard, and shall not force or in a disguised form force any employee to work overtime. Employers that require employees to work overtime shall pay overtime wages to employees in accordance with the relevant regulations of the State. In addition, the salary of an employee shall not be lower than the local minimum wage standard and shall be paid to the employee in a timely manner.

Social Insurance

According to the Social Insurance Law of the People's Republic of China last amended by the Standing Committee of the National People's Congress on December 29, 2018 and entered into force on the same day and other laws and regulations, employers in the PRC shall provide their employees with social insurance covering basic pension insurance, basic medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and work-related injury insurance. If an employer fails to pay the aforesaid social insurance in accordance with the relevant provisions, it may be ordered to pay or complement the social insurance within a time limit, and if it fails to pay the social insurance within the prescribed time limit, the employer may be imposed a fine.

Housing Fund

According to the Regulation on the Administration of the Housing Fund last amended by the State Council on March 24, 2019 and entered into force on the same day, housing fund refers to the long-term housing savings contributed by employers and their in-service employees. Employers in the PRC shall pay housing fund for their employees in accordance with the relevant provisions. In case of failure to pay housing fund contributions within a time limit or underpayment of housing fund contributions, an employer may be ordered by the housing fund management center to pay the outstanding housing fund contributions within a time limit, and if it fails to pay the outstanding housing fund contributions within the time limit, the employer may apply to the people's court for enforcement.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE AND OUTBOUND INVESTMENT

Foreign Exchange

According to the Administrative Regulations on Foreign Exchange of the People's Republic of China last amended on August 5, 2008 and implemented on the same day by the State Council, foreign exchange under current account items (refer to transactions involving goods, services, income and current transfers, etc. in international balance of payments) can be converted into other currencies. With respect to capital account items (refer to capital transfers, direct investments, securities investments, derivatives and loans, etc.), domestic direct investments by foreign institutions and individuals shall be subject to registration with foreign exchange administrative authorities upon the approval of relevant competent authorities. Domestic institutions and individuals making overseas direct investments or engaging in overseas issuance and trading of negotiable securities and derivatives shall make the appropriate registrations in accordance with the provisions of the State Council foreign exchange administrative department.

According to the Circular of the State Administration of Foreign Exchange on Issues Concerning the Administration of Foreign Exchange Involved in Overseas Listing promulgated and implemented by the State Administration of Foreign Exchange on December 26, 2014, a domestic company shall, within 15 working days upon the completion of its overseas listing issuance, carry out overseas listing registration with the local SAFE office on the strength of relevant materials. The funds raised by a domestic company through overseas listing may be repatriated back to the PRC or deposited overseas, and the use of such funds shall be consistent with the contents as listed in the prospectus or the corporate bond prospectus, circular to shareholders, resolution of the board of directors or the shareholders' general meeting, and other publicly disclosed documents.

According to the Circular of the People's Bank of China on Further Improving Policies of Renminbi Cross-border Business to Promote Trade and Investment Facilitation, promulgated and implemented by the People's Bank of China on January 5, 2018, funds raised by a domestic company through issuance of Renminbi bond abroad may be repatriated to the PRC according to the actual needs. The funds raised by a domestic company through overseas stock issuance in RMB may be repatriated to the PRC according to the actual needs.

According to the Circular of the State Administration of Foreign Exchange on Further Deepening the Reform to Promote Cross-border Trade and Investment Facilitation, promulgated and implemented by the State Administration of Foreign Exchange on December 4, 2023, the capital of non-financial enterprises, foreign exchange receipts under foreign debts, and Renminbi funds obtained from foreign exchange settlement thereof shall be used in accordance with the principles of authenticity and self-use, and shall not be directly or indirectly used for expenditures prohibited by national laws and regulations; except as otherwise expressly provided, shall not be directly or indirectly used for securities investment or other investment and wealth management (excluding wealth management products and structured deposits with risk rating results of no higher than Grade II); shall not be used for granting loans to non- affiliated enterprises (excluding four areas, namely, Lin-gang Special Area of China (Shanghai) Pilot Free Trade Zone, Guangzhou Nansha New Area of China (Guangdong) Pilot Free Trade Zone, Yangpu Economic Development Zone of China (Hainan) Pilot Free Trade Port, and Beilun District of Ningbo, Zhejiang Province); and shall not be used for purchasing non-self-use residential real estate (excluding enterprises engaged in real estate development or leasing).

LAWS AND REGULATIONS REGARDING SUPERVISION OF FOREIGN INVESTMENT

According to the Foreign Investment Law of the People's Republic of China promulgated by the National People's Congress on March 15, 2019, effective as of January 1, 2020, and the Implementing Regulations of the Foreign Investment Law of the People's Republic of China promulgated by the State Council on December 26, 2019, effective as of January 1, 2020, China adopts a pre-entry national treatment plus negative list management system for foreign investment. Foreign investors are not allowed to invest in sectors prohibited by the negative list, while foreign investors are allowed to invest in sectors restricted by the negative list if investment by foreign investors meets the investment conditions stipulated under the negative list. For sectors not mentioned in the negative list, management shall be conducted in accordance with the principle of consistency of domestic and foreign investment. Meanwhile, as needed for national economic and social development, the State develops the Catalogue of Encouraged Industries for Foreign Investment, specifying the specific industries, sectors and regions to encourage and guide investments by foreign investors.

The current industry access regulations for foreign investors to carry out investment activities in China are set out in two Catalogues: the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024) jointly promulgated by the National Development and Reform Commission and the Ministry of Commerce on September 6, 2024 and effective as of November 1, 2024, and the Catalogue of Encouraged Industries for Foreign Investment (Edition 2022) jointly promulgated by the National Development and Reform Commission and the Ministry of Commerce on October 26, 2022 and effective as of January 1, 2023. Under the Catalogue, foreign

investment businesses are divided into three categories, namely, the encouraged business, the restricted business and the prohibited business. Industries not listed in the above three categories are permitted for foreign investment, unless specially restricted by other laws and regulations in China.

LAWS AND REGULATIONS ON OVERSEAS ISSUANCE AND LISTING OF SECURITIES BY DOMESTIC ENTERPRISES

The Securities Law of the People's Republic of China, last revised by the Standing Committee of the National People's Congress on December 28, 2019 and effective on March 1, 2020, has conducted a comprehensive supervision on the securities market activities in China, including the issuance and trading of securities, the acquisition of listed companies, stock exchanges and securities companies, and the duties of securities regulatory authorities. The Securities Law of the People's Republic of China further stipulates that domestic enterprises which issue securities overseas directly or indirectly or list securities overseas shall comply with the relevant provisions of the State Council, and the specific measures for subscription, purchase and sale of shares of domestic companies in China in foreign currencies shall be separately formulated by the State Council. The CSRC is the securities regulatory authority established by the State Council and responsible for regulating the securities market in accordance with the law, maintaining market order and ensuring the lawful operation of the market. Currently, the issuance and trading of H shares are mainly subject to the rules and regulations promulgated by the State Council and the CSRC.

According to the Trial Measures for Overseas Listing promulgated on February 17, 2023 and effective as of March 31, 2023 by the China Securities Regulatory Commission ("**CSRC**"), a domestic enterprise that intends to launch an overseas initial public offering or listing shall file the application with the CSRC within three working days after the submission of the offering and listing overseas.

According to the Provisions on Strengthening the Confidentiality and Archives Management of Overseas Issuance and Listing of Securities by Domestic Enterprises, last revised on February 24, 2023 and effective on March 31, 2023 by the China Securities Regulatory Commission, the Ministry of Finance, the State Secrecy Bureau and the State Archives Administration, during the activities of overseas issuance and listing of shares by domestic enterprises, the securities companies and securities service institutions providing corresponding services for such domestic enterprises shall strictly comply with the relevant laws and regulations of China as well as the requirements thereof, strengthen the legal awareness of protecting state secrets and strengthening archives management, establish and improve the confidentiality and archives system, adopt necessary measures to implement the responsibilities of confidentiality and archives management, and shall not disclose state secrets or work secrets of government agencies or harm national and public interests. Where a domestic enterprise provides or publicly discloses any document or material involving state secrets or work secrets of government agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses such document or material through its overseas listing subjects, the domestic enterprise shall report the same to the competent authority for examination and approval for approval and file the same with the secrecy administrative department at the same level for record.

MOROCCO REGULATORY OVERVIEW

Law n°03-22 (Investment Charter)

Law n°03-22, known as the Investment Charter, constitutes a fundamental reform of the legal and institutional framework governing investment in the Kingdom of Morocco. Promulgated on 9 December 2022, this legislation consolidates and modernizes the principles and mechanisms applicable to investment, with a view to ensuring greater legal certainty, transparency, and

predictability for both domestic and foreign investors. It establishes a unified system of incentives and guarantees, harmonizes existing sectoral provisions, and redefines the role of public authorities in supporting and facilitating investment. Furthermore, the law provides a comprehensive framework for contractual arrangements between the State and investors, notably through investment agreements.

In addition to setting general rules, Law n°03-22 introduces differentiated incentive regimes designed to encourage projects that contribute to the achievement of national economic and social objectives. These include the promotion of sustainable job creation, regional and territorial equity, innovation and industrial integration, as well as the acceleration of Morocco's ecological and energy transition. The law also creates new governance structures, such as the National Investment Commission and regional entities, tasked with monitoring, coordinating, and evaluating the implementation of investment policies. By enshrining these principles into binding legislation, the Investment Charter seeks to enhance the attractiveness of Morocco's investment climate, while ensuring that private capital serves the broader objectives of inclusive and sustainable development.

Decree n°2-23-1 (Investment Decree)

Decree n°2-23-1, promulgated on 16 February 2023, operationalizes the main investment support mechanism and the specific support mechanism applicable to strategic investment projects, as mandated by Article 40 of Law n°03-22.

The main investment support mechanism, as provided under Article 6 of the Investment Decree, applies to projects meeting either of two thresholds: an investment amount equal to or greater than MAD 50 million with the creation of 50 to 149 stable jobs, or the creation of at least 150 stable jobs regardless of the investment amount. This mechanism operates through three schemes. The common scheme grants financial support based on criteria such as the number of permanent jobs created, gender inclusion, promotion of future or technology-upgrading projects including renewable energy, sustainable development impact, and local integration. The territorial scheme provides differentiated incentives depending on whether the project is located. Finally, the sectoral scheme supports priority industries by granting financial support to projects in sectors such as industry, tourism, cultural and digital industries, renewable energy, waste recycling, and logistics. Together, these schemes create a structured framework of incentives intended to align private investment with Morocco's economic, social, and territorial development objectives.

Under the Decree n°2-23-1, strategic investment projects, defined as those exceeding 2 billion dirhams and contributing significantly to national priorities (e.g., water, energy, health), are also eligible for enhanced support under this framework. Pursuant to Article 9 of the Investment Charter, any investor wishing to benefit from the main support mechanism and/or the specific support mechanism applicable to strategic investment projects must enter into an investment agreement with the State which defines, in particular, the reciprocal commitments of the State and the investor and the terms and conditions of their implementation.

Law n°12-90 (Urban Planning Law)

Law n°12-90, promulgated on June 17, 1992, establishes the legal framework for urban planning in Morocco. It defines the principles, procedures, and instruments governing the organization and development of urban spaces. Law n°12-90 sets out the roles of central and local authorities in approving and implementing urban plans, and mandates that all construction, subdivision, and development projects comply with the provisions of approved planning documents. Under Law n°12-90, a building permit is required prior to the commencement of any construction or renovation work. This permit is issued by the relevant municipal or provincial authority following a review of the architectural plans and compliance with zoning regulations. In addition, upon completion of the construction, the owner must obtain a certificate of compliance (or certificate of conformity) confirming that the building has been constructed in accordance with the approved permit. This certificate is mandatory for the legal occupation, leasing, or sale of non-residential properties.

General Construction Regulations (RGC)

The General Construction Regulations (RGC), approved by Decree No. 2-13-424 and promulgated on May 24, 2013, establish the national framework for issuing urban planning authorizations in Morocco. These regulations aim to standardize the procedures, forms, and conditions for granting building permits, occupancy certificates, and compliance certificates across all municipalities.

The RGC clarifies the responsibilities of various stakeholders, including architects, engineers, and local authorities, and introduces mechanisms to streamline administrative processes. It sets out technical standards for safety, hygiene, aesthetics, and public convenience, including rules on structural stability, ventilation, fire prevention, and sanitation. The RGC also promotes dematerialization of procedures, enhances transparency, and encourages coordination among stakeholders. These regulations are central to Morocco's efforts to improve the business climate, promote investment, and ensure sustainable urban development.

Law n°11-03 (Environmental Protection and Enhancement Law)

Law n°11-03, promulgated on 12 May 2003, establishes the foundational legal framework for Morocco's national environmental policy. The law aims to safeguard natural resources from pollution and degradation, improve living conditions, and promote ecological balance. It establishes the general principles, obligations, and mechanisms necessary for the protection, enhancement, and sustainable management of the environment.

The law defines the duties of public authorities, private entities, and citizens in ensuring environmental protection, while also creating the legal basis for preventive and corrective measures, including environmental impact assessments, monitoring systems, and sanctions against environmental violations. Beyond its regulatory function, the law is conceived as an instrument of sustainable development, aimed at reconciling economic growth with the preservation of natural capital and the improvement of quality of life. It prioritizes pollution prevention, waste management, rational use of resources, and the protection of biodiversity and sensitive ecosystems. Moreover, it establishes the legal framework for environmental planning and coordination among state institutions, while fostering public participation and awareness in environmental matters. By institutionalizing these principles, Law n°11-03 positions environmental protection as both a legal obligation and a strategic imperative for Morocco's long-term development trajectory.

Law n°49-17 (Environmental Impact Assessment Law)

Law n°49-17, promulgated on 8 August 2020, aims to reduce the adverse impacts of investment and infrastructure projects and embed environmental sustainability at the core of Morocco's economic and territorial development strategies. It amends and supplements the provisions of Law n°11-03 on environmental protection and enhancement by establishing a more rigorous, transparent, and comprehensive regime for the evaluation of the environmental consequences of public and private projects. The law defines the categories of projects subject to mandatory environmental impact assessments (EIA), sets out the procedures for their preparation, review, and approval, and strengthens the role of administrative authorities in supervising and enforcing compliance. By doing so, Law n°49-17 ensures that development initiatives are systematically assessed in light of their potential environmental risks before any authorization or implementation. In addition to procedural requirements, the law incorporates key principles of international environmental law, such as prevention, precaution, and the integration of environmental considerations into decision-making processes. It reinforces mechanisms for public participation, requiring consultation and disclosure of information to stakeholders and affected communities, thereby promoting transparency and accountability in environmental governance. Law n°49-17 also provides for monitoring and follow-up of approved projects, ensuring that mitigation measures are effectively implemented and adjusted where necessary.

Law n°24-09 (Safety of Products and Services Law)

Law n°24-09, promulgated by Dahir n°1-11-140 on August 17, 2011, establishes the legal framework for ensuring the safety and quality of industrial products and services placed on the Moroccan market. It mandates that products must comply with applicable technical regulations and standards to protect consumers and public interests. The law introduces CMIM Marking, which certifies that a product meets Moroccan regulatory requirements. The CMIM mark must be affixed visibly and indelibly to the product, packaging, or accompanying documents. During local and import control operations, those responsible for placing the product on the Moroccan market must submit a technical file containing the relevant technical dossier to prove the conformity of the products. The technical dossier must provide the following elements:

- The declaration of conformity (in Arabic or French).
- Documentation for performing conformity assessment procedure with technical requirements and specifications:
    - A general description of the product;
    - Conceptual design and manufacturing drawings and schemes of components, sub-assemblies, circuits, and the list of components and materials used;
    - Descriptions and explanations necessary for the understanding of those drawings and schemes and the operation of the product;
    - A list of the harmonized standards applied in full or in part, descriptions of the solutions adopted to meet the safety objectives of the ministerial order in case the harmonized standards have not been applied;
    - Results of design calculations made, examinations carried out.

The responsible for placing products subject to specific technical regulations on the Moroccan market must keep the technical dossier for 10 years from the date of the last placing on the market and make it available, on request, to the national authorities for inspection purpose. When a product is imported by several importers, each importer must keep the declaration of conformity concerning the batch he has imported.

Law n°13-89 (Foreign Trade Law)

Law n°13-89, promulgated on December 16, 1992, establishes the legal framework governing Morocco's foreign trade regime. It affirms the principle of freedom of import and export for goods and services, subject to limitations necessary to safeguard public morality, national security, public health, and the protection of the environment, cultural heritage, and Morocco's external financial position. Under the provisions of Law n°13-89, the entry of goods into Morocco — regardless of their origin or the customs regime applied — requires the submission of an import commitment through an authorized intermediary bank.

In addition, both imports and exports may be subject to licensing requirements if the goods fall under a specific scope provided by the Law n°13-89. The procedures and forms for obtaining import and export licenses are defined by Order No. 1675-15 of 4 June 2015, issued by the Minister Delegate to the Minister of Industry, Trade, Investment and Digital Economy, responsible for foreign trade. The law also empowers the administration to implement quality control measures based on pre-established standards and, in exceptional cases, to impose quantitative restrictions on imports and exports.

Law n°65-99 (Labour Law)

Law n°65-99, promulgated on September 11, 2003, constitutes the principal legal framework governing labor relations in Morocco. It regulates the rights and obligations of employers and employees across various domains, including employment contracts, working hours, remuneration, leave entitlements, workplace safety, and termination procedures. Under Moroccan labor law, there are two primary types of employment contracts: the Fixed-Term Contract (CDD) and the Permanent Contract (CDI). A Fixed-Term Contract (CDD) is a temporary employment agreement with a defined duration or tied to a specific task. According to Article 16 of the Moroccan Labor Code, a CDD is permitted only in specific cases, such as:

- Replacement of an employee whose contract is suspended (excluding suspensions due to strikes);
- Temporary increase in the company's workload;
- Seasonal work;
- The opening of a new company or establishment, or the launch of a new product for the first time.

The maximum duration of a CDD is one (1) year, and it may be renewed once if the initial term is less than six (6) months. If a CDD exceeds the legal limits or is used outside the permitted cases, it automatically converts into a Permanent Contract (CDI). A Permanent Contract (CDI) is the default employment arrangement in Morocco and does not have a fixed end date. It offers greater job stability and must be used whenever the employment relationship does not meet the conditions for a CDD. Termination of a CDI can only occur through resignation, dismissal for cause, or mutual agreement, and must comply with applicable notice periods and legal protections under Moroccan labor regulations.

The law sets the legal working week at 44 hours, with mandatory rest periods and overtime compensation ranging from 25% to 100% depending on the time and day worked. Employees are entitled to paid annual leave after six months of continuous service, as well as special leave for events such as marriage and birth. The Labour Law also prohibits discrimination and harassment in the workplace and mandates employers to uphold health, safety, and dignity standards. It outlines procedures for disciplinary and economic dismissals, requires written notification for terminations, and provides for severance pay based on seniority. Additionally, the law affirms the constitutional right to unionize and establishes mechanisms for collective bargaining at company, sector, and national levels.

OVERVIEW

Our history can be traced back to June 2000, when Mr. Xu, our founder, established our Company, then known as Guangzhou Tinci High-tech Materials Technology Co. Ltd. (廣州市天賜高新材料科技有限公司), in Guangzhou, Guangdong Province. Since then, our Company has been principally engaging in the R&D, sales, and manufacturing of daily chemical products and we extended our business portfolio to cover the lithium-ion battery materials industry in 2005.

Our Company was converted into a joint stock company in November 2007, and subsequently became listed on the Shenzhen Stock Exchange on January 23, 2014 under the stock code 002709. With over 20 years of industry experience in research and development, production, and sales of lithium-ion battery materials, daily chemicals and specialty chemicals, we are a global leading material company in new energy materials and advanced materials, which primarily provides comprehensive lithium-ion battery materials as well as daily chemicals and specialty chemicals solutions to customers across the world. 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.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following table sets forth our various key corporate and business development milestones.

Year	Event
2000	• Our Company was established and we commenced R&D of daily chemical products.
2005	• We commenced the R&D of lithium-ion battery materials.
2007	• TINCI Jiujiang, one of our largest production bases, was established.
2008	• We were recognized as a National High-tech Enterprise of China.
2010	• We established a national Postdoctoral Workstation in China.
2014	• We were listed on the Small and Medium-sized Enterprises Board of the Shenzhen Stock Exchange (merged into the Main Board of the Shenzhen Stock Exchange in February 2021) under the stock code 002709.
2016	• We were granted an Authorized Economic Operator (AEO) certification and recognized as an advanced certified enterprise. We ranked first globally in terms of lithium-ion battery electrolyte shipment volume for the first time.
2017	• We were recognized as one of the Top 100 High-tech Enterprises in Guangdong Province (廣東省高新技術企業百強企業).
2020	• We launched our internationalization strategy and subsequently in the following years gradually established subsidiaries in the United States, Germany, Morocco, and Singapore, and set up a laboratory in South Korea, accelerating our global expansion and internationalisation strategy.

Year	Event
2022	• We issued the convertible bonds of RMB3,410,500,000 at a par value of RMB100, which are listed on the Main Board of the Shenzhen Stock Exchange under the bond code 127073 in October.
	We were recognized as one of the Forbes China Top 50 Most Innovative Companies (福布斯中國創新力企業50強).
	We were awarded the Guangzhou Mayor Quality Award (廣州市市長質量獎).
	To expand our business network and production capacity, we established TINCI Sichuan, Tinci Materials (Hubei) Co., Ltd. (天賜材料(湖北)有限公司), Zhejiang Tinci Materials Technology Co., Ltd. (浙江天賜高新材料有限公司), Tinci Materials (Jiangmen) Co., Ltd. (天賜材料(江門)有限公司) and TINCI INC., and established the first lithium-ion battery electrolyte cooperative contract manufacturing factory in Europe.
2023	• We were recognized as a National Green Factory (國家級綠色工廠) of China.
	We were recognized as a National Green Supply Chain Certified Enterprise (國家綠色供應鏈管理企業).
2024	• We were ranked fourth among the Top 100 Fine Chemical Enterprises in the PRC (中國精細化工百強).

PRINCIPAL SUBSIDIARIES AND OPERATING ENTITIES

As of the Latest Practicable Date, we had 12 principal subsidiaries, which we considered to be (i) material to our performance during the Track Record Period; and/or (ii) important to our future development and business operations. Set forth below is a table summarizing the key information of our principal subsidiaries during the Track Record Period and as of the Latest Practicable Date.

Name of subsidiary	Registered Capital	Equity interest attributable to our Group	Place of incorporation/ establishment	Date of incorporation/ establishment	Principal business activities
KAIXIN Fuding	RMB32,500,000	100%	China	April 28, 2020	Manufacturing and sales of lithium-ion battery materials
KAIXIN Ningde	RMB32,500,000	100%	China	November 21, 2014	Sales of lithium-ion battery materials
TENGWEI Dongguan	RMB20,000,000	85%	China	September 26, 2006	R&D, manufacturing and sales of lithium-ion battery materials
TINQI Jiujiang Fluorine Silicon	RMB27,000,000	100%	China	April 14, 2015	Manufacturing and sales of daily chemicals and specialty chemicals
TINCI Jiangsu	RMB150,000,000	100%	China	April 9, 2018	Manufacturing and sales of lithium-ion battery materials

Name of subsidiary	Registered Capital	Equity interest attributable to our Group	Place of incorporation/ establishment	Date of incorporation/ establishment	Principal business activities
TINCI Jiujiang	RMB455,000,000	100%	China	October 30, 2007	R&D, manufacturing and sales of lithium-ion battery materials and daily chemicals
TINCI Jorf Lasfar	Moroccan Dirham 72,227,600	100%	Morocco	September 7, 2023	Manufacturing and sales of lithium-ion battery materials
TINCI Research	RMB13,000,000	100%	China	June 12, 2024	R&D of advanced materials
TINCI Sichuan	RMB200,000,000	100%	China	January 11, 2022	Manufacturing and sales of lithium-ion battery materials
TINCI Yichang	RMB600,000,000	100%	China	July 1, 2021	Manufacturing and sales of lithium-ion battery materials
TIANSHUO Zhejiang	RMB202,500,000	100%	China	December 28, 2015	Manufacturing and sales of lithium-ion battery materials
TINCI Resource Recycle	RMB268,000,000	100%	China	September 23, 2021	Recycling and gradient utilization of used power batteries

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Establishment of our Company and Conversion into a Joint Stock Company

Our Company, then known as Guangzhou Tinci High-tech Materials Technology Co. Ltd., was established in June 2000 and was converted into a joint stock company in November 2007. Upon completion of the conversion, our Company had a total share capital of RMB80,000,000 divided into 80,000,000 Shares. The shareholding structure of our Company immediately upon completion of the conversion was as follows:

Name of Shareholders	Number of Shares Held	Percentage of Shareholding
Mr. Xu	59,100,336	73.88%
Lin Fei (林飛)[1]	3,231,628	4.04%
Li Xinghua (李興華)	3,131,628	3.91%
Xu Jinlin (徐金林)[2]	3,081,628	3.85%
Other Shareholders[3]	11,454,780	14.32%
Total	**80,000,000**	**100%**

Notes:

(1) Mr. Lin Fei (林飛) is the brother-in-law of Mr. Xu's spouse.

(2) Mr. Xu Jinlin (徐金林) is the brother of Mr. Xu.

(3) Other Shareholders represent 17 individual Shareholders at the time, all of whom were Independent Third Parties and each of whom held no more than 4% of our Shares.

Upon completion of the conversion into a joint stock company and up until September 2010, our Company underwent a series of capital increases and share transfers. Following these changes, our Company's total share capital amounted to RMB98,800,000, divided into 98,800,000 Shares. The shareholding structure of our Company remained unchanged from the completion of these changes up to immediately before the A Share Offering, which was as follows:

Name of Shareholders	Number of Shares Held	Percentage of Shareholding
Mr. Xu	59,800,336	60.53%
Tonglian Venture Capital Limited (通聯創業投資股份有限公司) (currently known as Xiang Sanchuang Co., Ltd. (向三創股份公司))	10,000,000	10.12%
Guosen H&S Venture Capital Limited (國信弘盛創業投資有限公司) (currently known as Guosen H&S Investment Co., Ltd. (國信弘盛私募基金管理有限公司))	6,800,000	6.88%
Lin Fei (林飛)[(1)]	3,231,628	3.27%
Li Xinghua (李興華)	3,131,628	3.17%
Xu Jinlin (徐金林)[(2)]	3,081,628	3.12%
Gu Bin (顧斌)[(3)]	180,000	0.18%
Xu Sanshan (徐三善)[(3)]	120,000	0.12%
Other Shareholders[(4)]	12,454,780	12.61%
Total	**98,800,000**	**100%**

Notes:

(1) Mr. Lin Fei (林飛) is the brother-in-law of Mr. Xu's spouse.

(2) Mr. Xu Jinlin (徐金林) is the brother of Mr. Xu.

(3) Mr. Gu Bin (顧斌) and Mr. Xu Sanshan (徐三善) are executive Directors of our Company.

(4) Other Shareholders represent 21 individual Shareholders at the time, all of whom were Independent Third Parties and each of whom held no more than 3% of our Shares.

Listing on the Shenzhen Stock Exchange

In January 2014, our Company was listed on the Small and Medium-sized Enterprises Board of the Shenzhen Stock Exchange (which was merged into the Main Board of the Shenzhen Stock Exchange in February 2021) under the stock code 002709. In connection with the listing, we completed an initial public offering of our A Shares (the "**A Share Offering**"), pursuant to which our total share capital increased from RMB98,800,000 to RMB120,413,200. The shareholding structure of our Company immediately after the A Share Offering was as follows:

Name of Shareholders	Number of A Shares Held	Percentage of Shareholding
Mr. Xu	53,802,136	44.68%
Tonglian Venture Capital Limited (通聯創業投資股份有限公司) (currently known as Xiang Sanchuang Co., Ltd. (向三創股份公司))	10,000,000	8.30%
Guosen H&S Venture Capital Limited (國信弘盛創業投資有限公司) (currently known as Guosen H&S Investment Co., Ltd. (國信弘盛私募基金管理有限公司))	4,255,765	3.53%

Name of Shareholders	Number of A Shares Held	Percentage of Shareholding
Lin Fei (林飛)[1]	2,953,828	2.45%
Li Xinghua (李興華)	2,862,428	2.38%
Xu Jinlin (徐金林)[2]	2,816,728	2.34%
Wu Zhennan (吳鎮南)	2,542,200	2.11%
National Social Security Fund (全國社保基金)	1,959,835	1.63%
Lin Xiangjian (林祥堅)	1,325,800	1.10%
Other Shareholders[3]	36,886,700	30.63%
Total	**120,413,200**	**100%**

Notes:

(1) Mr. Lin Fei (林飛) is the brother-in-law of Mr. Xu's spouse.

(2) Mr. Xu Jinlin (徐金林) is the brother of Mr. Xu.

(3) Each of the other A Shareholders held no more than 2% of our A Shares.

Other Major Shareholding Changes

In October 2015, we issued 7,457,142 A Shares to six qualified subscribers including Nine Thai Fund Management Co., Ltd. (九泰基金管理有限公司), Ping'an Dahua Fund Management Co., Ltd. (平安大華基金管理有限公司) (currently known as Ping'an Fund Management Co., Ltd. (平安基金管理有限公司)), Hongde Fund Management Co., Ltd. (泓德基金管理有限公司), HUA AN Fund Management Co., Ltd. (華安基金管理有限公司), CAITONG Fund Management Co., Ltd. (財通基金管理有限公司), and Wu Gejun (吳歌軍), all of which were Independent Third Parties. The 7,457,142 A Shares were priced at RMB35 each, which was determined with reference to the average share price of A Shares of our Company for the 20 trading days prior to the pricing date. Upon completion of this private placement, our registered capital was increased to RMB130,005,842 consisting of 130,005,842 A Shares.

In May 2016, we increased our issued share capital by way of conversion of capital reserves into share capital with issuance of an additional of 15 Shares for every ten Shares held by our then Shareholders. Upon completion of this capital reserves conversion, our registered capital was increased to RMB325,359,605 consisting of 325,359,605 A Shares.

In July 2017, we issued 14,920,711 A Shares to seven qualified subscribers including Mr. Xu, Zhu Yaowu (朱耀武), Shenzhen Capital Innovation Co., Ltd. (深圳安鵬資本創新有限公司), Cai Ming (蔡銘), Qingdao Guoxin Capital Investment Co., Ltd. (青島國信資本投資有限公司), Golden Eagle Asset Management Co., Ltd. (金鷹基金管理有限公司) and Nine Thai Fund Management Co., Ltd. (九泰基金管理有限公司). Save for Mr. Xu, our Controlling Shareholder, all of the subscribers were Independent Third Parties. The 14,920,711 A Shares were priced at RMB41.62 each, which was determined with reference to the average share price of A Shares of our Company for the 20 trading days prior to the pricing date. Upon completion of this private placement, our registered capital was increased to RMB339,962,016 consisting of 339,962,016 A Shares.

In July 2019, we increased our issued share capital by way of conversion of capital reserves into share capital with issuance of an additional of six Shares for every ten Shares held by our then Shareholders. Upon completion of this capital reserves conversion, our registered capital was increased to RMB548,324,289 consisting of 548,324,289 A Shares.

In April 2021, we increased our issued share capital by way of bonus issues on the basis of seven new Shares for every ten existing Shares held by our then Shareholders. Upon completion of the bonus issues, our registered capital was increased to RMB928,420,063 consisting of 928,420,063 A Shares.

In May 2021, we issued 24,489,816 A Shares to 13 qualified subscribers including UBS AG, China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司) (whose shares are listed on the Shanghai Stock Exchange under the stock code 601881 and the Stock Exchange under the stock code 06881), China Securities Co., Ltd. (中信建投證券股份有限公司) (whose shares are listed on the Shanghai Stock Exchange under the stock code 601066 and the Stock Exchange under the stock code 06066), Kong Qingfei (孔慶飛), CAITONG Fund Management Co., Ltd. (財通基金管理有限公司), Oriental Alpha Fund Management Co., Ltd. (東方阿爾法基金管理有限公司), Sumin Supply Chain Management (Wuxi) Co., Ltd. (蘇民供應鏈管理無錫有限公司), Everybody Asset Management Co., Ltd. (大家資產管理有限責任公司), Galaxy Capital Asset Management Co., Ltd. (銀河資本資產管理有限公司), Harvest Fund Management Co., Ltd. (嘉實基金管理有限公司), Tian Zhiwei (田志偉), China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司) and Zhong Ou Asset Management Company Limited (中歐基金管理有限公司), all of which were Independent Third Parties. The 24,489,816 A Shares were priced at RMB68 each, which was determined with reference to the average A-Share price of the 20 trading days prior to the pricing date. Upon completion of this private placement, our registered capital was increased to RMB952,909,879 consisting of 952,909,879 A Shares.

Issuance of 2022 Convertible Bonds

In October 2022, to meet the funding requirements for projects relating to the construction of production lines of lithium-ion materials, daily and specialty chemical materials, our Company conducted public issuance of 2022 Convertible Bonds of RMB3,410,500,000 at a par value of RMB100, and the 2022 Convertible Bonds were listed on the Main Board of the Shenzhen Stock Exchange under the bond code 127073 on October 27, 2022. The conversion period is from the first trading day after six months from the date of completion of the issuance of the 2022 Convertible Bonds to the maturity date, i.e., from March 29, 2023 to September 22, 2027, with the initial conversion price as RMB48.82 per A Share which has been continually adjusted with reference to our Company's distribution and dividend payments as well as changes in share capital of our Company.

On November 11, 2025, the Board resolved to exercise its conditional redemption rights to redeem all of the then outstanding 2022 Convertible Bonds at face value plus accrued interests thereon. The 2022 Convertible Bonds were subsequently delisted from the Shenzhen Stock Exchange on December 11, 2025, and all of the then outstanding 2022 Convertible Bonds were converted into A Shares. Immediately following the redemption and delisting of the 2022 Convertible Bonds, a total of 119,556,335 A Shares were converted from the 2022 Convertible Bonds and the Company's registered capital was therefore increased by RMB119,556,335.

MAJOR ACQUISITIONS AND DISPOSALS

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we consider material to us.

PREVIOUS LISTING ATTEMPT ON THE SIX SWISS EXCHANGE

As approved by our Board on November 23, 2022 and by our Shareholders on December 12, 2022, we submitted a listing application to the SIX Swiss Exchange for the proposed listing of Global Depositary Receipts (the "**GDR**") of the Company (the "**Proposed GDR Application**"), and obtained a conditional listing approval from the SIX Swiss Exchange in January 2023. However, considering the changes in internal and external market conditions and taking into consideration the actual circumstances of our Company, we terminated the Proposed GDR Application and proceeded to seek a listing of our Shares on the Stock Exchange. During our preparation for the Proposed GDR Application, we did not encounter any material difficulties or legal impediments which led us to terminate the Proposed GDR Application.

To the best of our Directors' knowledge, our Directors are not aware of (i) any other matters relating to the Proposed GDR Application that are relevant to the Listing and should be reasonably highlighted in this document for investors to form an informed assessment of our Company; (ii) any unresolved or outstanding issues or enquiries from CSRC, the Shenzhen Stock Exchange or the SIX Swiss Exchange relating to the Proposed GDR Application that would affect our Company's suitability for listing on the Stock Exchange; (iii) any other matters relating to the Proposed GDR Application that may have implications on our Company's suitability for listing on the Stock Exchange or on the truthfulness, accuracy and completeness of information disclosed in this document; (iv) any disagreement between us and the then professional parties involved in the Proposed GDR Application; and (v) any other matters that need to be brought to the attention of the Stock Exchange and investors in Hong Kong in relation to the Proposed GDR Application. Based on the independent due diligence conducted by the Joint Sponsors, nothing in relation to the Proposed GDR Application has come to their attention that should be brought to the investors' attention.

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

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

We seek to be listed on the Hong Kong Stock Exchange in order to further advance the Company's global strategic layout, establish an international capital operation platform, optimize our capital structure and broaden diversified financing channels, and enhance our comprehensive competitiveness. See "Business — Our Strategies" and "Future Plans and Use of Proceeds" for more details.

[**REDACTED**]

[**REDACTED**]

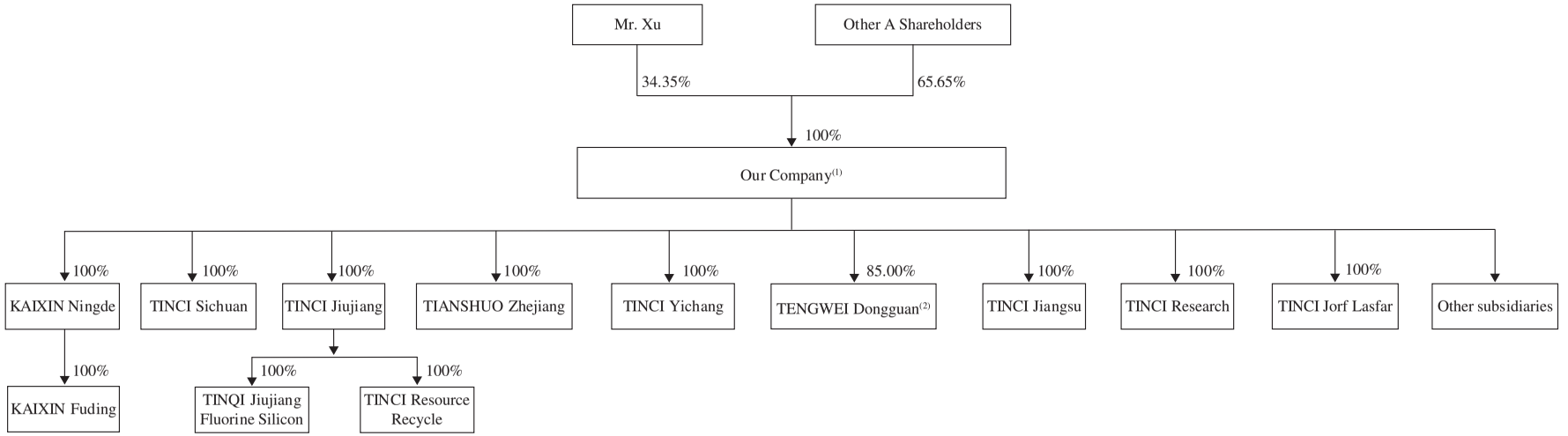
EMPLOYEE STOCK OWNERSHIP PLAN

In order to establish and improve the benefit-sharing mechanism between employees and the Shareholders to further improve the corporate governance of the Company, enhance the cohesion of employees and corporate competitiveness, and promote the Company's long-term, sustainable and healthy development, we adopted the Employee Stock Ownership Plan. For details, see ''Appendix VI — Statutory and General Information — (E) Employee Stock Ownership Plan'' to this document.

CORPORATE STRUCTURE

Corporate structure immediately before the [REDACTED]

The following simplified diagram illustrates the corporate and shareholding structure of our Group immediately prior to the completion of the [**REDACTED**].



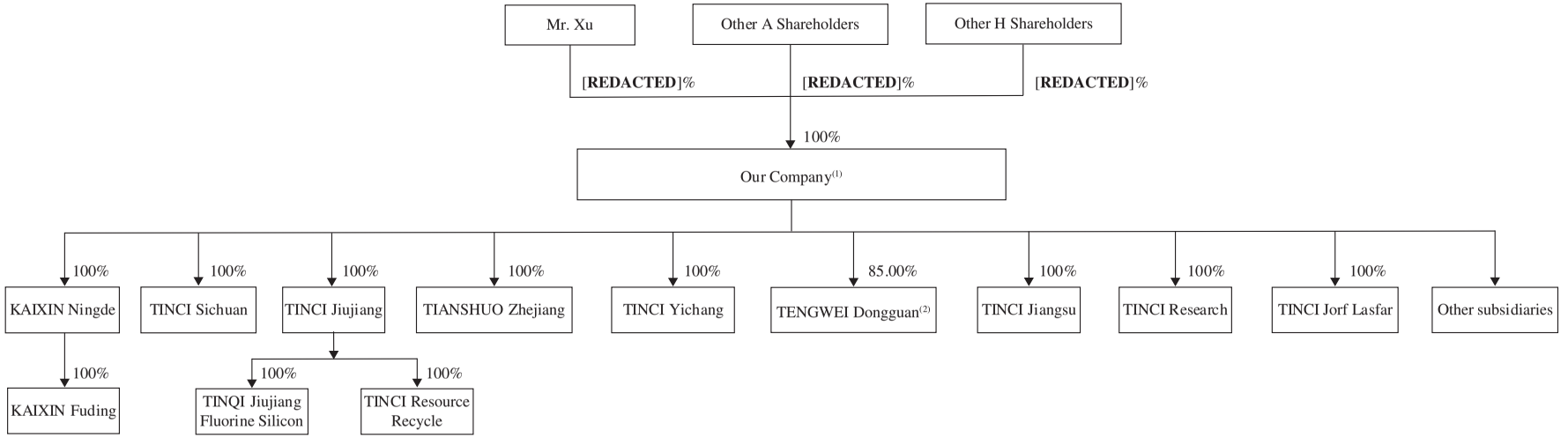
Notes:

(1) As of the Latest Practicable Date, we had 59 subsidiaries, including our Principal Subsidiaries and other subsidiaries established in various jurisdictions.

(2) As of the Latest Practicable Date, the remaining 15.00% interest of TENGWEI Dongguan was held by Wu Quansheng (鄔全生), an Independent Third Party.

Corporate structure immediately following the [REDACTED]

The following simplified diagram illustrates the corporate and shareholding structure of our Group immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised.



Notes:

(1) – (2): See the respective notes under "Corporate structure immediately before the [**REDACTED**]."

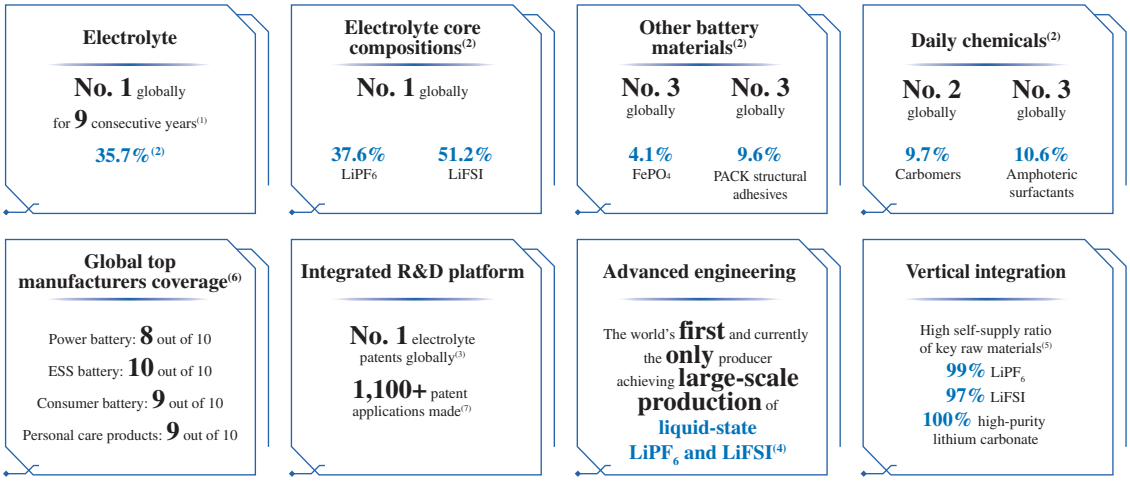
OVERVIEW

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

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

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

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



Notes:

(1) Based on global shipment volume, according to CIC

(2) Represents Group's market share and corresponding ranking based on global shipment volume in 2024, according to CIC

(3) Among lithium-ion battery electrolyte manufacturers as of December 31, 2024, according to CIC

(4) According to CIC. Large-scale production denotes an annual production exceeding 100,000 tonnes (solid-content equivalent) of $LiPF_6$ and 10,000 tonnes (solid-content equivalent) of LiFSI

(5) Represents the percentage of specific materials used in our production processes that are sourced from our internal manufacturing operations for the year ended December 31, 2025. This ratio is calculated by dividing the amount of internally produced material utilized in production by the total quantity consumed, irrespective of origin, with all measurements based on pure substance content

(6) Based on global shipment volume in 2024, according to CIC

(7) As of December 31, 2025, patent applications filed domestically

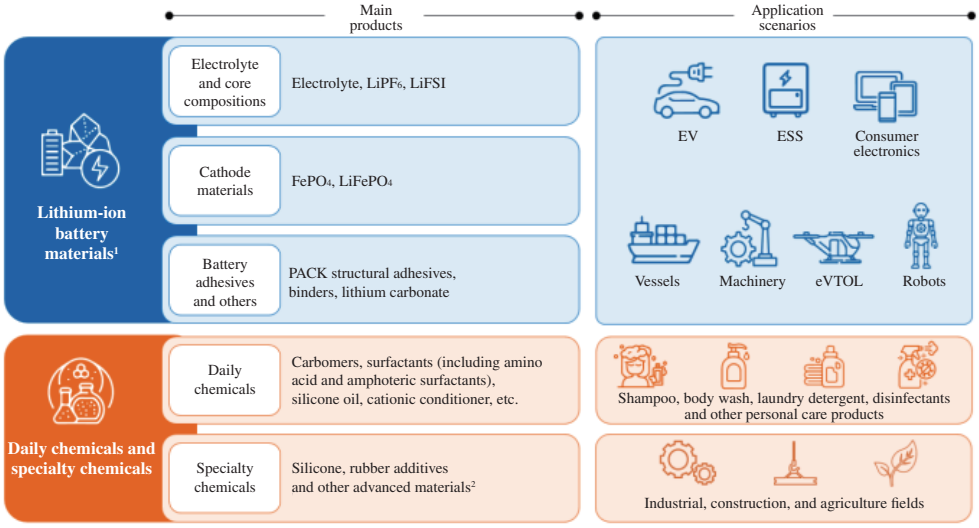
Our Principal Business

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

- **Our lithium-ion battery materials business:** mainly includes electrolyte and its core compositions, $FePO_4$, $LiFePO_4$, PACK structural adhesives and binders. Lithium-ion batteries are widely used in EV, ESS and consumer electronics sectors and are gradually expanding into emerging sectors, such as machinery, vessels, eVTOL and other intelligent applications. In recent years, we have strategically expanded into lithium-ion battery recycling, focusing on recycling of retired and waste lithium-ion batteries and recycling of lithium-ion battery materials in the production process. This initiative is designed to strengthen the stable supply of raw materials in a low-carbon, energy-efficient, and cost-effective way, supporting an integrated value chain and creating new opportunities for profit growth.

- **Our daily chemicals and specialty chemicals business:** primarily comprises daily chemicals such as carbomers, surfactants (including amino acid and amphoteric surfactants), silicone oil and cationic conditioner, as well as specialty chemicals such as silicone, rubber additives and other advanced materials. Daily chemicals are widely used in personal care and home care products, such as shampoo, body wash, laundry detergent, disinfectant and sterilization products. Specialty chemicals, on the other hand, are mainly applied across various industrial, construction and agricultural sectors. We have drawn on our R&D expertise in the daily chemicals sector, along with our established strengths in raw materials and advanced production processes, as well as our extensive customer network, to expand into fragrance and flavor sectors.

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



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

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

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

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.

- 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.

- 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

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 $LiPF_6$ 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 $LiPF_6$, 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 $LiPF_6$, we developed capabilities for manufacturing $NaPF_6$, 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 $FePO_4$ using the ammonium-based process. Our production process meets demands for both high compaction density and high C-rate $LiFePO_4$ applications. Currently, the $FePO_4$ precursor for Generation 3 $LiFePO_4$, is in mass production and in stable supply. We are also introducing the $FePO_4$ precursor for Generation 4 $LiFePO_4$, 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 $FePO_4$ supplier in terms of shipment volume in 2024. Building on our expertise in lithium and our technological strengths in $FePO_4$, we have expanded into the production of $LiFePO_4$, which we achieve superior energy saving with our manufacturing technique.

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.

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.

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 combing 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.

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.

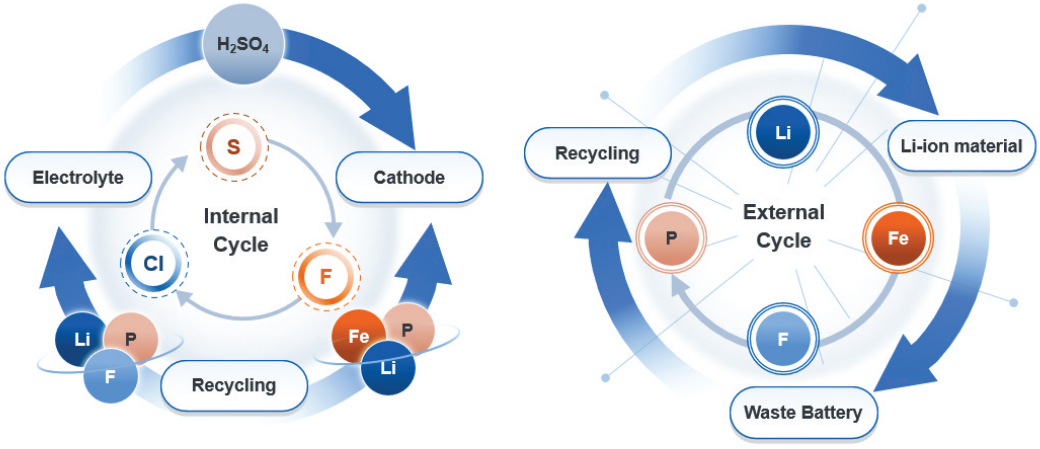
Our integration also extends to the manufacturing of cathode materials. We produce our in-house $FePO_4$ and lithium carbonate, both of which are key precursors for the production of cathode materials. Our in-house manufacturing capabilities ensure stable product quality, reliable supply, and cost competitiveness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

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.

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.

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 chemicals[1], 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.

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 $LiPF_6$, 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 $LiPF_6$ 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 $FePO_4$ 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 $LiPF_6$ and LiFSI. For the years ended December 31, 2023, 2024 and 2025, our electrolyte and its core compositions production volumes[1] 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 $LiPF_6$, 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.

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 production[2] 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

tonnes in 2023 to 110,000 tonnes in 2025[1]. 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.

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.

Currently, Generation 3 $LiFePO_4$ 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 $LiFePO_4$ 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 $LiFePO_4$ 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.

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 Chemicals[1]

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.

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.

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

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

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.

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.

- ***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	Products	Land/property right
	(s.q. m)		
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.

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;

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.

Production Capacity and Utilization

As of December 31, 2025, our production bases have an aggregate annual production capacity[1] 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 $LiPF_6$, 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 $LiPF_6$, 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.

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 $LiFePO_4$, 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 $FePO_4$, 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 $LiPF_6$ 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

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

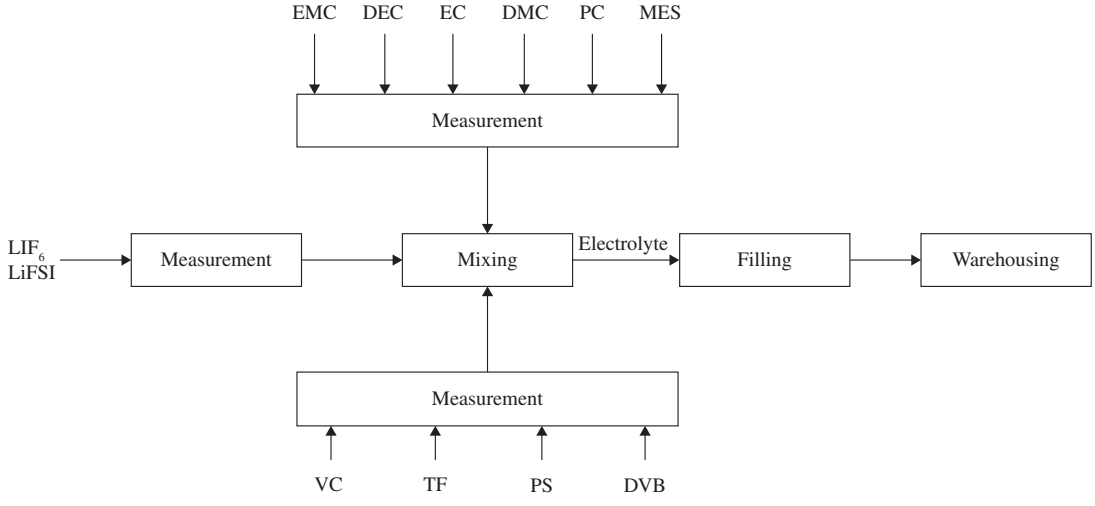
Our automated and digitalized production process, powered by innovative technology, enables flexible product customization to meet specific requirements or deliver unique functionalities requested by our clients.

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.

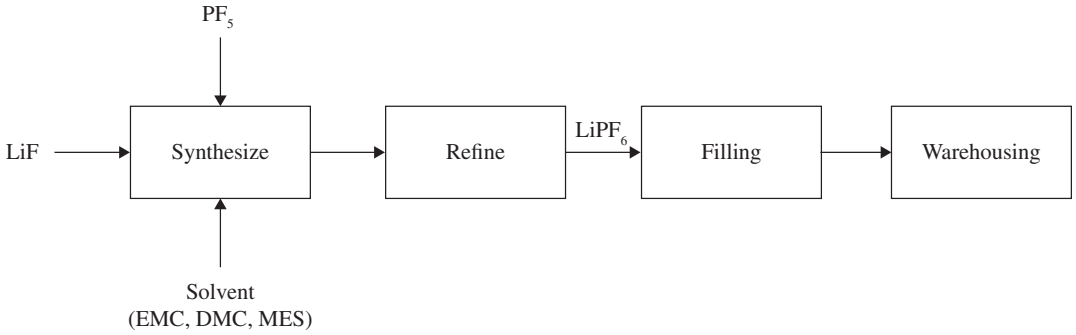
Customization is also prevalent within our daily chemicals and specialty chemicals segment, where products are frequently developed using formulas provided by the customer or through joint development to meet the specific needs of the end users.

Major Lithium-ion Battery Materials Production Process

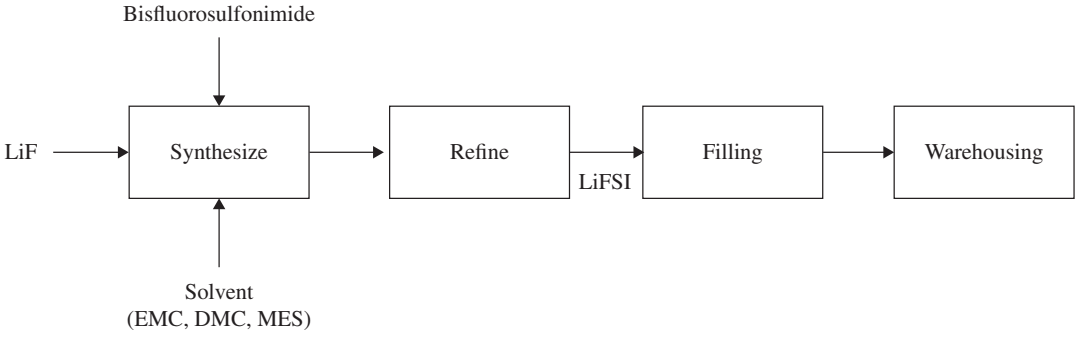
The production process of lithium-ion battery electrolyte is shown in the following diagram. The typical lead time from raw material preparation to finished product is approximately ten hours.



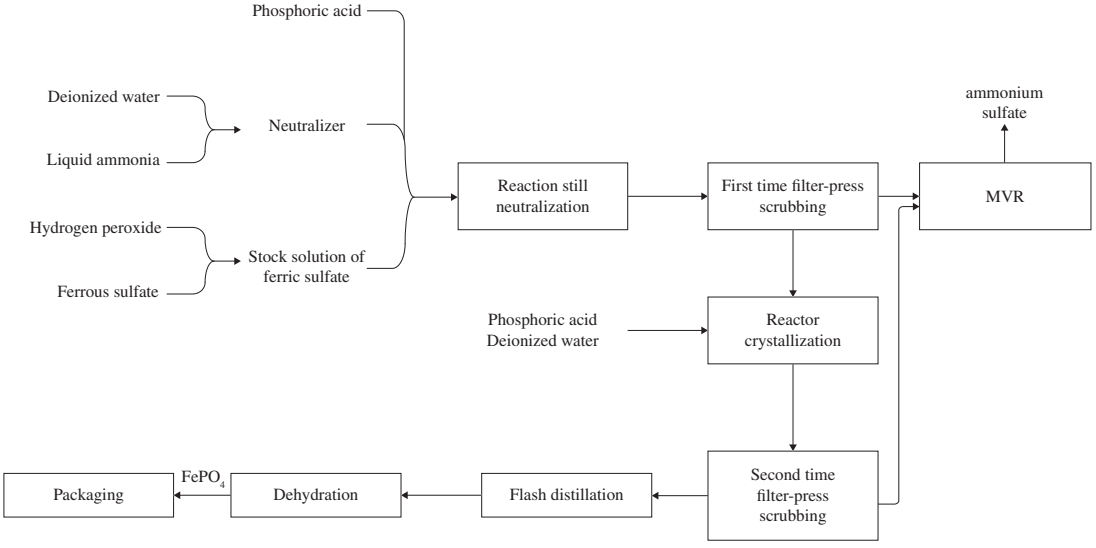
The production process of $LiPF_6$ is shown in the following diagram. The typical lead time from raw material preparation to finished product is approximately 30 hours.



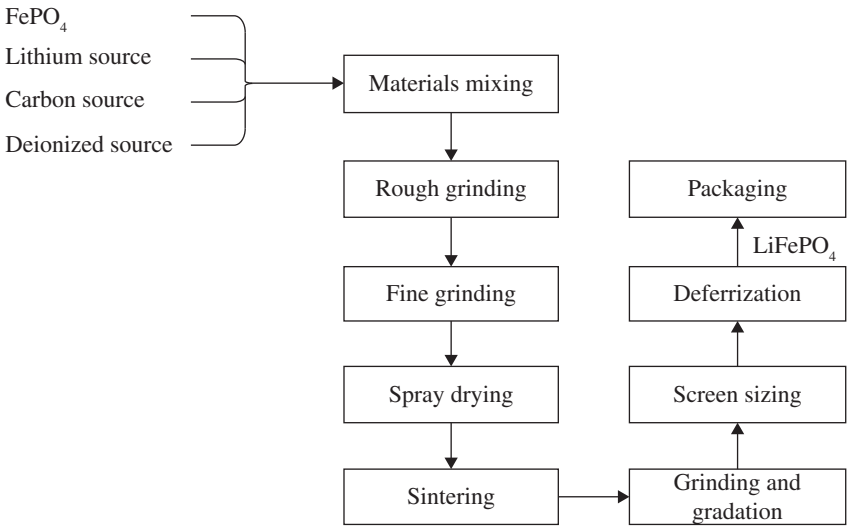
The production process of LiFSI is shown in the following diagram. The typical lead time from raw material preparation to finished product is approximately 30 hours.



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.



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

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	% of our total revenue	Credit terms	Commencement year of business relationship
				RMB in million			
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				10,972.7	71.2		

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
				RMB in million			
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				7,341.9	58.7		

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
			RMB in million				
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

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
			RMB in million				
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				9,745.1	58.5		

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.

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

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

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

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.

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 $LiFePO_4$. 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 $LiFePO_4$ products are not affected by the export restrictions; (ii) next-generation $LiFePO_4$ products that would fall under the export restrictions are still under development; and (iii) we do not have any plan to export next-generation $LiFePO_4$ 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.*"

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, $LiPF_6$, LiFSI, $FePO_4$, 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, $LiPF_6$, LiFSI, $FePO_4$, 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	% of total purchases	Credit terms	Commencement year of business relationship
				RMB in million			
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

Supplier	Background	Materials purchased	Geographical locations of our suppliers	Purchase costs	% of total purchases	Credit terms	Commencement year of business relationship
				RMB in million			
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				3,365.3	36.0		

For the Year Ended December 31, 2024

Supplier	Background	Materials purchased	Geographical locations of our suppliers	Purchase costs	% of total purchases	Credit terms	Commencement year of business relationship
				RMB in million			
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				3,147.9	33.8		

For the Year Ended December 31, 2025

Supplier	Background	Material purchased	Geographical locations of our customers	Purchase costs	% of total purchases	Credit terms	Commencement year of business relationship
				RMB in million			
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				3,967.5	31.7		

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.

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.

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.

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

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, $LiPF_6$ 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 automative 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.

- ***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 pricesand higher margins.

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 glocalization. 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.

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.

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."

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.

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 or 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 $FePO_4$ 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	7,389

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

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;"

- 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.

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.

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.

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.

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:

	Year ended December 31,		
Metrics	**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)	542,698	481,288	772,972

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

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.

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.

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.

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).

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.

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.

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 $LiPF_6$ 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

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 m^2 but otherwise caused no bodily injury or death. The cause of the fire was

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.

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;

- 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

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

OVERVIEW

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

See "Directors and Senior Management" for biographical details of Mr. Xu. See "History and Corporate Structure" for the simplified corporate structure of our Group.

RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, our Controlling Shareholder did not have any interest in any business which competes, or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETE UNDERTAKING

Mr. Xu has entered into a non-compete undertaking on December 18, 2013 (the "**Non-compete Undertaking**"), pursuant to which Mr. Xu has undertaken, amongst others that, so long as he remains as a Shareholder or for a period of three years commencing from the date on which he ceases to be a Shareholder:

(i) Mr. Xu shall not engage, directly or indirectly, in any business which is the same, similar to, or constitutes actual or potentially competitive business with our Company and shall procure any entities directly or indirectly held or controlled by Mr. Xu (other than our Company) (the "**Restricted Entities**") not to engage in a business which competes or may compete with the business of our Company;

(ii) if, for any reason, any Restricted Entities directly or indirectly engages in a business which competes or may compete with the business of our Company, our Company shall have the priority to engage in such business and the Restricted Entities shall not engage in such business. If requested by our Company, Mr. Xu shall transfer all his interests in the Restricted Entity, and undertake to grant to our Company a pre-emptive right on such interests, and shall procure such transaction is conducted based on a fair and reasonable consideration and normal commercial terms with independent third parties; or

(iii) if our Company further expands our business scope, Mr Xu shall not and shall procure the Restricted Entities not to compete with our Company; if there are any potential competition with our Company, Mr Xu and the Restricted Entities shall: (a) cease the business that competes or may compete with our Group; (b) inject the competing business into our Company; (c) transfer the competing business to an unrelated third party; or (d) adopt other measures that are beneficial to our Company;

(iv) senior management personnel of the Restricted Entities shall not hold senior management positions in our Company;

(v) Mr. Xu will not make use of his status as the actual controller of our Company to cause detriment to the interests of our Company or other minority Shareholders; and

(vi) Mr. Xu shall be liable for all economic loss suffered by our Company and other minority Shareholders as a result of a breach of the above undertakings.

INDEPENDENCE OF OUR GROUP FROM OUR CONTROLLING SHAREHOLDER

Our Directors are of the view that our Group is capable of carrying on its business independently from its Controlling Shareholder following the completion of the [**REDACTED**] for the following reasons.

Management Independence

Our Board comprises five executive Directors and four independent non-executive Directors. Our daily management and operational decisions are made collectively by our executive Directors and our senior management, with our Board having overall supervision of our senior management. Although Mr. Xu is one of our executive Directors and the chairman of the Board, we believe that all of our Directors, including the independent non-executive Directors, have the requisite qualifications, integrity and experience to maintain an effective board. We also have sufficient members of our management team who are independent from Mr. Xu and have the adequate relevant experience to ensure the normal operation of the day-to-day business and management of our Group. We consider that our Directors and the senior management of our Company can independently perform their duties and we can operate independently from Mr. Xu, our Controlling Shareholder, for the following reasons:

(i) save for Mr. Xu, all of our Directors and members of our senior management team are independent from our Controlling Shareholder, and are able to contribute sufficient time and efforts to manage the daily operations of our Group. In addition, the management personnel of our Company have clear reporting lines, and the senior management team reports ultimately to our Board. Our Board supervises and monitors the performance of our Company's senior management team generally through regular meetings of our Board and extraordinary meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of senior management team, as well as the regular updates of operational and financial data and information that are provided to our Directors;

(ii) each of our Directors is aware of his/her fiduciary duties as a director of our Company which requires, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

(iii) our Company is an A-share listed company and has established internal control mechanisms to identify related party transactions and connected transactions to ensure that our Shareholders or Directors with conflicting interest in a proposed transaction will abstain from voting on the relevant resolutions. Our Articles of Association has also made relevant provisions to avoid conflict of interest, in that our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest. Mr. Xu has abstained and will abstain from voting in Board meetings in respect of matters in relation to himself and/or his close associates;

(iv) our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with our Controlling Shareholder or his associates; (b) our independent non-executive Directors account for over one-third of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional and experienced advice to our Company. Accordingly, we

believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and the Shareholders as a whole; and

(v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholder which would support our independent management.

Each Director possesses relevant management or industry-related experience to act as a Director. Details of the experience of each Director are set out in "Directors and Senior Management."

In light of the above, our Directors are of the view that our Company has our own management team which is capable of maintaining the independence of our Company from our Controlling Shareholder and supporting the independent operation of our Group.

Operational Independence

Our Company will continue to operate independently from our Controlling Shareholder after the Listing. Our Company has our own organizational structure with independent departments, each with specific areas of responsibility. Furthermore, we have independent production capabilities and technology relating to our Group's business and do not rely on the operations of our Controlling Shareholder or any of his close associates. Our Company also maintains a set of comprehensive internal control measures to facilitate the effective operation of our business. Our Company has independent channels to access our customers and is not dependent on our Controlling Shareholder with respect to suppliers for our business operations. Our Company has its own employees to operate the business and can independently manage its human resources. We have obtained relevant licences, approvals and permits from relevant regulatory authorities which are material to our operations in the PRC.

Our Group entered into a total of four engineering procurement construction contracts with Sanhe Environmental on November 15, 2023, December 5, 2024, December 15, 2025 and February 3, 2026, respectively (collectively, the "**Construction Contracts**"). Pursuant to the Construction Contracts, Sanhe Environmental agreed to undertake the relevant construction works in respect of our Group's sewage treatment system in Jiangmen, Jiangsu, Zhejiang and Chizhou, respectively, which is expected to be completed by 2026. The total construction fees payable under the Construction Contracts is approximately RMB32.3 million (the "**Construction Fees**"), which shall be payable by us on a progressive basis in accordance with the construction milestones stipulated in each of the Construction Contracts.

The Construction Fees are determined based on arm's length negotiations having regard to: (i) the nature, scope and type of engineering and construction products and services required; (ii) the applicable product quality, quantity and service performance standards and requirements; (iii) the expected cost involved, plus a mark-up taking into account the complexity of the construction work; and (iv) comparable market prices for such construction work procured by our Group from Independent Third Parties. As of the Latest Practicable Date, we have made payments in the aggregate sum of approximately RMB12.24 million to Sanhe Environmental in accordance with the terms of the Construction Contracts, representing approximately 39.71% of the total Construction Fees.

Our Group and Sanhe Environmental have maintained a long-term and stable business relationship during the Track Record Period. Through this ongoing cooperation, Sanhe Environmental has become familiar with our Group's operational requirements and quality standards. As of the Latest Practicable Date, Sanhe Environmental is indirectly wholly-owned by Mr. Xu, our executive Director and Controlling Shareholder. As such, Sanhe Environmental is our connected person pursuant to the Listing Rules and the transactions contemplated under the

Construction Contracts will therefore be regarded as one-off connected transactions of our Company for the purposes of the Listing Rules. Accordingly, the reporting, announcement, annual review and independent shareholders' approval requirements with respect to continuing connected transactions under Chapter 14A of the Listing Rules will not be applicable.

Given that (i) the Construction Contracts are on normal commercial terms after arm's length negotiations in the ordinary and usual course of our business; and (ii) even if Sanhe Environmental were to terminate such contracts, the impact on our business operations would be limited as we would be able to procure alternative services from Independent Third Parties in the market, our Directors are of the view that the transactions contemplated thereunder would not cast doubt on our operational independence.

We also entered into certain continuing connected transactions with our connected persons. See "Connected Transactions" for more details.

Taking into account the amounts and nature of the relevant transactions during the Track Record Period, our Directors believe that such transactions will not affect the operational independence of our Group.

Based on the above, our Directors believe that our business is operationally independent of our Controlling Shareholder.

Financial Independence

We have adopted our own independent internal control and financial management systems and we also have an independent accounting and finance department responsible for discharging relevant financial and treasury function with relevant finance personnel. We make financial decisions and determine our use of funds according to our own business needs. We have adequate internal resources and a strong credit profile to support our daily operation. Moreover, our Board has established the Audit Committee to provide independent oversight to, among others, our accounting and financial reporting processes.

We open and manage our bank accounts independently, and have not shared any bank account with our Controlling Shareholder or his close associates. We are also capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholder.

In October 2022, we conducted public issuance of 2022 Convertible Bonds, which were listed on the Main Board of the Shenzhen Stock Exchange under the bond code 127073 on October 27, 2022. Existing holders of ordinary A Shares as at the close of market on September 22, 2022 were granted the preferential right to subscribe for the 2022 Convertible Bonds, and Mr. Xu subscribed for the 2022 Convertible Bonds with underlying principal amounts of RMB1,237,573,100 as part of his personal financial investment strategy. Mr. Xu had disposed of all the 2022 Convertible Bonds he held in November 2025 through the Shenzhen Stock Exchange's trading system, and the 2022 Convertible Bonds were delisted from the Shenzhen Stock Exchange on December 11, 2025. See "History and Corporate Structure — Major Shareholding Changes of Our Company — Issuance of 2022 Convertible Bonds" for details.

Our Directors are of the view that Mr. Xu's holding of the 2022 Convertible Bonds during the Track Record Period did not and would not affect our financial independence from our Controlling Shareholder, for the following reasons:

(i) *strong financial position and sufficient liquidity*: during the Track Record Period, we maintained a strong financial position with sufficient liquid assets to meet our financial needs, supported by our Group's steady cash flow and level of liquid assets, providing liquidity and financial security to operate our business independently; and

(ii) *independent ability to obtain sufficient financing*: we are capable of obtaining independent financing from external sources without reliance on our Controlling Shareholder: (a) we have been able to secure financing and obtain borrowings from independent financial institutions, and none of the guarantees or security for such borrowings was provided by our Controlling Shareholder; and (b) as a Shenzhen Stock Exchange listed company, we have demonstrated our ability to raise funds independently from public capital markets.

Save as disclosed above, no loan or guarantee has been provided by, or granted to, our Controlling Shareholder or his respective associates during the Track Record Period and as of the Latest Practicable Date. Notwithstanding the foregoing, we do not expect to rely on our Controlling Shareholder or any of his close associates for financing after the Listing as we expect that our working capital will be primarily funded by cash generated from our business operation, and external financing.

In light of the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholder.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of sound corporate governance in protection of our Shareholders' interests. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

In order to further avoid potential conflicts of interest, we have implemented the following measures to strengthen the protection of our Shareholders' interests:

(i) as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(ii) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholder or any of his close associates has a material interest, our Controlling Shareholder will abstain from voting on the relevant resolutions;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon Listing, if our Company enters into connected transactions with our Controlling Shareholder or any of his associates, our Company will comply with the applicable requirements under the Listing Rules;

(iv) we are committed that our Board shall include a balanced composition of executive Directors and independent non-executive Directors. We have appointed four independent non-executive Directors, and we believe our independent non-executive Directors: (a) possess sufficient experience; (b) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement; and (c) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole;

(v) our independent non-executive Directors will continuously review the compliance and enforcement of the undertakings by Mr. Xu under the Non-compete Undertakings. Our Controlling Shareholder will undertake to provide all information necessary, including all relevant financial, operational, and market information and any other necessary information as required by our independent non-executive Directors for such review;

(vi) in the event that our independent non-executive Directors are requested to review any conflict of interests circumstances between our Group, on one hand, and our Controlling Shareholder and/or our Directors, on the other hand, our Controlling Shareholder and/or our Directors shall provide our independent non-executive Directors with all necessary information for consideration and our independent non-executive Directors can seek advice from independent advisers at the cost of our Company where necessary; and

(vii) we have appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Hong Kong Listing Rules, including various requirements relating to directors' duties and corporate governance, upon Listing.

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

Upon the Listing, certain transactions between us and our connected persons will constitute our connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following connected persons:

Name of our connected persons	Connected Relationship
Guangzhou Hanpu Pharmaceutical Co., Ltd. (廣州市漢普醫藥有限公司) ("**Hanpu Pharmaceutical**", together with its subsidiaries, "**Hanpu Pharmaceutical Group**")	As of the Latest Practicable Date, Hanpu Pharmaceutical is held as to 75.72% by Mr. Xu, who is our executive Director and Controlling Shareholder. Therefore, Hanpu Pharmaceutical will become a connected person of our Company upon Listing.
Sanhe Environmental (together with its subsidiaries, "**Sanhe Environmental Group**")	As of the Latest Practicable Date, Sanhe Environmental is indirectly wholly-owned by Mr. Xu, who is our executive Director and Controlling Shareholder. Therefore, Sanhe Environmental will become a connected person of our Company upon Listing.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Counterparty	Category of continuing connected transaction	Applicable Listing Rules
Hanpu Pharmaceuticals Framework Agreement	Hanpu Pharmaceutical Group	Fully-exempt	14A.76(1)
Sanhe Environmental Framework Agreement	Sanhe Environmental Group	Fully-exempt	14A.76(1)

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Hanpu Pharmaceuticals Framework Agreement

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the "**Hanpu Pharmaceuticals Framework Agreement**") with Hanpu Pharmaceutical (for itself and on behalf of its subsidiaries), pursuant to which:

(i) our Group will provide lease of certain properties, and provide ancillary services (including but not limited to warehousing and administrative services), to Hanpu Pharmaceutical Group, and

(ii) Hanpu Pharmaceutical Group will lease certain properties to our Group.

The term of the Hanpu Pharmaceuticals Framework Agreement will be from the Listing Date to December 31, 2028.

We had, and will continue to from time to time, lease certain properties which are not in use by our Group to other parties, and such leases will be entered into on normal commercial terms in the ordinary and usual course of our business with third parties including Independent Third Parties and Hanpu Pharmaceutical. As of the Latest Practicable Date, we had leased properties located in Guangzhou, Guangdong Province, PRC to Hanpu Pharmaceutical Group, with an aggregate area of approximately 125 sq. meter and aggregate annual lease rental fee of no more than RMB60,000. In connection with the leasing, we also provide ancillary service such as warehousing and administrative services to Hanpu Pharmaceutical Group, which are charged at the same rate as applicable to Independent Third Parties. The annual service fee for such ancillary services is expected to be no more than RMB50,000.

Historically, our Group has been leasing certain premises and equipment from Hanpu Pharmaceutical Group as office use at market rate. To avoid unnecessary disruption to our operations, our Group intends to continue with the leasing arrangements after the Listing. The continuation of such lease is cost efficient and beneficial to our business operations. In light of the above, our Directors are of the view that the transactions under the Hanpu Pharmaceuticals Framework Agreement are fair and reasonable and in the best interest of our Group and the Shareholders as a whole.

As of the Latest Practicable Date, we have leased properties located in Guangzhou, Guangdong Province, PRC from Hanpu Pharmaceutical Group, with an aggregate area of approximately 6,478 sq. meter. The total annual rental fee for the leased premises and equipment was no more than RMB1,890,000.

Our Group (on the one hand) and Hanpu Pharmaceutical Group (on the other hand) will enter into separate agreements setting out the specific terms and conditions (including rental conditions, property rents, payment methods and other usage fees) in respect of the relevant leased properties based on the principles, and within the parameters provided, under the Hanpu Pharmaceuticals Framework Agreement.

As the highest applicable percentage ratio of each of the provision of leasing and ancillary service to and the receipt of leasing services from Hanpu Pharmaceutical Group under the Hanpu Pharmaceuticals Framework Agreement for the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules is less than 0.1% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of our Company but will be fully exempt from all of the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

If any of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the transactions with Hanpu Pharmaceutical Group is expected to exceed the applicable de minimis thresholds stipulated under Rule 14A.76(1) of the Listing Rules, we will comply with all applicable requirements under Chapter 14A of the Listing Rules.

Sanhe Environmental Framework Agreement

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the "**Sanhe Environmental Framework Agreement**") with Sanhe Environmental (for itself and on behalf of its subsidiaries), pursuant to which Sanhe Environmental Group will lease certain properties to our Group.

The term of the Sanhe Environmental Framework Agreement will be from the Listing Date to December 31, 2028.

Members of our Group (on the one hand) and Sanhe Environmental Group (on the other hand) will enter into individual agreements for each of the specific transactions contemplated thereunder, provided that any such individual agreement shall follow the principles as set out in the Sanhe Environmental Framework Agreement.

Historically, our Group has been leasing certain premises from Sanhe Environmental Group as office use at market rate. To avoid unnecessary disruption to our operations, our Group intends to continue with the leasing arrangements after the Listing. The continuation of such lease is cost efficient and beneficial to our business operations. In light of the above, our Directors are of the view that the transactions under the Sanhe Environmental Framework Agreement are fair and reasonable and in the best interest of our Group and the Shareholders as a whole.

As of the Latest Practicable Date, we have leased properties located in Guangzhou, Guangdong Province, PRC from Sanhe Environmental Group, with an aggregate area of approximately 310 sq. meter and aggregate annual lease rental fee of no more than RMB525,000.

Our self-owned premises are unable to meet our operational needs, and we have been using the premises leased from Sanhe Environmental Group during the Track Record Period. Any relocation may cause unnecessary disruption to our operations and incur additional costs.

Our Group (on the one hand) and Sanhe Environmental Group (on the other hand) will enter into separate agreements setting out the specific terms and conditions (including rental conditions, property rents, payment methods and other usage fees) in respect of the relevant leased properties based on the principles, and within the parameters provided, under the Sanhe Environmental Framework Agreement.

As the highest applicable percentage ratio of the receipt of leasing services from Sanhe Environmental Group under the Sanhe Environmental Framework Agreement for the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules is less than 0.1% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of our Company but will be fully exempt from all of the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

If any of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the transactions with Sanhe Environmental Group is expected to exceed the applicable de minimis thresholds stipulated under Rule 14A.76(1) of the Listing Rules, we will comply with all applicable requirements under Chapter 14A of the Listing Rules.

DIRECTORS

Upon Listing, our Board will consist of nine Directors, including five executive Directors and four independent non-executive Directors. Our Directors serve a term of three years and shall be subject to re-election upon the expiry of their respective term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations. None of our Directors are related to other Directors or members of our senior management.

The following table sets out certain information in respect of our Directors.

Name	Age	Position(s)	Time of first joining our Group	Time of appointment as Director	Roles and responsibilities
Xu Jinfu (徐金富)	61	Executive Director, chairman of our Board and general manager	June 2000	November 2007[1]	Responsible for the strategic planning, business direction and daily operations and management of our Group
Xu Sanshan (徐三善)	57	Executive Director, vice chairman of our Board	March 2010	January 2018[1]	Responsible for the strategic planning and daily operations and management of our Group
Gu Bin (顧斌)	60	Executive Director, vice general manager and chief financial officer	December 2007	November 2010[1]	Responsible for the overall management and financial matters of our Group
Han Heng (韓恒)	42	Executive Director, vice general manager and Board secretary	August 2008	January 2020[1]	Responsible for the overall management, Board related matters and corporate governance of our Group
Zhao Jingwei (趙經緯)	49	Executive Director	April 2017	May 2019[1]	Responsible for the overall management and R&D of new materials of our Group
Zhao Jianqing (趙建青)	61	Independent non-executive Director	March 2014	January 2025[2]	Responsible for providing independent opinion and judgment to the Board
Shen Hongtao (沈洪濤)	58	Independent non-executive Director	March 2026	March 2026	Responsible for providing independent opinion and judgment to the Board
Ruan Wenhong (阮文紅)	57	Independent non-executive Director	March 2026	March 2026	Responsible for providing independent opinion and judgment to the Board
Sha Yuchen (沙渝晨)	63	Independent non-executive Director	March 2026	March 2026	Responsible for providing independent opinion and judgment to the Board

Notes:

(1) The dates of the appointment refer to the appointment of the relevant positions in our Company after its conversion into a joint stock company with limited liability in November 2007. For the details of the conversion, see "History and Corporate Structure — Establishment of our Company and Conversion into a Joint Stock Company."

(2) Mr. Zhao Jianqing served as an independent non-executive Director from March 2014 to April 2020, and was redesignated as an independent non-executive Director in January 2025.

Executive Directors

Mr. Xu Jinfu (徐金富), aged 61, is an executive Director, the chairman of the Board and general manager of our Company. He founded our Group in June 2000 and has been serving as a Director and the chairman of the Board since 2000, and the general manager of our Company since 2018. He is primarily responsible for the strategic planning, business direction and daily operations and management of our Group.

Mr. Xu founded Guangzhou Tinci Industry and Trade Co., Ltd. (廣州市天賜工貿有限公司) and served as the general manager from September 1995 to June 2000, and further established our Company (then known as Guangzhou Tinci High-tech Materials Technology Co. Ltd. (廣州市天賜高新材料科技有限公司) in June 2000, and has worked for our Company since its establishment. Mr. Xu received numerous awards for his leadership and outstanding contribution to the industry. He was awarded the Science and Technology Award (First Class) (科學技術獎勵(一等)) for the research and industrial application of functional electrolytes for lithium-ion batteries and the Science and Technology Award (Second Class) (科學技術獎勵(二等)) for the development and application of overcharge protection electrolytes for lithium-ion batteries by the People's Government of the Guangdong Province in 2008 and 2010 respectively.

Mr. Xu obtained his bachelor's degree in chemistry from Hangzhou University (杭州大學) (currently known as Zhejiang University (浙江大學)) in June 1984, his master's degree in chemistry from Chinese Academy of Sciences (中國科學院) in June 1987 and his Executive Master of Business Administration (EMBA) degree from China Europe International Business School (中歐國際工商管理學院) in April 2006.

Mr. Xu Sanshan (徐三善), aged 57, is an executive Director and the vice chairman of the Board. Mr. Xu Sanshan is primarily responsible for the strategic planning and daily operations and management of our Group.

Mr. Xu Sanshan served as the deputy general manager of our Company from 2010 to 2022, and has been a Director since January 2018 and the vice chairman of the Board since November 2022. Mr. Xu Sanshan has been serving as an executive director of Jiangxi Tinci New Materials Innovation Center Co., Ltd. (江西天賜新材料創新中心有限公司) and Tinci Materials (Nantong) Co., Ltd. (天賜材料(南通)有限公司), our wholly owned subsidiaries, since November 2016 and January 2024 and, respectively. Mr. Xu Sanshan also served as an executive director of TINCI Jiujiang from February 2017 to March 2020. Prior to joining our Company, Mr. Xu Sanshan served successively as technician and deputy director of the machine repair department of the electrochemical plant, and division head of the construction department, assistant plant manager and deputy plant manager of the fluoropolymer plant of Zhejiang Juhua Group (浙江巨化集團) from August 1991 to February 2010.

Mr. Xu Sanshan has been serving as a director of Shandong Huafu Fluoro-Chemical Co., Ltd. (山東華氟化工有限責任公司) and Fluoever New Material (Shanghai) Co., Ltd. (孚遠新材料(上海)有限公司) since February 2022 and February 2025, respectively. Mr. Xu Sanshan also served as a director of Nantong Zhanding Material Technology Co., Ltd. (南通詹鼎材料科技有限公司) from May 2023 to August 2025.

Mr. Xu Sanshan obtained his bachelor's degree in mechanical manufacturing process and equipment from Huazhong University of Science and Technology (華中理工大學) in June 1991 and his Master of Business Administration (MBA) degree from Zhejiang University (浙江大學) in December 2002. He is certified as a senior engineer in chemical machinery by the Human Resources and Social Security of Zhejiang.

Mr. Gu Bin (顧斌), aged 60, is an executive Director, the vice general manager and chief financial officer of our Company. Mr. Gu is primarily responsible for the overall management and financial matters of our Group.

Mr. Gu has been the chief financial officer of our Company since December 2007, the vice general manager of our Company since December 2009 and a Director since November 2010. Mr. Gu has been a director of Tinci (HK) Limited, our wholly owned subsidiary, since December 2015. Prior to joining our Company, Mr. Gu served as the director and the chief financial officer of Guangzhou Blue Moon Industrial Co., Ltd. (廣州藍月亮實業有限公司), a wholly owned subsidiary of Blue Moon Group Holdings Limited, a company listed on the Main Board of the Stock Exchange under the stock code 06993, from March 1994 to April 2007.

Mr. Gu obtained his diploma in accounting from Zhongnan University of Economics and Law (中南財經大學) in December 1995.

Mr. Han Heng (韓恒), aged 42, is an executive Director, the vice general manager and the Board secretary of our Company. He is primarily responsible for the overall management, Board related matters and corporate governance of our Group.

Mr. Han has been a Director and secretary to the Board since January 2020. He has held successive positions at our Company, including the technical support manager, key account manager, head of international business department, director of market development department, general manager of the cathode base materials devision and general manager of the recycling resources business department. He currently serves as a deputy general manager and in charge of the securities, legal and investment departments of our Company, and has been a director and general manager of Linghui (Shenzhen) Industrial Development Co., Ltd. (瓴匯(深圳)產業發展有限公司, currently known as Linghui (Guangzhou) Investment and Development Co., LTD (瓴匯(廣州)投資發展有限責任公司)), our wholly owned subsidiary, since May 2022. Mr. Han also serves as the director of Chenzhou Zhonggui Technology Co., Ltd. (郴州市中貴科技有限公司) since December 2022. Mr. Han joined our Company in August 2008 and had served as technical support manager, key account manager, director of international business department and director of the marketing development department in our Company.

From October 2017 to April 2023, He was a director of Jiangxi Yun Lithium Materials Co., Ltd. (江西雲鋰材料股份有限公司).

Mr. Han obtained his bachelor's degree in chemical engineering and technology from Jiangnan University (江南大學) in June 2006 and his master's degree in applied chemistry from Jiangnan University (江南大學) in August 2008.

Mr. Zhao Jingwei (趙經緯), aged 49, is an executive Director of our group. Mr. Zhao is primarily responsible for the overall management and R&D of new materials in our Group.

Mr. Zhao has been serving as a Director since 2019. He served as the dean of the research institute of our Company from April 2017 to January 2019. Mr. Zhao has been serving as the executive director of the national engineering technology center of our Company since April 2017. He is also a director of TINCI Jiujiang, Jiujiang Tinci New Power Materials Technology Co., Ltd. (九江天賜新動力材料科技有限公司) and Jiujiang Tinci Electrolyte Technology Co., Ltd. (九江天賜電解液科技有限公司), our wholly owned subsidiaries, since March 2020, July 2021 and September 2020 respectively, and a director of Jiujiang Tianwei Technology Co., Ltd. (九江天微科技有限公司), our non-wholly owned subsidiary, since July 2022. Prior to joining our Company, Mr. Zhao served as the associate researcher of Shanghai Institute of Organic Chemistry of the Chinese Academy of Sciences (中科院上海有機化學研究所), the head of Yancheng New Materials Research and Development Center of Shanghai Institute of Organic Chemistry of the Chinese Academy of Sciences (中國科學院上海有機化學研究所(鹽城)新材料研發中心). Mr. Zhao served as the deputy director of Jiangsu New Energy Vehicle and Auto Parts Industrial Park (中國江蘇省新能源汽車及汽車零部件產業園) from September 2015 to August 2016. He also founded Zhangjiagang Jimute Chemical Technology Co., Ltd. (張家港吉慕特化工科技有限公司) in October 2013.

Mr. Zhao obtained his bachelor's degree in pharmacy from East China University of Science and Technology (華東理工大學) in 1999, and a joint doctorate in applied chemistry from Qingdao University of Science and Technology (青島科技大學) and Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences (中科院上海有機化學研究所) in June 2011. He is certified as a professor-level senior engineer in organic chemical by the Human Resources and Social Security of Jiangxi.

Independent Non-Executive Directors

Mr. Zhao Jianqing (趙建青), aged 61, served as an independent non-executive Director from March 2014 to April 2020, and was redesignated as an independent non-executive Director in January 2025 . Mr. Zhao is primarily responsible for providing independent advice and judgement to the Board.

Mr. Zhao is currently a professor and doctoral supervisor in the Department of Polymer Materials and Engineering, School of Materials Science and Engineering, South China University of Technology (華南理工大學). He has been serving successively as lecturer, associate professor and professor at South China University of Technology (華南理工大學) since June 1989. Mr. Zhao is also independent directors of Guangdong Silver Age Sci &tech Co., Ltd. (廣東銀禧科技股份有限公司), a company listed on ChiNext of the Shenzhen Stock Exchange under the stock code 300221, since July 2023, Guangdong Sinoplast Advanced Material Co., Ltd. (廣東中塑新材料股份有限公司) since July 2022, Guangdong Sunlite Science & Technology Co., Ltd. (廣東信力科技股份有限公司) since June 2022 and a director of Guangdong Youju Advanced New Materials Co., Ltd. (廣東優巨先進新材料股份有限公司) since August 2020.

Mr. Zhao obtained his bachelor's degree in polymer chemical engineering from Zhejiang University (浙江大學) in July 1984 and his doctoral degree in polymerization reaction engineering from Zhejiang University (浙江大學) in June 1989.

Dr. Shen Hongtao (沈洪濤), aged 58, was appointed as an independent non-executive Director in March 2026. Dr. Shen is primarily responsible for providing independent advice and judgement to the Board.

Dr. Shen has over 20 years of experience in accounting and financial management. She joined Jinan University (暨南大學) as a tutor in December 1999 and subsequently held positions as a lecturer and an associate professor at the Department of Accounting of the School of Management, and has been a professor at the Department of Accounting of the School of Management since October 2011. She has also held multiple positions including as a member of the China National PAcc Education Steering Committee (全國會計專業學位研究生教育指導委員會) since December 2021, a deputy director of the Audit Committee Directors Committee for Guangdong Listed Companies (廣東上市公司審計委主任委員會) since October 2025, and a council member of the Accounting Society of China (中國會計學會) since May 2023.

Dr. Shen previously served as an independent director in several public companies, including at (i) China Rare Earth Nonferrous Metals Co., Ltd. (中稀有色金屬股份有限公司, formerly known as Rising Nonferrous Metals Share Co., Ltd. (廣晟有色金屬股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 600259), from April 2015 to October 2020, during which she served as a member of its audit committee; (ii) Guangdong Electric Power Development Co., Ltd. (廣東電力發展股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000539), from May 2016 to September 2022, during which she served as the chairperson of its audit committee; (iii) Guangzhou Grandbuy Co., Ltd. (廣州市廣百股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002187), from September 2016 to December 2022, during which she served as a member of its audit committee; (iv) Youngy Co., Ltd. (融捷股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002192), from October 2017 to October 2023, during which she served as the chairperson of its audit committee; (v) Guangzhou Yuexiu Capital Holding Group Co., Ltd. (廣州越秀資本控股集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000987), from November 2017 to September 2023, during which she served as the chairperson of its audit committee; and (vi) Foshan Haitian Flavouring and Food Co., Ltd. (佛山市海天調味食品股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3288) and the Shanghai Stock Exchange (stock code: 603288), from July 2022 to September 2024, during which she served as the chairperson of its audit committee. Currently, Dr. Shen has been an independent director of Guangzhou Lingnan Group Holdings Company Limited (廣州嶺南集團控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000524), since November 2023, where she currently serves as the chairperson of its audit committee.

Dr. Shen obtained her bachelor's degree in world economics from Fudan University (復旦大學) in July 1989, her master degree in accounting and finance from Lancaster University in November 1998, and her doctorate degree in management from Xiamen University (廈門大學) in December 2005. She was engaged as a sustainable disclosure standards advisory expert of the Ministry of Finance and a specialist in the Guangdong Capital Market Expert Database.

Dr. Ruan Wenhong (阮文紅), aged 57, was appointed as an independent non-executive Director in March 2026. Dr. Ruan is primarily responsible for providing independent advice and judgement to the Board.

Dr. Ruan has over 30 years of experience in scientific research and academic teaching in the field of polymer science and chemistry. She joined the College of Polymer Science and Engineering of Sichuan University (四川大學) in July 1994, where she was engaged in scientific research and teaching and was appointed as an associate professor in July 2001, and she subsequently conducted postdoctoral research at the postdoctoral research station for chemistry of Sun Yat-sen University (中山大學) from September 2002 to October 2004, during which she was engaged in teaching and research at the School of Chemistry and Chemical Engineering. From November 2004 to November 2008, she continued to serve as an associate professor at the School of Chemistry and Chemical Engineering of Sun Yat-sen University (中山大學). Since December 2008, Dr. Ruan has served as a professor and doctoral supervisor at the School of Chemistry of Sun Yat-sen University. She was also a senior visiting scholar at Cornell University in the United States from September 2011 to September 2012.

Dr. Ruan obtained her bachelor's degree in plastics engineering from Sichuan University (四川大學) (formerly known as Chengdu University of Science and Technology (成都科技大學)) in June 1991, her master's degree in materials forming and processing from Sichuan University (formerly known as Chengdu University of Science and Technology (四川聯合大學)) in June 1994, and her doctorate degree in materials processing engineering from Sichuan University in June 2000.

Mr. Sha Yuchen (沙渝晨), aged 63, was appointed as an independent non-executive Director in March 2026. Mr. Sha is primarily responsible for providing independent advice and judgement to the Board.

Mr. Sha has over 30 years of experience in legal practice. He previously served at the Guangzhou Intermediate People's Court (廣州市中級人民法院) from July 1983 to October 1995, where he was engaged in criminal, economic and intellectual property adjudication. Following the establishment of the Intellectual Property Division of the Guangzhou Intermediate People's Court in 1994, he served as the inaugural presiding judge of the collegiate panel. Mr. Sha engaged in legal practice since 1996 to the present. In January 2010, he founded the Guangzhou branch of Longan Law Firm (北京市隆安律師事務所), where he currently serves as a senior partner.

Mr. Sha obtained his bachelor's degree in law from Peking University (北京大學) in July 1983. He is a qualified practicing lawyer in the PRC.

Save as disclosed above, (i) none of our Directors (other than our independent non-executive Directors) has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business, and (ii) to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on July 23, 2025 (for all the executive Directors other than Mr. Zhao Jingwei), August 22, 2025 (for Mr. Zhao Jingwei), March 13, 2026 (for Dr. Shen Hongtao and Mr. Sha Yuchen), or March 18, 2026 (for Dr. Ruan Wenhong), and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

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

SENIOR MANAGEMENT

The senior management is responsible for the day-to-day management of our business. None of the members of our senior management are related to our Directors or other members of our senior management. The following table sets out the information of members of our senior management.

Name	Age	Position(s)	Time of first joining our Group	Time of first appointment as senior management[(1)]	Roles and responsibilities
Xu Jinfu (徐金富)	61	Executive Director, chairman of our Board and general manager	June 2000	January 2001	Responsible for the strategic planning, business direction and daily operations and management of our Group
Gu Bin (顧斌)	60	Executive Director, vice general manager and chief financial officer	December 2007	December 2009	Responsible for the overall management and financial matters of our Group
Han Heng (韓恒)	42	Executive Director, vice general manager and Board secretary	August 2008	January 2020	Responsible for the overall management, Board related matters and corporate governance of our Group
Huang Na (黃娜)	43	Vice general manager	July 2006	November 2022	Responsible for daily operation of our Group
Shi Litao (史利濤)	41	Vice general manager	July 2010	November 2022	Responsible for daily operation and R&D management of our Group

Note:

(1) The dates of the appointment refer to the appointment of the relevant positions in our Company after its conversion into a joint stock company with limited liability in November 2007. For the details of the conversion, see "History and Corporate Structure — Establishment of our Company and Conversion into a Joint Stock Company."

Mr. Xu Jinfu (徐金富), aged 61, is an executive Director, chairman of the Board and general manager of our Company. For Mr. Xu's biography, see "— Directors — Executive Directors" in this section.

Mr. Gu Bin (顧斌), aged 60, is an executive Director, vice general manager and chief financial officer of our Company. For Mr. Gu's biography, see "— Directors — Executive Directors" in this section.

Mr. Han Heng (韓恒), aged 42, is an executive Director, the vice general manager and secretary to the Board. For Mr. Han's biography, see "— Directors — Executive Directors" in this section.

Ms. Huang Na (黃娜), aged 43, has been our vice general manager since November 2022. She is responsible for the daily operation of our Group.

Ms. Huang is a deputy general manager and assistant to the general manager of our Company and in charge of the marketing department, human resources department, EHS department, planning and logistics department, quality operations department, general manager's office, and engineering construction department of our Company. Ms. Huang served successively as assistant research and development engineer, director of the enterprise management department, director of the quality assurance department, director of our Huangpu factory and director of supply chain of the business department since July 2006.

Ms. Huang obtained her bachelor's degree in environmental science from South China Normal University (華南師範大學) in July 2006 and a doctorate in business administration from IPAG Business School in December 2024.

Mr. Shi Litao (史利濤), aged 41, has been our vice general manager since November 2022. He is responsible for the daily operation and R&D management of our Group.

Mr. Shi is the vice general manager, dean of our Company's research institute and is in charge of our design institute, main engineering system, the cathode materials business division and the cathode precursor division of our Company. Mr. Shi also serves as director of Tinci Materials (Taizhou) Co., Ltd. (天賜材料(台州)有限公司, Tinci Materials (Hubei) Co., Ltd. (天賜材料(湖北)有限公司), and TINCI Research, our wholly owned subsidiaries, since June 2018, July 2022 and June 2024 respectively and as director of Jiangxi Tinci Zhongxiao Materials Co., Ltd. (江西天賜中硝新材料有限公司), our non-wholly owned subsidiary, since September 2023, and held directorships in several subsidiaries of our Group. Mr. Shi served successively as director of the analysis and testing center, technical manager of the electrolyte business division, production technical director, general manager of KAIXIN Ningde, our wholly owned subsidiary, and general manager of the cathode materials business division of our Company since July 2010.

Mr. Shi obtained his bachelor's degree in chemistry from Changsha University of Science and Technology (長沙理工大學) in June 2007 and his master's degree in applied chemistry from Guangdong University of Technology (廣東工業大學) in July 2010.

JOINT COMPANY SECRETARIES

Mr. Han Heng (韓恒), aged 42, has been appointed as one of our joint company secretaries with effect from the Listing. For Mr. Han's biography, see "— Directors — Executive Directors" in this section.

Ms. Jian Xuegen (簡雪艮), has been appointed as one of our joint company secretaries with effect from the Listing. Ms. Jian is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited.

Ms. Jian obtained her bachelor's degree in accounting from South China University of Technology (華南理工大學) in July 2008. She is a member of the Hong Kong Institute of Certified Public Accountants. She is also a member of the Chinese Institute of Certified Public Accountants.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Our Board delegates certain responsibilities to various committees. We have established four Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and Sustainable Development Committee.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to propose the appointment or replacement of external auditors, review our Company's internal audit system and its implementation, coordinate with internal and external auditors, review our financial information and its disclosure, examine our Company's internal control system and major related-party transactions and/or connected transactions, and to provide our Board with professional advice. The Audit Committee comprises three members, namely Dr. Shen Hongtao, Dr. Ruan Wenhong and Mr. Sha Yuchen, with Dr. Shen Hongtao (being an independent non-executive Director with the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules) as chairperson of the Audit Committee.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Appraisal Committee are to formulate the appraisal standards for Directors and senior management, conduct appraisal, and formulate and review the remuneration policies and proposals for Directors and senior management. The Remuneration and Appraisal Committee comprises three members, namely Dr. Shen Hongtao, Mr. Sha Yuchen, and Mr. Gu Bin, with Dr. Shen Hongtao as serving as chairperson.

Nomination Committee

We have established the Nomination Committee pursuant to Rule 3.27A of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to assess the candidates and review selection criteria and procedures for Directors and senior management, and to make recommendations to the Board. The Nomination Committee comprises three members, namely Mr. Zhao Jianqing, Dr. Ruan Wenhong, and Mr. Han Heng, with Mr. Zhao Jianqing serving as chairperson.

Strategy and Sustainable Development Committee

We have established the Strategy and Sustainable Development Committee. The primary duties of the Strategy and Sustainable Development Committee are to review our Company's long-term development strategies and major investment decisions, and to make recommendations to our Board. The Strategy and Sustainable Development Committee comprises five members, namely Mr. Xu, Mr. Xu Sanshan, Mr. Han Heng, Mr. Gu Bin and Mr. Zhao Jianqing, with Mr. Xu serving as chairperson.

Corporate Governance Code

We aim to achieve high standards of corporate governance which are crucial to the development and safeguard the interests of our Shareholders. In accomplish this, our Company expects to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the Listing save for the deviation as mentioned below. Any deviation from the code provisions shall be carefully considered, and the reasons for any deviation and explanation of how good corporate governance was achieved by means other than strict compliance with the code provisions shall be given in the interim report and the annual report in respect of relevant period.

According to code provision C.2.1 of Part 2 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of chairman of the Board and general manager are currently performed by Mr. Xu. In view of Mr. Xu's substantial contribution to our Group since our establishment and his extensive experience, our Board believes that it is in the best interest of our Group to have Mr. Xu taking up both roles for effective management and operations. Therefore, our Directors consider that the deviation from such code provision is appropriate. Notwithstanding such deviation, our Directors are of the view that our Board is able to work efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions will be made in consultation with members of our Board and the relevant Board committees, and there are four independent non-executive Directors on our Board offering independent perspective, our Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within our Board. Our Board shall nevertheless review the structure and composition of our Board and senior management from time to time in light of prevailing circumstances to maintain a high standard of corporate governance practices of our Company.

Board diversity

Our Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director of our Group, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. Pursuant to the Board Diversity Policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to overall business management, engineering, and finance and accounting. They received degrees in various majors including electronic technology, materials, business administration, and accounting. We have both male and female members serving on the Board currently. Furthermore, the Board has a relatively wide range of ages, ranging from 42 years old to 63 years old. The Board is of the view that the Board satisfies the Board Diversity Policy.

The Nomination Committee is responsible for reviewing the diversity of the Board. Upon the Listing, the Nomination Committee will from time to time review the Board Diversity Policy, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective. Our Company will disclose the biographical details of each Director and plans to report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in our annual corporate governance report. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female

senior management and potential successors to the Board. We plan to offer all-rounded training to female employees whom we consider to have the suitable experience, skills, and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance, and research and development. We are of the view that such a strategy will offer chances for the Board to identify more capable female employees to be nominated as a member of the Board in future with an aim to providing the Board with a pipeline of female candidates to achieve gender diversity in the Board in the long run.

Management presence

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive Directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. See "Waivers and Exemptions — Management Presence in Hong Kong" for further details.

REMUNERATION

Our Directors and senior management receive remuneration, including salaries, allowances, and our contribution to the pension plan on their behalf.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances, contributions to pension plans, discretionary bonuses, and share-based payment expenses) for the years ended December 31, 2023, 2024 and 2025 was approximately RMB17.1 million, RMB7.3 million and RMB23.5 million for our Directors, respectively. None of our Directors waived any remuneration during the aforesaid periods.

The five highest paid individuals of our Group for the years ended December 31, 2023, 2024 and 2025 included four, four and four Directors, respectively. The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans, discretionary bonuses, and share-based payment expenses) for the five highest paid individuals for the years ended December 31, 2023, 2024 and 2025 was approximately RMB16.8 million, RMB7.2 million and RMB23.0 million, respectively.

Save as disclosed above, no other payments have been paid or are payable, in respect of the Track Record Period by our Company to our Directors. For the year ending December 31, 2026, we expect to pay approximately RMB16.2 million in aggregate remuneration to our Directors.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Company. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director or supervisor of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company, among others, in the following circumstances:

- before the publication of any regulatory announcement, circular, or financial report;

- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfer of treasury shares and share repurchases;

- where we propose to use the proceeds of the [**REDACTED**] in a manner different from that detailed in this document or where the business activities, development, or results of our Group deviate from any forecast, estimate, or other information in this document; and

- where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of our listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Advisor shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDER

So far as our Directors are aware, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the following person(s) will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of shares of our Company:

Substantial shareholder of our Company

		As of the Latest Practicable Date		Immediately after the [REDACTED][(1)]		
Name of Shareholder	**Capacity/ Nature of interest**	**Number of A Shares held**	**Approximate percentage of issued Shares**	**Number of A Shares held**	**Approximate percentage of issued A Shares**	**Approximate percentage of total issued Shares**
			(%)		*(%)*	*(%)*
Mr. Xu.	Beneficial owner	698,668,092	34.35	698,668,092	34.35	[REDACTED]

Note:

(1) All interest stated are long positions.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of shares of our Company.

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

BEFORE THE [REDACTED]

As of the Latest Practicable Date, our share capital was RMB2,033,891,587, comprising of 2,033,891,587 A Shares with a nominal value of RMB1.00 each. This includes 8,495,760 A Shares repurchased by our Company pursuant to repurchase mandates approved by our Board and held in our Company's stock repurchase account as treasury shares.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
A Shares in issue	2,033,891,587	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is fully exercised) the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
A Shares in issue	2,033,891,587	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

RANKING

Upon the completion of the [**REDACTED**], our Shares will consist of A Shares and H Shares. A Shares and H Shares are all ordinary Shares in the share capital of our Company and are regarded as the same class of Shares under the Articles of Association.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

A Shares and H Shares shall carry the same rights in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the mainland China and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the shareholders' general meeting of our Company held on July 23, 2025 and is subject to the following major conditions:

(i) *Size of the* [**REDACTED**]*:* The proposed number of H Shares to be [**REDACTED**] shall not exceed approximately [**REDACTED**]% of the total issued share capital enlarged by the H Shares to be issued pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]). The number of H Shares to be issued pursuant to the full exercise of the [**REDACTED**] shall not exceed [**REDACTED**]% of the total number of H Shares to be [**REDACTED**] initially under the [**REDACTED**].

(ii) *Method of* [**REDACTED**]*:* The method of [**REDACTED**] shall be by way of an [**REDACTED**] to institutional investors and [**REDACTED**].

(iii) *Target investors:* The H Shares shall be issued to overseas institutional investors, corporations and individual investors, as well as qualified domestic institutional investors and other investors who fulfill the relevant laws and regulations.

(iv) [**REDACTED**] *basis:* The [**REDACTED**] of the H Shares will be determined by the Board and its authorized person with the authorization of the Shareholders' general meetings, together with the [**REDACTED**], after full consideration of the interests of existing Shareholders, investors of our Company and the conditions of domestic and international capital markets conditions with reference to the international practices, the general valuation level of the industry in which our Company operates, and through demands for orders and book-building process.

(v) *Valid period:* The issue and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date on which such matters were approved at the Shareholders' meeting. If the Company obtains approval from the relevant regulatory authorities for the Listing within the 24 months, the authorization period shall automatically be extended to the later of the completion date of this issuance and the Listing or the exercise date of the [**REDACTED**] (if applicable). There are no other approved [**REDACTED**] plans for our Shares except the [**REDACTED**].

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND MEETING ARE REQUIRED

For details of circumstances under which our Shareholders' general meeting is required, See "Summary of the Articles of Association" in Appendix V to this document.

SHARES INCENTIVE PLAN

Certain directors and employees of our Company and our subsidiaries are eligible for interests of our Shares through the incentive scheme(s) of our Company. For details, see "Appendix VI — Statutory and General Information — (D) 2024 Share Incentive Plan" in this document.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements as of and for each of the years ended December 31, 2023, 2024 and 2025 and the accompanying notes included in the Accountants' Report set out in Appendix I to this document. We have prepared our financial information in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions, including the United States and the United Kingdom.

The following discussion contains forward-looking statements that reflect our current view with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as factors that we believe are appropriate under the circumstances. However, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. Factors that could cause or contribute to such differences include, without limitation, those discussed in the sections headed "Forward-Looking Statements", "Risk Factors" and "Business" in this document.

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.

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.

Our business is mainly divided into two major segments, namely lithium-ion battery materials business as well as daily chemicals and specialty chemicals business. 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. 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 and disinfectant and sterilization products. Specialty chemicals, on the other hand, are mainly applied across various industrial, construction and agricultural sectors.

For the years ended December 31, 2023, 2024 and 2025, our revenue amounted to RMB15,404.6 million, RMB12,518.3 million and RMB16,649.9 million, respectively. Our gross profit for the years were RMB3,993.0 million, RMB2,364.2 million and RMB3,703.2 million, respectively.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS Accounting Standards**") which collective term includes all applicable individual IFRS Accounting Standards and Interpretations approved by the International Accounting Standards Board ("**IASB**"). All IFRS Accounting Standards, amendments, interpretations and annual improvements which are effective for the accounting period beginning from January 1, 2025 are consistently adopted by our Group during the Track Record Period. The material accounting policies that have been used in the preparation of this historical financial information are summarized in note 3 to the Accountant's Report included in Appendix I to this document. These policies have been consistently applied to all the periods presented in the historical financial information, unless otherwise stated. The historical financial information has been prepared on the historical cost basis, except for certain financial assets which are stated at fair values.

Accounting estimates and assumptions are used in preparation of the historical financial information. Although these estimates are based on the management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in note 5 to the Accountant's Report included in Appendix I to this document.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The results of operations and the financial conditions of our Group have been, and/or will continue to be affected by a number of factors, including those key factors set out below:

Demands for Our Products in the Downstream Markets

We are a global leading material company specialized in new energy materials and advanced materials driven by innovative technology, which primarily provides comprehensive lithium-ion battery materials and daily chemicals and specialty chemicals solutions to customers across the world. Our results of operations have been and are expected to continue to be affected by the demand in downstream markets.

During the Track Record Period, we generated revenue from lithium-ion battery materials of RMB14,104.4 million, RMB10,974.2 million, and RMB15,050.5 million, accounting for 91.6%, 87.7% and 90.4% of our total revenue in 2023, 2024 and 2025, respectively. Our lithium-ion battery materials are primarily supplied to battery manufacturers, automotive manufacturers and consumer goods manufacturers, which are used in a wide variety of end markets, including EV, ESS and consumer electronics sectors, as well as emerging sectors such as machinery, vessels, eVTOL and robotics. The remaining portion of our revenue is largely generated by our daily chemicals and specialty chemicals business through the production and sale of daily chemicals and specialty chemicals products, such as carbomer, surfactants, silicone oil, cationic conditioner and other specialty chemicals for a wide range of personal care, industrial, agricultural and construction applications. For the years ended December 31, 2023 and 2024, our revenue decreased mainly due to intensified competition in the lithium-ion battery materials industry which led to a decrease in the average selling price of lithium-ion battery materials. In 2025, we recorded growth in both sales and financial performance, supported by accelerated growth in the downstream markets.

Developments in industry practices within downstream markets, such as the introduction of new technologies or standards, may influence demands for our products. Advances in alternative technologies could present both challenges and complementary opportunities for our product portfolio. The acceptance of more cost-effective substitutes for our products in the relevant markets could also have an impact on our business, financial condition and results of operations.

Supply of Key Materials and Our Ability to Produce, Recycle and Re-use Materials

Our operations depend on substantial amounts of key materials, the prices of which are inherently volatile and closely linked to global commodity market trends. Our key raw materials primarily comprise various chemicals, including lithium carbonate, $LiPF_6$, LiFSI, $FePO_4$, FEC, VC, DTD, DMC, EMC, fatty acid and ADP, the cost of which account for a substantial portion of our total cost of sales. Although we have expanded the production of certain upstream key materials, including FEC, VC, $LiPF_6$, LiFSI, $FePO_4$, high-purity lithium carbonate and various additives, so that we are able to meet some of our procurement needs internally, our key materials that are sourced from external providers accounted for a certain portion of our operating cost. Historically, the market prices for these materials have been subject to fluctuations in a manner that is characteristic of commodity markets, resulting in related fluctuations in our operating costs. In the years ended December 31, 2023, 2024 and 2025, our direct material costs (as a part of our cost of sales) were RMB8,830.4 million, RMB7,258.2 million and RMB10,091.6 million, respectively. For illustrative purposes only, assuming that all other factors affecting our financial performance remain constant (including assuming that material price fluctuations cannot be passed on to customers through price adjustment mechanisms), the sensitivity analysis of the impact of fluctuations in the average price of direct materials being 1% and 5% on our profit before income tax during the Track Record Period is as follows:

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fluctuations in the average price of direct materials			
-/+1%	+/-88,304	+/-72,582	+/-100,916
-/+5%	+/-441,522	+/-362,909	+/-504,579

We have built our differentiated competitive advantage by having established our self-production capability for the key materials of our products. This high level of self-sufficiency enables us to achieve significant cost advantages and ensures a stable core materials supply. In particular, we are self-sufficient in a wide variety of additives, an area with high entry barriers requiring significant investment and expertise. According to CIC, we are one of the few producers in China with the scale and research capabilities needed to develop and manufacture new additives in a cost-efficient and timely manner. This capability contributes directly to the development of new electrolyte products, helping to guarantee both the stability and quality of our electrolyte materials supply and to mitigate price volatility, especially for critical materials like $LiPF_6$, thereby supporting our profitability.

In addition, we have been taking measures to enhance supply security, manage price volatility, and lower costs. For key materials that are widely used and subject to notable market fluctuations, we make strategic purchases when prices are favorable based on our internal forecasts. We also conduct 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. See "Business — Procurement and Suppliers — Hedging Policies." Moreover, 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. See "Business — Our Circular Economy Model." These initiatives enhance our cost efficiency and support sustainable production.

However, despite these efforts to ensure supply and manage costs, we may still be exposed to shortages or persistent price fluctuations of key materials, which could affect our business, financial condition, and results of operations.

Research and Development

We believe that R&D is one of the fundamental drivers of our growth, market leadership and overall financial condition. Our success over the years has been built on robust R&D capabilities and sustained investment in technological innovation. We have established an integrated R&D platform that leverages our deep expertise in four major chemical elements of lithium, fluorine, phosphorus and sulfur. This expertise forms the foundation for innovation, supporting the development of advanced materials and products that meet the needs of various industries. See "Business — Research and Development — Our Integrated Research and Development Platform."

Maintaining a leading position in our core markets is closely linked to our continuous R&D investment and our ability to translate research into commercially viable products. The performance of our business, and consequently our financial condition, depends significantly on our ability to maintain a technological edge, respond to industry-wide advancements and adapt swiftly to evolving customer demands and technological trends. In support of this, we remain committed to ongoing investment in R&D to keep our product portfolio relevant and competitive. For the years ended December 31, 2023, 2024 and 2025, our research and development expenses amounted to RMB645.5 million, RMB668.2 million and RMB846.9 million, respectively, representing 4.2%, 5.3% and 5.1% of our total revenue in the respective period. We expect to continue strengthening our R&D capability to drive further product optimization and innovation. This focus will help differentiate our products, enhance their competitiveness in the market, and support our future growth and financial health.

Production Capacity Management

Our ability to manage and expand our production capacity has a significant impact on the growth in our revenue and market share expansion. As of December 31, 2025, we had 16 productions bases and one additional construction base currently under construction in the PRC. See "Business — Production — Our Global Network." Equipped with advanced equipment and the latest production technologies, our production bases are highly automated. Accordingly, we are able to produce products with premium quality and reliability, while ensuring cost efficiency. As of December 31, 2024, our electrolyte production capacity was the largest among all electrolyte producers in the world. Looking forward, we intend to continue to improve and maintain a high level of production capacity utilization and will actively seek opportunities to prudently expand our capacity internationally, aligning with developments in overseas market demand and customer service networks.

Change in Product Mix

Our business is principally focused on lithium-ion battery materials. Our lithium-ion battery materials products are primarily electrolyte, which is essential for enabling the movement of lithium-ions between the battery electrodes, and its core compositions. We have also successfully expanded into the sectors of cathode materials, comprising $FePO_4$ and $LiFePO_4$ and other material, such as binders, PACK structural adhesives for lithium-ion battery and lithium carbonate. During the Track Record Period, we generated revenue from lithium-ion battery materials of RMB14,104.4

million, RMB10,974.2 million and RMB15,050.5 million, accounting for 91.6%, 87.7% and 90.4% of our total revenue in 2023, 2024 and 2025, respectively. Gross profit margin of lithium-ion battery materials amounted to 25.3%, 17.5% and 21.3% for the years ended December 31, 2023, 2024 and 2025, respectively.

In addition to our focus on lithium-ion battery materials, we may seek to expand our product portfolio over time, including further investments in product development. During the Track Record Period, revenue from the sales of daily chemicals and specialty chemicals accounted for 6.6%, 9.2% and 7.7% for the years ended December 31, 2023, 2024 and 2025, respectively. Gross profit margin of daily chemicals and specialty chemicals amounted to 35.8%, 30.0% and 29.9% for the years ended December 31, 2023, 2024 and 2025, respectively. As the profit margins, cost structures and market dynamics can vary significantly across these product categories, changes in our product mix will have a direct impact on our overall gross margins. These changes in turn, are expected to affect our business performance and financial condition more broadly.

Competition

The barriers to the industry in which we operate include technology barriers, operation scope barriers, capital barriers, equipment-related barriers and customer barriers. We primarily compete with well-established domestic manufacturers that are in the business of producing large volumes of lithium-ion battery materials and daily chemicals and specialty chemicals, including those with extensive marketing and sales networks and strong industry experience.

The costs for lithium carbonate experienced significant fluctuations in recent years, rising between 2020 and 2022 as demand from the downstream market increased, then declining significantly from 2023 as overcapacity in lithium-ion battery materials industry developed and growth in downstream demand weakened. These changes have contributed to increased competition among the lithium-ion battery materials manufacturers, and we actively adjusted our pricing strategies to maintain our competitive position. As a result, we have sustained the position as the world's No. 1 electrolyte supplier in terms of shipment volumes during the Track Record Period, with a global market share of approximately 35.7% in 2024, according to CIC. As we expand into new business lines, geographic markets, and product categories, leveraging our leading positions in electrolyte and other lithium-ion battery materials as well as daily chemicals and specialty chemicals products, we believe we will be able to seize the opportunities that will arise alongside a dynamic and evolving competitive landscape.

In addition, new and existing competitors may strive to increase their market share with continued R&D efforts, optimized production processes and active marketing campaigns. However, we believe our strong capital resources, our vertical integration capability across the electrolyte value chain, strong synergies across our business segments, accumulation of intellectual property, sophisticated talent pool and deep-rooted relationship with customers give us an advantageous position among existing and incoming industry players.

MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The preparation of the historical financial information in conformity with IFRS requires our management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are note readily apparent from other sources. Actual results may differ from these estimates.

Below is a summary of the accounting policies in accordance with IFRS that we believe are important to the presentation of our financial results and involve the need to make estimates and judgements about the effect of matters that are inherently uncertain. We also have other policies that we consider to be key accounting policies. We do not expect such estimates and assumptions to be likely to change significantly in the future. See note 3 to the Accountants' Report set out in Appendix I to this document.

Revenue Recognition

Revenue arises mainly from the sales of lithium-ion battery materials, daily chemicals and specialty chemicals products. To determine whether to recognize revenue, we follow a 5-step process: (i) identifying the contract with a customer, (ii) identifying the performance obligations, (iii) determining the transaction price, (iv) allocating the transaction price to the performance obligations, and (v) recognizing revenue when/as performance obligation(s) are satisfied.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognized either at a point in time or over time, when we satisfy performance obligations by transferring the promised goods to our customers.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to us, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method.

Revenue from Sale of Goods

Revenue from sale of goods between us and our customers generally only includes a performance obligation for the transfer of goods, which is recognized when the performance obligation has been satisfied at a point in time.

Revenue for sale of goods in China is recognized when we have delivered the products to the customers in accordance with the contract terms, and have received acceptance and other proof of receipt from the customers. Revenue for export sale of goods is recognized when we have declared the goods for customs clearance in accordance with the contract terms, and have obtained a customs declaration or received acceptance and other proof of receipt from the customers.

Property, Plant and Equipment

Property, plant and equipment (other than cost of right-of-use assets) are initially stated at acquisition cost or manufacturing costs (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by our management). They are subsequently stated at costs less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line basis over their estimated useful lives as follow:

Freehold land is not depreciated	
Buildings	15-30 years
Machinery	3-10 years
Transportation facilities	3-10 years
Electronic and other equipment	3-10 years

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, as of the end of each period of the Track Record Period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Derivative Financial Instruments and Hedge Accounting

We enter into a variety of derivative financial instruments to manage our exposure to foreign currency risks and commodity price risks, including forward currency contracts and commodity future contracts. Further details of derivative financial instruments are set out in note 24 to the Accountants' Report set out in Appendix I to this document.

Derivative financial instruments are recognized at fair value at the end of each reporting period with gain or loss on re-measurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for hedged accounting under IFRS 9. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

At the inception of a hedge relationship, we formally designate and document the hedge relationship to which we wish to apply hedge accounting, the risk management objective and our strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how we will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined) on an ongoing basis. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is "an economic relationship" between the hedged item and the hedging instrument.

- the effect of credit risk does not "dominate the value changes" that result from that economic relationship.

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that we actually hedge and the quantity of the hedging instrument that we actually use to hedge that quantity of hedged item.

We designate certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchanges rates and commodity price. See note 3.10 to the Accountants' Report set out in Appendix I to this document.

Impairment of Financial Assets

We consider a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and

- financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at each reporting date of the Track Record Period.

"12-month ECL" are recognized for the Stage 1 category while "lifetime ECL" are recognized for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial assets.

Trade Receivables

For trade receivables, we apply a simplified approach in calculating ECL and recognize a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, we have established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment. For trade receivables from related parties, we also perform the ECL assessment on individual basis.

To measure the ECL, except for trade receivables with significant outstanding balances which are assessed individually, the remaining trade receivables have been grouped based on shared credit risk characteristics and the days past due, and adjusted for forward-looking factors specific to the debtors and the economic environment.

Other Financial Assets Measured at Amortized Cost and Debt Investments at FVTOCI and Bills Receivables Measured at FVTOCI

We measure the loss allowance for other receivables and bill receivables at FVTOCI equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case we recognize lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, we compare the risk of a default occurring on the financial assets as of the end of each period of the Track Record Period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, we consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating,

- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;

- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

- an actual or expected significant deterioration in the operating results of the debtor.

Despite the foregoing, we assume that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at each reporting date. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, we consider an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including us, in full.

Detailed analysis of the ECL assessment of trade and bills receivables and other financial assets measured at amortized cost are set out in note 44.2 to the Accountants' Report set out in Appendix I to this document.

Financial Guarantee Contracts

For a financial guarantee contract, we are required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to the holder for a credit loss that it incurs less any amounts that we expect to receive from the holder, the debtor or any other party.

Credit-impaired Financial Assets

At each reporting date, we assess on a forward-looking basis whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off Policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an assets that was previously written off are recognized in profit or loss of the period in which the reversal occurs.

Accounting Estimates and Judgements

In the process of applying our Group's accounting policies, our management has made the following estimates and judgements based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of Non-Financial Assets (Other than Goodwill)

Items of property, plant and equipment, right-of-use assets, deposits paid for acquisition of property, plant and equipment, intangible assets and investments in subsidiaries in the Company's statements of financial position are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. This process requires management's estimate of future cash flows generated by each cash-generating unit ("CGU"). For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statements of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

As of December 31, 2023, 2024 and 2025, the carrying amounts of property, plant and equipment, right-of-use assets, deposits paid for acquisition of property, plant and equipment, intangible assets and investments in subsidiaries in the Company's statements of financial position are disclosed in note 16, note 17, note 26 note 19 and note 21 to the Accountants' Report set out in Appendix I to this document, respectively.

Estimation of Impairment of Trade and Bills Receivables, and Other Receivables

We make allowances on items subjects to ECL (including trade and bills receivables, and other receivables and other financial assets measured at amortized cost) based on assumptions about risk of default and expected loss rates. We use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on our past history, existing market conditions as well as forward-looking estimates at each reporting date as set out in note 3.11 to the Accountants' Report set out in Appendix I to this document.

As of December 31, 2023, 2024 and 2025, the aggregate carrying amounts of trade and bills receivables, and other receivables amounted to RMB5,424.0 million, RMB5,679.5 million and RMB7,900.8 million, net of loss allowance of RMB185.2 million, RMB307.4 million and RMB357.1 million, respectively.

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and bills receivables, and deposits and other receivables and related credit losses in the periods in which such estimate has been changed.

Net Realizable Value of Inventories

Net realizable value of inventories is based on estimated selling price less any estimated costs to be incurred to completion and disposal with reference to prevailing market information. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. We reassess the estimation at each reporting date. During the Track Record Period, the provision for inventories, amounting to RMB171.0 million, RMB108.5 million and RMB172.4 million have been provided during the years ended December 31, 2023, 2024 and 2025, respectively.

Estimation of Fair Value of Financial Instruments Not Traded in an Active Market

As of December 31, 2023, 2024 and 2025, financial assets at FVTOCI that are not traded in an active market including unlisted equity investments were carried at fair value of RMB436.9 million, RMB412.9 million and RMB569.5 million, respectively. The fair values are determined by using valuation techniques, details of which are set out in note 44.7 to the Accountants' Report set out in Appendix I to this document. This involves developing estimates and assumptions consistent with how market participants would price the instrument. We base our assumptions on observable data as far as possible but this is not always available. In that case we use the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at each reporting date.

Impairment of Goodwill

We test annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.23 to the Accountants' Report set out in Appendix I to this document. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates about future cash flows and discount rates. In the process of estimating expected future cash flows management makes assumptions about future revenue and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. In addition, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties due to uncertainty on how the trends in inflation and market interest rates may progress or evolve. Details of the estimates of the recoverable amounts of CGUs containing goodwill are disclosed in note 18 to the Accountants' Report set out in Appendix I to this document.

Useful Lives of Property, Plant and Equipment (Other than Right-of-Use Assets) and Intangible Assets

We depreciate the property, plant and equipment (other than right-of-use assets) and intangible assets over the estimated useful lives, using the straight-line method, commencing from the date the property, plant and equipment and intangible assets are available for use. The estimated useful life reflects the directors' estimates of the periods that we intend to derive future economic benefits from the use of our property, plant and equipment (other than right-of-use assets) and intangible assets. We assess annually the useful lives of property, plant and equipment (other than right-of-use assets) and intangible assets, and if the expectation differs from the original estimate, such a difference may impact the depreciation for the Track Record Period and the future period.

Estimation of Fair Value of Share Option at the Date of Grant

We used the Black-Scholes Option Pricing Model to determine the fair value of the share options as of the grant date, which is to be recorded in profit or loss over the vesting period. The model inputs are set out in note 38(b) to the Accountants' Report set out in Appendix I to this document. During the years ended December 31, 2023, 2024 and 2025, RMB(0.9) million, RMB(0.4) million, and RMB37.1 million of share option related employee compensation expenses have been recognized/(reversed) in profit or loss respectively.

Current and Deferred Income Taxes

We are subject to income taxes in several jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from us in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

DESCRIPTION OF PRINCIPAL CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ITEMS

Revenue

Revenue by Types of Products

During the Track Record Period, we primarily generated our revenue through two main business segments, namely (i) lithium-ion battery materials products and (ii) daily chemicals and specialty chemicals products. Most of our revenue was derived from lithium-ion battery materials products, reflecting our strategic focus. We also generated a small portion of our revenue from daily chemicals and specialty chemicals products.

The table below sets forth the breakdown of the revenue by types of products and services for the periods indicated.

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

Notes:

(1) Others primarily include binders, PACK structural adhesives and lithium carbonate.

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

Sales Volume and Average Selling Price

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

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

The average selling price of our lithium-ion battery materials decreased from RMB23,043 per tonne in 2023 to RMB13,810 per tonne in 2024, which subsequently increased to RMB14,392 per tonne in 2025.

The average selling price of our lithium-ion battery materials was notably higher in 2022 before decreasing in 2023, primarily attributable to the market dynamics during that period. The elevated product prices in 2022 were primarily driven by a global shortage in lithium carbonate supply resulting from several concurrent factors, according to CIC. First, unprecedented growth in the EV industry drove surging demand for lithium-ion batteries globally. Second, structural supply constraints emerged as lithium carbonate production capacity could not expand quickly enough to meet this accelerated demand due to the long lead times required for developing new lithium mining and refining operations. Third, limited inventory buffers existed in the supply chain as the industry was unprepared for the rapid acceleration in EV adoption. These factors combined to create a severe supply-demand imbalance, resulting in a significant surge in global lithium carbonate prices that directly translated into higher average selling price for our lithium-ion battery materials.

In contrast, the subsequent price drop from 2023 to 2024 was mainly the result of a rebalancing of supply and demand dynamics, whereby excess lithium carbonate production capacity was rationalized and supply levels aligned more closely with actual demand following a period of significant oversupply, combined with intensified competition within the industry. As new lithium carbonate production capacity became operational globally and demand growth moderated from peak levels, the market transitioned from acute shortage to oversupply. Simultaneously, production capacity for lithium-ion battery materials, such as electrolytes, expanded significantly, leading to increased competition amongst electrolyte producers for market share. This intensified competition created pricing pressure beyond the decline in raw material costs, whilst customers gained greater negotiating leverage in a market characterised by ample supply, further pressuring average selling prices of lithium-ion battery materials.

Our average selling price of our lithium-ion battery materials subsequently increased from 2024 to 2025, primarily due to an increase in the sales volume of products with relatively higher average selling prices, such as PACK structural adhesives. Although prices of electrolyte and core compositions dropped during the first three quarters of 2025, improved supply-demand dynamics boosted prices in the fourth quarter, which stabilized the average selling prices for the entire year and resulted in a lower decline from 2024 to 2025 as compared to the prior year.

According to CIC, lithium carbonate prices are adjusted daily based on market supply and demand. Price fluctuations are driven by changes in both upstream supply and downstream demand. As lithium carbonate is a core raw material for electrolyte production, price changes are passed through to the electrolyte sector. Consequently, both materials follow similar price trends, which also affects our average selling price of lithium-ion battery materials.

Revenue by Geographic Region

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

	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.

Cost of Sales

Our cost of sales mainly consisted of (i) direct material costs, representing costs of raw materials procured externally, (ii) manufacturing costs, and (iii) direct labor costs, all relating to the production of our products.

The table below sets forth a breakdown of our cost of sales by nature for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Direct material costs	8,830,431	77.4	7,258,176	71.5	10,091,583	78.0
Manufacturing costs	2,377,532	20.8	2,677,646	26.4	2,631,517	20.3
Direct labor costs	203,636	1.8	218,314	2.1	223,636	1.7
Total	**11,411,599**	**100.0**	**10,154,136**	**100.0**	**12,946,736**	**100.0**

Gross Profit and Gross Profit Margin

Gross profit is equal to our revenue less cost of sales. Our gross profit as a percentage of our revenue is our gross profit margin. The following table sets forth the gross profit and gross profit margin by business segments for the periods indicated.

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

Note:

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

Other Income, Net

Our other income, net mainly consisted of (i) interest income and (ii) government grants and subsidies related to incentives and support provided to us by the local government authorities.

The following table sets forth a breakdown of other income, net both in absolute amount and as a percentage of our total other income, net for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Interest income	101,086	39.6	91,461	39.8	82,085	34.1
Government grants and subsidies[(1)]	145,247	56.8	128,334	55.9	148,527	61.7

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Others[(2)]	9,303	3.6	9,864	4.3	10,169	4.2
Total	**255,636**	**100.0**	**229,659**	**100.0**	**240,781**	**100.0**

Notes:

(1) Government grants mainly relate to cash subsidies in respect of operating and development activities from government and additional deduction of input value-added tax for advanced manufacturing entities which are either unconditional grants or grants with conditions having been satisfied.

(2) Others primarily consisted of income from scrap sales.

Other Gains and Losses, Net

Our other gains and losses, net mainly consisted of (i) realized gains from hedge derivatives, (ii) net gains on disposal/deemed disposal of investments in subsidiaries and an associate, (iii) gain/(losses) on disposal of property, plant and equipment, and (iv) net foreign exchange gains resulted from changes in foreign exchange rates.

The table below sets forth a breakdown of our other gains and losses, net for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Realized gains from hedge derivatives	1,072	69,635	12,642
Gains on disposal/deemed disposal of interest in an associate and investments in subsidiaries, net	–	1,617	(1,306)
Gain/(losses) on disposal of property, plant and equipment	(10,047)	(1,015)	(52,112)
Net foreign exchange gains/(losses)	956	8,682	(18,314)
Others[(1)]	(5,135)	(16,842)	(15,575)
Total	**(13,154)**	**62,077**	**(74,665)**

Note:

(1) Others primarily consisted of donations and late payment charges.

Selling and Distribution Expenses

Our selling and distribution expenses mainly consisted of (i) employee benefit expenses related to our sales and marketing employees, (ii) business and exhibition costs related to our sales and marketing activities, (iii) material costs related to our sales and marketing activities, (iv) office expenses, and (v) share-based payments to our sales and marketing employees.

The table below sets forth a breakdown of our selling and distribution expenses for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	26,036	25.8	31,449	41.9	35,976	50.1
Business and exhibition costs	58,584	58.0	32,066	42.7	26,743	37.2
Material costs	5,526	5.5	3,223	4.3	2,642	3.7
Office expenses	7,261	7.2	8,161	10.9	2,894	4.0
Share-based payments[(1)]	(2,575)	(2.6)	(1,841)	(2.6)	922	1.3
Others[(2)]	6,109	6.1	2,076	2.8	2,663	3.7
Total	**100,941**	**100.0**	**75,134**	**100.0**	**71,840**	**100.0**

Notes:

(1) A reversal of the share-based payments represents cancellation of share-based payment arrangements with certain sales and marketing employees due to unmet payment conditions.

(2) Others primarily consisted of consulting fees.

General and Administrative Expenses

Our general and administrative expenses mainly consisted of (i) employee benefit expenses related to our administrative employees, (ii) deprecation and amortization expenses related to general and administrative facilities, (iii) office expenses, (iv) tax and surcharges, (v) share-based payments to our administrative employees, and (vi) business costs related to our general and administrative activities.

The table below sets forth a breakdown of our general and administrative expenses for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	272,790	36.7	297,613	41.5	431,215	45.3
Depreciation and amortization	105,207	14.2	130,347	18.2	176,486	18.5
Office expenses	155,303	20.9	152,204	21.2	144,265	15.1
Taxes and surcharges	101,467	13.6	72,347	10.1	90,703	9.5
Share-based payments[(1)]	22,055	3.0	(30,483)	(4.3)	35,290	3.7
Business costs	34,391	4.6	32,504	4.6	29,065	3.1
Others[(2)]	52,046	7.0	62,307	8.7	45,312	4.8
Total	**743,259**	**100.0**	**716,839**	**100.0**	**952,336**	**100.0**

Notes:

(1) A reversal of the share-based payments represents cancellation of share-based payment arrangements with certain administrative employees due to unmet payment conditions.

(2) Others primarily consisted of professional service fees.

Research and Development Expenses

Our research and development expenses mainly consisted of (i) cost of research and development materials, (ii) employee benefit expenses related to our research and development employees, (iii) research- and development-related depreciation and amortization expenses, and (iv) share-based payments to research and development employees.

The table below sets forth a breakdown of our research and development expenses for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Material costs	400,663	62.1	341,857	51.2	332,221	39.2
Employee benefit expenses	156,519	24.2	223,342	33.4	247,218	29.2
Depreciation and amortization	48,191	7.5	73,904	11.1	106,739	12.6
Share-based payments[(1)]	(8,753)	(1.4)	(46,080)	(6.9)	27,355	3.2
Others[(2)]	48,922	7.6	75,190	11.2	133,415	15.8
Total	**645,542**	**100.0**	**668,213**	**100.0**	**846,948**	**100.0**

Notes:

(1) A reversal of the share-based payments represents cancellation of share-based payment arrangements with certain research and development employees due to unmet payment conditions.

(2) Others primarily consisted of outsourced testing fees and technical consulting fees.

Impairment Losses

Our impairment losses consisted of impairment losses on (i) inventories, (ii) trade and other receivables, (iii) property, plant and equipment; and (iv) goodwill.

The table below sets forth a breakdown of our impairment losses for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Impairment losses on						
– Inventories	171,014	82.5	108,480	35.3	172,363	73.6
– Trade and other receivables	25,240	12.2	123,238	40.1	61,749	26.4
– Property, plant and equipment	10,897	5.3	61,314	19.9	–	–
– Goodwill	–	–	14,318	4.7	–	–
Total	**207,151**	**100.0**	**307,350**	**100.0**	**234,112**	**100.0**

We experienced significant increases in impairment losses on inventories in 2023 and 2024 primarily due to increases in the provision for inventory write-downs for $FePO_4$, $LiFePO_4$ and lithium carbonate resulting from decreases in their respective market value.

Finance Costs

Our finance costs consisted of (i) interests on borrowings, (ii) interests on discounted bills receivables, and (iii) interest expenses on lease liabilities.

The table below sets forth a breakdown of our finance costs for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interests on borrowings	193,540	215,563	182,201
Interests on discounted bills receivable	25,401	11,405	18,986
Interest expenses on lease liabilities	896	1,190	1,297
Total	**219,837**	**228,158**	**202,484**

Share of Results of Associates and Joint Ventures, Net

We recorded share of gains from our shares of results of associates and joint ventures, net in the amount of RMB5.5 million for the years ended December 31, 2023, and recorded net losses from our shares of results of associates and joint ventures, net in the amount of RMB10.3 million for the years ended December 31, 2024. For the year ended December 31, 2025, we recorded losses of RMB23.0 million. These results primarily reflect the shares of gains or losses in our associates and joint ventures.

Income Tax Expense

Our income tax expense represents the tax expenses arising in or derived from the tax jurisdictions in which companies comprising our Group domicile or operate. For the years ended December 31, 2023, 2024 and 2025, our income tax expenses amounted to RMB482.1 million, RMB171.5 million and RMB194.4 million, respectively. We were subject to income tax in various jurisdictions during the Track Record Period, including mainland China, Hong Kong and other jurisdictions.

Mainland China

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for certain PRC entities of the Group are calculated at the statutory tax rate of 25% on their estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof.

During the Track Record Period, certain of our subsidiaries were qualified as "High and New Technology Enterprise" and under the relevant PRC laws and regulations or as entities engaged in development projects supported by government in the western region of the PRC. In either case, these subsidiaries were entitled to the 15% rate. For the subsidiaries that are recognized as small and micro-sized enterprises, the following tax policy applies: for annual income amount of RMB1 million or below, the taxable income amount should be computed at 25% of the annual income and subject to a tax rate of 20%. The preferential period is from January 1, 2023 to December 31, 2024. For annual income amount of over RMB1 million but less than RMB3 million, the taxable income amount should be computed at 25% of the annual income and subject to a tax rate of 20%. The preferential period is from January 1, 2022 to December 31, 2024. The preferential period of the aforementioned tax policy was extended to December 31, 2027 according to the relevant updated tax regulation.

According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim additional 100% of the qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits during the Track Record Period.

Hong Kong

Our subsidiaries domiciled in Hong Kong were subject to Hong Kong profits tax at a rate of 16.5% during the Track Record Period.

Other jurisdictions

Certain subsidiaries of the Group in overseas jurisdictions are subject to corporate income tax at a rate ranging from 10% to 30% during the Track Record Period.

See note 12 of the Accountants' Report in Appendix I to this document.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our revenue increased by 33.0% from RMB12,518.3 million in 2024 to RMB16,649.9 million in 2025. The increase was primarily due to the increases in revenue from our sales of lithium-ion battery materials and daily chemicals and specialty chemicals.

- Revenue from our sales of lithium-ion battery materials increased by 37.1% from RMB10,974.2 million in 2024 to RMB15,050.5 million in 2025, primarily due to an increase in the sales volume of electrolyte and core compositions.
    - Revenue from our sales of electrolyte and core compositions increased by 35.9% from RMB9,598.3 million in 2024 to RMB13,046.2 million in 2025, primarily due to an increase in their total sales volume by 43.9% from 537 thousand tonnes in 2024 to 773 thousand tonnes in 2025, primarily resulting from accelerated growth in the downstream markets. The average selling price of electrolyte and core compositions decreased by 5.5% from RMB17,862 in 2024 to RMB16,885 in 2025, in line with the general trend of the selling price of the relevant materials and their core raw material, lithium carbonate, in the market, and reflecting industry-wide supply-demand dynamics.
- Revenue from our sales of daily chemicals and specialty chemicals increased by 10.7% from RMB1,160.6 million in 2024 to RMB1,284.6 million in 2025, primarily due to (i) an increase in the average selling price of amphoteric surfactant products resulting from increases in the costs of the relevant raw materials and (ii) an increase in sales volume of amino acid surfactants and silicone oil resulting from increases in demands for these products from our customers.
- Revenue from our others decreased by 17.9% from RMB383.5 million in 2024 to RMB314.8 million in 2025, primarily due to the decrease in revenue from trading of materials.

Cost of Sales

Our cost of sales increased by 27.5% from RMB10,154.1 million in 2024 to RMB12,946.7 million in 2025, broadly in line with the increase in our sales volume.

Gross Profit and Gross Profit Margin

As a result of the forgoing, our gross profit increased by 56.6% from RMB2,364.2 million in 2024 to RMB3,703.2 million in 2025.

Our gross profit margin increased from 18.9% in 2024 to 22.2% in 2025, primarily due to an increase in the gross profit margin of our lithium-ion battery materials.

- Gross profit margin of our sales of lithium-ion battery materials increased by from 17.5% in 2024 to 21.3% in 2025, primarily due to a favorable cost structure resulting from our high self-supply ratio of key raw materials, which effectively insulated our cost of sales from market price fluctuations of key raw materials and thereby contributed to higher profit margins for our lithium-ion battery materials.

- Gross profit margin of our sales of daily chemicals and specialty chemicals remained stable at 30.0% in 2024 and 29.9% in 2025.

- Gross profit margin of others increased from 26.2% in 2024 to 37.5% in 2025, primarily due to reduced revenue from the low-margin materials trading.

Other Income, Net

Our other income, net remained relatively stable at RMB229.7 million in 2024 and RMB240.8 million in 2025.

Other Gains and Losses, Net

We recorded other net gains of RMB62.1 million in 2024, which returned to other net losses of RMB74.7 million in 2025, primarily due to (i) an decrease in realized gains from hedge derivatives, (ii) increased losses on disposal of property, plant and equipment, (iii) net foreign exchange losses in 2025 as compared to net foreign exchange gains in 2024 and (iv) losses on disposal of an associate.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable at RMB75.1 million in 2024 and RMB71.8 million in 2025.

General and Administrative Expenses

Our general and administrative expenses increased by 32.9% from RMB716.8 million in 2024 to RMB952.3 million in 2025, primarily due to increases in (i) employee benefit expenses, primarily in line with our strategy to attract and retain personnel amid the continued expansion of our operational scale as our business grows and (ii) share-based payments to our administrative employees mainly as a result of the vesting of the shares under the 2024 Share Incentive Plan.

Research and Development Expenses

Our research and development expenses increased by 26.7% from RMB668.2 million in 2024 to RMB846.9 million in 2025, primarily due to increases in (i) others resulting from increased R&D effort in lithium-ion battery materials, (ii) depreciation and amortization expenses related to the additional R&D machinery and equipment and (iii) employee benefit expenses reflecting the increased R&D activities.

Impairment Losses

Our impairment losses decreased by 23.8% from RMB307.4 million in 2024 to RMB234.1 million in 2025, primarily because impairment losses had been recognized in 2024 for relatively higher amount of long-aged receivables.

Finance Costs

Our finance costs decreased by 11.3% from RMB228.2 million in 2024 to RMB202.5 million in 2025, primarily due to a decrease in interest expenses on borrowings as a result of lower borrowing interest rates and the conversion of the convertible bonds in October and November 2025, upon which no further interest expenses were incurred.

Share of Results of Associates and Joint Ventures, Net

Our net losses of share of results of associates and joint ventures increased from RMB10.3 million in 2024 to RMB23.0 million in 2025.

Income Tax Expense

Our income tax expense increased by 13.4% from RMB171.5 million in 2024 to RMB194.4 million in 2025. Our effective income tax rate decreased from 26.4% in 2024 to 12.6% in 2025, primarily due to certain loss-making subsidiaries' non-recognition of deferred income tax in 2024 out of prudence.

Profit for the Year

As a result of the foregoing, our profit for the year increased significantly from RMB478.4 million in 2024 to RMB1,344.2 million in 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue decreased by 18.7% from RMB15,404.6 million in 2023 to RMB12,518.3 million in 2024. The decrease was primarily due to the decrease in revenue from the sales of lithium-ion battery materials.

- Revenue from our sales of lithium-ion battery materials decreased by 22.2% from RMB14,104.4 million in 2023 to RMB10,974.2 million in 2024, primarily due to the decrease in the average selling price of electrolyte and core compositions.

    - Revenue from our sales of electrolyte and core compositions decreased by 27.0% from RMB13,153.0 million in 2023 to RMB9,598.3 million in 2024, primarily due to a decrease in their average selling price, which decreased by 45.0% from RMB32,482 in 2023 to RMB17,862 in 2024, in line with the general trend of the selling price of the relevant materials and their core raw material, lithium carbonate, in the market, and reflecting industry-wide oversupply and more intense market competition. The decrease in their average selling price was partially offset by an increase in their total sales volume by 32.7% from 405 thousand tonnes in 2023 to 537 thousand tonnes in 2024, primarily resulting from sustained demands from our customers.

- Revenue from our sales of daily chemicals and specialty chemicals increased by 14.1% from RMB1,016.8 million in 2023 to RMB1,160.6 million in 2024, primarily due to higher sales volumes of silicone materials, amino acids, and amphoteric surfactants, which resulted from the newly developed daily chemicals that we developed to meet our customers' demands.

- Revenue from others increased by 35.3% from RMB283.5 million in 2023 to RMB383.5 million in 2024, primarily driven by increased revenue from the sales of by-products from lithium-ion battery materials production and trading of materials.

Cost of Sales

Our cost of sales decreased by 11.0% from RMB11,411.6 million in 2023 to RMB10,154.1 million in 2024, primarily due to a decrease in direct material costs, largely reflecting declines in the prices of raw materials reflecting the intensified competition among the relevant suppliers.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 40.8% from RMB3,993.0 million in 2023 to RMB2,364.2 million in 2024. Our gross profit margin decreased from 25.9% in 2023 to 18.9% in 2024, primarily due to decreases in profit margins from the sales of lithium-ion battery materials and daily chemicals and specialty chemicals.

- Gross profit margin of our sales of lithium-ion battery materials decreased from 25.3% in 2023 to 17.5% in 2024, primarily due to the decreased average selling price of our lithium-ion battery materials as a result of intensified competition among lithium-ion battery material companies, which led to lower profit margins for our lithium-ion battery materials.

- Gross profit margin of our sales of daily chemicals and specialty chemicals decreased from 35.8% in 2023 to 30.0% in 2024, as a result of (i) an increase in the cost of fatty acid, the key raw material for amphoteric surfactants and (ii) the completion of new production facilities for amphoteric surfactants that led to higher depreciation and amortization costs.

- Gross profit margin of others increased from 23.2% in 2023 to 26.2% in 2024, primarily due to the increased sales price of by-products from lithium-ion battery materials production.

Other Income, Net

Our other income, net decreased by 10.2% from RMB255.6 million in 2023 to RMB229.7 million in 2024, primarily due to (i) a decrease in government grants and subsidies received during the year and (ii) a decrease in interest income resulting from a decrease in the interest rates.

Other Gains and Losses, Net

We generated other net gains of RMB62.1 million in 2024, compared to other net losses of RMB13.2 million in 2023, primarily due to an increase in realized gains from hedge derivatives, as we expanded our commodity hedging activities to manage the risks of significant price fluctuations of raw materials at the end of 2023.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 25.6% from RMB100.9 million in 2023 to RMB75.1 million in 2024, primarily due to decreases in business and exhibition costs, reflecting our ongoing initiatives to improve cost efficiency and adapt our marketing activities to market trends.

General and Administrative Expenses

Our general and administrative expenses remained generally stable at RMB716.8 million in 2024 as compared to RMB743.3 million in 2023.

Research and Development Expenses

Our research and development expenses increased by 3.5%, from RMB645.5 million in 2023 to RMB668.2 million in 2024, primarily due to an increase in employee benefits expenses resulting from the growth in research and development employees in line with the demands from our research and development projects, partially offset by a decrease in material cost in line with the decrease in the average selling price of lithium-ion battery materials.

Impairment Losses

Our impairment losses increased by 48.4% from RMB207.2 million in 2023 to RMB307.4 million in 2024, primarily due to an increase in provisions for impairment of trade and other receivables relating to a customer whose operating conditions had deteriorated.

Finance Costs

Our finance costs remained generally stable at RMB228.2 million in 2024 as compared to RMB219.8 million in 2023.

Share of Results of Associates and Joint Ventures, Net

We recorded gains of shares of results of associates and joint ventures, net in the amount of RMB5.5 million in 2023 and net losses of shares of results of associates and joint ventures, net in the amount of RMB10.3 million in 2024.

Income Tax Expense

Our income tax expense decreased by 64.4% from RMB482.1 million in 2023 to RMB171.5 million in 2024. Our effective income tax rate increased from 20.7% in 2023 to 26.4% in 2024, primarily due to certain loss-making subsidiaries' non-recognition of deferred income tax in 2024 out of prudence.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 74.0% from RMB1,842.2 million in 2023 to RMB478.4 million in 2024.

DISCUSSION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories consisted of (i) raw materials, (ii) work in progress, (iii) finished goods, and (iv) goods in transit. Raw materials mainly represent materials used for the production of our lithium-ion battery material products and daily chemical and specialty chemical products. Work in progress and finished goods include lithium-ion battery materials products and daily chemicals and specialty chemicals products at various production stages. Goods in transit mainly include raw materials and finished products that have been shipped but had not yet been received at their respective warehouses or designated delivery locations. The table below sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	525,339	600,334	646,367
Work in progress	418,603	342,546	419,067
Finished goods	287,121	501,247	634,371
Goods in transit	111,803	73,752	76,617
	1,342,866	1,517,879	1,776,422
Less: Provision for inventory allowances	(171,014)	(154,189)	(157,312)
Total	**1,171,852**	**1,363,690**	**1,619,110**

Our inventories increased by 16.4% from RMB1,171.9 million as of December 31, 2023 to RMB1,363.7 million as of December 31, 2024, primarily due to (i) an increase in finished goods as a result of an increase in production volume, and (ii) an increase in raw materials to support sales growth. Our inventories increased by 18.7% to RMB1,619.1 million as of December 31, 2025, primarily due to (i) an increase in finished goods and work in progress as a result of an increase in production volume, and (ii) an increase in raw materials to support sales growth.

We closely monitor our inventory levels to optimize our inventory level in response to changes in customer demand and fluctuations in raw material prices. We also conduct regular inventory audits to ensure accuracy and accountability. As of December 31, 2023, 2024 and 2025, our provision for impairment of inventories amounted to RMB171.0 million, RMB154.2 million and RMB157.3 million, respectively.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Less than one year	1,117,736	1,248,724	1,540,592
One year or more	54,116	114,966	78,518
Total	**1,171,852**	**1,363,690**	**1,619,110**

The table below sets forth our average inventory turnover days for the periods indicated.

	For the Year ended December 31,		
	2023	2024	2025
Average inventory turnover days[(1)]	55.9	44.9	41.5

Note:

(1) Average inventory turnover days equal the average of opening balance and closing balance of the inventories for the relevant period divided by cost of sales for the same period and multiplied by 360 days.

Our inventory turnover days decreased from 55.9 days in 2023 to 44.9 days in 2024 and further decreased to 41.5 days in 2025, primarily due to our strengthened inventory management measures that sought to optimize our inventory turnover, including, for example, the establishment of an inventory early warning system that alerts us to potential problems in our inventory levels before they become critical as well as the formulation of more detailed procurement plans and closer monitoring of inventory levels.

As of February 28, 2026, RMB1,286.8 million, or 79.5% of our inventories as of December 31, 2025 had been used, consumed or sold subsequently.

Trade and Bills Receivables

Our trade and bills receivables primarily represented (i) trade receivables in relation to our ordinary course of business and (ii) bill receivables in relation to payments from our customers in the form of bank acceptance bills.

The table below sets forth the details of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– Third parties	4,450,336	5,116,820	7,175,853
– Related parties	–	3,502	1,479
	4,450,336	5,120,322	7,177,332
Less: ECL allowance of trade receivables	(155,709)	(250,466)	(297,112)
	4,294,627	4,869,856	6,880,220
Bills receivables			
– Measured at fair value through other comprehensive income	1,107,983	655,211	947,532
– Measured at amortized cost	–	–	2,000
Less: ECL allowance of bills receivable	–	–	(56)
	1,107,983	655,211	949,476
Total	**5,402,610**	**5,525,067**	**7,829,696**

Our trade and bills receivables remained generally stable at RMB5,525.1 million as of December 31, 2024 as compared to RMB5,402.6 million as of December 31, 2023. Our trade and bills receivables increased by 41.7% from RMB5,525.1 million as of December 31, 2024 to RMB7,829.7 million as of December 31, 2025, primarily due to our revenue growth.

The table below sets forth an aging analysis of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one year	5,398,451	5,519,753	7,820,183
One to two years	4,159	5,314	9,513
Total	**5,402,610**	**5,525,067**	**7,829,696**

We generally grant credit periods up to 120 days to our customers. We seek to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly by senior management. For trade receivables, we have applied the IFRS 9 simplified approach to measuring ECL which uses a lifetime ECL at each reporting date. In calculating the ECL, we have established a provision matrix that is based on our historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment. For trade receivables from related parties, we also perform the ECL assessment on individual basis. See note 3.11 to the Accountants' Report set out in Appendix I to this document.

The table below sets forth our average trade and bills receivables turnover days for the periods indicated.

	For the year ended December 31,		
	2023	2024	2025
Average trade and bills receivables turnover days[(1)]	146.4	157.1	144.4

Note:

(1) Average turnover days of trade and bills receivables is calculated based on the average balance of trade and bills receivables divided by revenue for the relevant year and multiplied by 360 days.

Our average trade and bills receivables turnover days increased from 146.4 days in 2023 to 157.1 days in 2024, primarily because we granted certain key customers an extended credit period as a result of intensified market competition. Our average trade and bills receivables turnover days decreased from 157.1 days in 2024 to 144.4 days in 2025, primarily due to our strengthened control over our outstanding receivables.

As of February 28, 2026, RMB3,188.7 million, or 39.2% of our trade and bills receivables as of December 31, 2025, had been subsequently settled.

Deposits, Prepayments and Other Receivables

The following table sets forth the breakdown of our deposits, prepayments and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Deposits paid for acquisition of property, plant and equipment	504,125	116,424	177,310
Deductible VAT	–	32,826	32,483
Deposits for land acquisitions	75,360	–	–
	579,485	149,250	209,793
Current			
Other receivables			
– Security and margin deposits	22,505	20,168	25,341
– Dividends receivable	–	6,969	–
– Others	28,391	184,283	105,665
	50,896	211,420	131,006
Less: ECL allowance	(29,531)	(56,942)	(59,894)
	21,365	154,478	71,112
Prepayments to suppliers	344,485	282,141	436,704
Deductible VAT	607,531	508,019	311,072
Deferred listing expenses	–	–	10,617
Others	–	–	1,015
	973,381	944,638	830,520
Total	**1,552,866**	**1,093,888**	**1,040,313**

Our non-current portion of deposits, prepayments and other receivables consisted of (i) deposits paid for acquisition of property, plant and equipment, (ii) deductible VAT and (iii) deposits for land acquisitions, mainly relating to deposits paid for acquisition of property, plant and equipment. Our non-current portion of deposits, prepayments and other receivables decreased by 74.2% from RMB579.5 million as of December 31, 2023 to RMB149.3 million as of December 31, 2024, primarily due to a decrease in deposits paid for acquisition of property, plant and equipment as the prepaid long-term receivable assets were received. Our non-current portion of deposits, prepayments and other receivables increased by 40.6% from RMB149.3 million as of December 31, 2024 to RMB209.8 million as of December 31, 2025, primarily due to an increase in deposits paid for acquisition of property, plant and equipment.

Our current portion of deposits, prepayments and other receivables consisted of (i) other receivables related to (a) security and margin deposits, (b) profit compensation receivable for performance shortfall in the Zhejiang Tianshuo equity acquisition, (c) dividends receivable, and (d) others, which primarily consist of refund from our suppliers, (ii) prepayments to suppliers for raw materials, (iii) deductible VAT and (iv) others. Our current portion of deposits, prepayments and other receivables decreased by 3.0% from RMB973.4 million as of December 31, 2023 to RMB944.6 million as of December 31, 2024, primarily due to a decrease in deductible VAT from similar timing differences, partially offset by an increase in other receivables as a result of higher refund from our suppliers. Our current portion of deposits, prepayments and other receivables decreased by 12.1% from RMB944.6 million as of December 31, 2024 to RMB830.5 million as of December 31, 2025, primarily due to primarily due to a decrease in deductible VAT and other receivables, partially offset by an increase in prepayments to suppliers.

As of February 28, 2026, RMB372.1 million, or 44.8% of our current portion of deposits, prepayments and other receivables as of December 31, 2025, had been subsequently settled.

Trade and Bills Payables

Our trade and bills payables primarily included trade and bills payables to our suppliers during the ordinary course of our business. During the Track Record Period, the normal credit terms for raw materials provided to us generally do not exceed 90 days.

The table below sets forth, as of the dates indicated, our trade and bills payables.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Third parties	3,257,105	3,122,583	4,323,270
– Related parties	3,974	21,782	12,312
Bills payables	159,875	218,444	218,211
Total	**3,420,954**	**3,362,809**	**4,553,793**

Our trade and bills payables remained generally stable at RMB3,421.0 million as of December 31, 2023 and RMB3,362.8 million December 31, 2024. Our trade and bills increased from RMB3,362.8 million as of December 31, 2024 to RMB4,553,8 million as of December 31, 2025. primarily due to an increase in trade payables as a result of increased procurement of materials in line with the growth in sales volume of lithiumion battery materials.

The table below sets forth an aging analysis of our trade payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,975,719	2,821,239	3,895,874
Between 1 year and 2 years	375,706	413,505	465,086
Between 2 years and 3 years	43,669	77,900	128,160
Over 3 years	25,860	50,165	64,673
Total	**3,420,954**	**3,362,809**	**4,553,793**

As of December 31, 2023, 2024 and 2025, our trade payables over one year were generally related to the acquisition of property, plant and equipment.

The table below sets forth the average trade and bills payables turnover days for the periods indicated.

	For the year ended December 31,		
	2023	2024	2025
Average trade and bills payables turnover days[(1)]	128.4	120.3	110.1

Note:

(1) Average turnover days of trade and bills payables is calculated based on the average balance of trade and bills payables divided by cost of sales for the relevant year and multiplied by 360 days.

Our average trade and bills payables turnover days remained generally stable at 120.3 days in 2024 as compared to 128.4 days in 2023. Our average trade and bills payables turnover days decreased from 120.3 days in 2024 to 110.1 days in 2025, primarily as we shortened payment terms for certain suppliers.

As of February 28, 2026, RMB1,830.7 million, or 40.2% of our trade and bills payables as of December 31, 2025, had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily consisted of (i) payables in relation to restricted share incentive scheme and employee share ownership scheme, (ii) employee benefits payables, (iii) value-added tax payables, (iv) accrued expenses, (v) other taxes payables, (vi) deposits received, and (vii) dividends payable.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Payables in relation to restricted share incentive scheme and employee share ownership scheme	245,583	110,671	61,122

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Employee benefits payables	138,996	147,434	254,603
Value-added tax payables	8,171	33,286	111,915
Accrued expenses	107,983	118,785	117,482
Other taxes payables	13,824	17,842	33,668
Deposits received	19,991	18,410	31,326
Dividends payable	8,022	4,607	166,896
Others[(1)]	3,709	2,068	–
Total	**546,279**	**453,103**	**777,012**

Note:

(1) Others primarily consist of changes in fair value of the hedged instrument.

Our other payables and accruals further decreased by 17.1% from RMB546.3 million as of December 31, 2023 to RMB453.1 million as of December 31, 2024, primarily due to a further decrease in restricted share repurchase obligation as a result of the exercise of the equity incentive plan. Our other payables and accruals increased by 71.5% from RMB453.1 million as of December 31, 2024 to RMB777.0 million as of December 31, 2025, primarily due to increases in (i) employee benefits payables, (ii) value-added tax payables, primarily as a result of the increase in gross profit of our lithium-ion battery materials products in December 2025, (iii) other tax payables, mainly due to increases in surcharges and stamp duty, and (iv) dividends payable, due to dividends declared but not yet paid as of December 31, 2025.

As of February 28, 2026, RMB 403.1 million, or 51.9% of our other payables and accruals as of December 31, 2025, had been subsequently settled.

Financial Assets at FVTOCI and FVTPL

The table below sets forth the breakdown of our financial assets at FVTOCI and FVTPL as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVTOCI			
Listed equity investment at fair value	21,775	11,604	139,864
Unlisted equity investment at fair value	436,863	412,931	569,460
	458,638	424,535	709,324
Financial assets at FVTPL			
Structured deposits	–	–	180,000
Wealth management products	–	–	308,246
	–	–	488,246

Our financial assets at FVTOCI consisted of both listed and unlisted equity investments at fair value. Our financial assets at FVTOCI further decreased by 7.4% from RMB458.6 million as of December 31, 2023 to RMB424.5 million as of December 31, 2024, primarily due to a decrease in listed equity investment at fair value, partially offset by an increase in unlisted equity investment at fair value mainly, both mainly as a result of market fluctuations. Our financial assets at FVTOCI increased by 67.1% from RMB424.5 million as of December 31, 2024 to RMB709.3 million as of

December 31, 2025, primarily due to (i) increases in listed equity investments at fair value resulting from both an increase in their assessed value and our acquisition of listed shares and (ii) increases in unlisted equity investments at fair value resulting from an increase in their assessed value.

Our financial assets at FVTPL consisted of structured deposits and wealth management products. We had financial assets at FVTPL of RMB488.2 million as of December 31, 2025.

Unlisted equity investments at fair value are subject to Level 3 fair value measurement. Details of the fair value measurement of financial assets at FVTOCI, particularly the valuation techniques, significant unobservable inputs and sensitivity of fair value to the input, are disclosed in note 44.7 of the Accountants' Report in Appendix I to this document.

We have established management systems that specify the approval authority, information disclosure, authorization management, operation processes, financial accounting, supervision and risk control procedures of our wealth management activities, so as to standardize our financial product investments. The types of wealth management products and structured deposits we choose are low-risk products with high safety and good liquidity. Adhering to prudent investment principles, we conduct investment activities with an aim to improve capital utilization efficiency and investment returns on cash assets.

Our finance department manages our wealth management portfolio, primarily including the preparation of investment feasibility analysis, handling wealth management products, and conducting accounting procedures. We maintain oversight of wealth management products, including monitoring and evaluating the performance of wealth management products. In addition, we adhere to all applicable laws, regulations, and management policies regarding the proper disclosure of investment information.

Following the Listing, our investments in financial products will be conducted in accordance with the provisions of Chapter 14 of the Listing Rules.

Goodwill

Our goodwill represents an intangible asset that arises when a group acquires control of another business through a merger or acquisition. Our goodwill decreased from RMB214.7 million as of December 31, 2023 to RMB200.4 million as of December 31, 2024, primarily due to management recognized an impairment loss of RMB14.3 million based on their estimation of the recoverable amount of Chenzhou Zhonggui Technology Co., Ltd. As of December 31, 2025, our goodwill remained stable at RMB200.4 million.

NET CURRENT ASSETS

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current assets				
Inventories	1,171,852	1,363,690	1,619,110	2,207,690
Trade and bills receivables	5,402,610	5,525,067	7,829,696	9,719,964
Deposits, prepayments and other receivables	973,381	944,638	830,520	1,019,179

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Tax recoverable	23,261	8,248	3,556	405
Derivative financial instruments	1,518	907	302	118,178
Financial assets at FVTPL	–	–	488,246	739,706
Pledged deposits	34,096	18,385	25,722	17,867
Bank balances, deposits and cash				
– Time deposits with original maturity over three months	73,390	1,338,618	370,890	150,946
– Cash and cash equivalent	2,256,101	1,601,844	1,888,992	1,343,844
Total current assets	**9,936,209**	**10,801,397**	**13,057,034**	**15,317,779**
Current liabilities				
Trade and bills payables	3,420,954	3,362,809	4,553,793	5,186,530
Other payables and accruals	546,279	453,103	777,012	542,617
Contract liabilities	54,439	32,491	77,085	316,478
Borrowings	1,677,632	1,940,534	1,896,649	2,080,590
Lease liabilities	3,679	3,981	6,488	5,177
Derivative financial instruments	–	1,367	1,957	1,148
Income tax payable	241,323	81,576	180,321	370,961
Total current liabilities	**5,944,306**	**5,875,861**	**7,493,305**	**8,503,501**
Net current assets	**3,991,903**	**4,925,536**	**5,563,729**	**6,814,278**

Our net current assets increased by 22.5% from RMB5,563.7 million as of December 31, 2025 to RMB6,814.3 million as of February 28, 2026, primarily due to an increase in trade receivables, partially offset by an increase in trade payables.

Our net current assets increased by 13.0% from RMB4,925.5 million as of December 31, 2024 to RMB5,563.7 million as of December 31, 2025, primarily due to increases in trade and bills receivables, inventories and financial assets at FVTPL, partially offset by increases in trade and bills payables, other payables and accruals and income tax payable.

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

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

We have historically met our working capital and other capital requirements principally from a combination of cash generated from operations and borrowings. We had cash and cash equivalents of RMB2,256.1 million, RMB1,601.8 million and RMB1,889.0 million as of December 31, 2023, 2024 and 2025, respectively. Going forward, we expect to fund our working capital requirements with a combination of various sources, including but not limited to cash generated from operations, the net proceeds from the [**REDACTED**] and other possible equity and debt financing as and when appropriate. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Taking into account the financial resources available to us, including our cash and cash equivalents on hand and the estimated net proceeds from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present needs and for the next twelve months from the date of this document.

Cash Flows

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

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

Net Cash Generated from Operating Activities

Net cash generated from operating activities in 2023 was RMB2,274.2 million primarily due to the proceeds from sales of goods of RMB7,812.2 million, partially offset by (i) RMB2,963.1 million of cash paid for material and services, (ii) RMB1,466.9 million of income tax and other taxes paid, and (iii) RMB862.4 million of cash paid for salaries.

Net cash generated from operating activities in 2024 was RMB881.5 million primarily due to the proceeds from sales of goods of RMB4,951.5 million, partially offset by (i) RMB2,500.5 million of cash paid for material and services, (ii) RMB923.1 million of cash paid for salaries, and (iii) RMB534.8 million of income tax and other taxes paid.

Net cash generated from operating activities in 2025 was RMB1,182.2 million primarily due to the proceeds from sales of goods of RMB5,804.9 million, partially offset by (i) RMB3,052.0 million of cash paid for material and services, (ii) RMB986.0 million of cash paid for salaries, and (iii) RMB498.6 million of cash paid related to other operating expenses.

Net Cash Used in Investing Activities

For the year ended December 31, 2023, we had net cash used in investing activities of RMB3,892.5 million, mainly attributable to (i) RMB3,102.5 million used in the purchase of property, plant and equipment and intangible assets, (ii) RMB402.7 million used in the placement of time deposits and (iii) RMB214.8 million in cash outflow for the acquisition of a subsidiary, and (iv) RMB211.3 million used in the investments in associates and financial assets at FVTOCI.

For the year ended December 31, 2024, we had net cash used in investing activities of RMB1,010.8 million, mainly attributable to (i) RMB771.5 million used in the purchases of property, plant and equipment and intangible assets, and (ii) RMB470.0 million used in the placement of time deposits.

For the year ended December 31, 2025, we had net cash used in investing activities of RMB331.5 million, mainly attributable to (i) RMB659.1 million used in the purchase of property, plant and equipment, intangible assets and prepaid lease payments, (ii)RMB572.2 million used in the investments in associates and joint ventures and financial assets at FVTOCI, partially offset by (i) RMB768.5 million of a net decrease of time deposits and (ii) RMB145.1 million of proceeds from investment income.

Net Cash Generated Used in Financing Activities

For the year ended December 31, 2023, we had net cash used in financing activities of RMB787.1 million, mainly attributable to (i) RMB1,205.4 million used in repayments of borrowings, (ii) RMB1,147.8 million used in dividend paid to owners of the Company, partially offset by RMB1,905.2 million generated from proceeds from borrowings.

For the year ended December 31, 2024, we had net cash used in financing activities of RMB530.3 million, mainly attributable to (i) RMB2,087.8 million used in repayments of borrowings, (ii) RMB573.6 million used in dividend paid to owners of the Company, partially offset by RMB2,487.9 million of proceeds from borrowings.

For the year ended December 31, 2025, we had net cash used in financing activities of RMB556.7 million, mainly attributable to RMB2,222.0 million of repayment of borrowings, partially offset by proceeds from borrowings of RMB2,139.5 million.

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current				
Borrowings	1,677,632	1,940,534	1,896,649	2,080,590
Lease liabilities	3,679	3,981	6,488	5,177
	1,681,311	1,944,515	1,903,137	2,085,767
Non-current				
Borrowings	4,196,179	4,454,188	987,489	973,780
Lease liabilities	31,254	27,417	29,942	31,223
Total	**5,908,744**	**6,426,120**	**2,920,568**	**3,090,770**

Borrowings

As of December 31, 2023, 2024 and 2025, we had borrowings of RMB5,873.8 million, RMB6,394.7 million and RMB2,884.1 million, respectively, while effective interest rates range of 2.03% to 4.25%, 0.55% to 3.00% and 0.93% to 2.42% per annum, respectively.

The table below sets forth the securities and guarantees in respect of our borrowings as of the dates indicated.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Non-current				
Pledged borrowings	202,225	160,650	87,915	103,275
Mortgaged and guaranteed borrowings	571,723	494,742	378,554	365,045
Credit borrowings	120,000	385,940	521,020	505,460
Convertible bonds	3,302,231	3,412,856	–	–
	4,196,179	**4,454,188**	**987,489**	**973,780**
Current				
Pledged bank borrowings	39,143	41,726	72,849	58,103
Guaranteed borrowings	767,841	541,437	680,085	480,038
Mortgaged and guaranteed borrowings	135,023	204,787	238,556	228,292
Credit borrowings	730,954	1,145,108	855,159	1,263,952
Pledged and guaranteed borrowings	–	–	50,000	50,205
Convertible bonds	4,671	7,476	–	–
	1,677,632	1,940,534	1,896,649	2,080,590
Total	**5,873,811**	**6,394,722**	**2,884,138**	**3,054,370**

The table below sets forth the maturity profile of our borrowings as of the dates indicated.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Bank borrowings				
– Within one year	1,672,961	1,933,058	1,896,649	2,080,590
– Between one to two years	371,318	608,252	422,734	518,448
– Between two to five years	522,630	433,080	564,755	455,332
	2,566,909	2,974,390	2,884,138	3,054,370
Convertible bonds				
– Within one year	4,671	7,476	–	–
– Between one to two years	–	–	–	–
– Between two to five years	3,302,231	3,412,856	–	–
Total	**5,873,811**	**6,394,722**	**2,884,138**	**3,054,370**

Our current and non-current borrowings primarily consisted of (i) pledged borrowings, (ii) mortgaged and guaranteed borrowings, (iii) credit borrowings, and (iv) convertible bonds. Our pledged borrowings were mainly secured by investments in subsidiaries. Our guaranteed borrowings were guaranteed by us and our mortgaged borrowings were mainly secured by property, plant and equipment, and prepaid lease payments. During the Track Record Period and up to the Latest Practicable Date, none of our bank borrowings were guaranteed by any of our related parties. On September 23, 2022, the Company issued its 2022 Convertible Bonds in an aggregate principal

amount of RMB3,410,500,000. The interest rates of the 2022 Convertible Bonds were 0.5%, 0.8% and 1.5% for the years ended December 31, 2023, 2024 and 2025, respectively. The 2022 Convertible Bonds were listed on Shenzhen Stock Exchange. See note 32 in the Accountants Report set out in Appendix I to this document.

Our borrowings increased from RMB5,873.8 million as of December 31, 2023, RMB6,394.7 million as of December 31, 2024, primarily to meet the operational demands and to support our business expansion. Our borrowings decreased from RMB6,394.7 million as of December 31, 2024 to RMB2,884.1 million, primarily due to the full conversion of our convertible bonds into shares in November 2025. Our borrowings remained generally stable at RMB3,054.4 million as of February 28, 2026 as compared to RMB2,884.1 million as of December 31, 2025.

As of February 28, 2026, the total bank facilities were RMB6,578.7 million, of which RMB3,728.3 million were utilized and RMB2,850.4 million remained available. Since February 28, 2026, borrowings of RMB441.3 million were obtained from commercial banks in the PRC, and borrowings of RMB277.7 million were repaid.

Our borrowings contain standard terms, conditions and covenants that are customary for commercial bank borrowings. Our Directors confirm that we did not experience any difficulty in obtaining borrowings, default in payments of borrowings, or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Our lease liabilities decreased from RMB34.9 million as of December 31, 2023 to RMB31.4 million as of December 31, 2024 primarily due to the lease payments made in relation to these properties. Our lease liabilities increased from RMB31.4 million as of December 31, 2024 to RMB36.4 million as of December 31, 2025, primarily due to new lease arrangements in 2025. Our lease liabilities remained generally stable at RMB36.4 million as of February 28, 2026.

Indebtedness Statement

As of the Latest Practicable Date, other than as disclosed above, we did not have any other borrowings, charges, mortgages, debentures or debt securities issued or outstanding, or authorized or otherwise created but unissued, or other similar indebtedness, hire purchase and finance lease commitments, liabilities under acceptance, acceptance credits, any guarantees or other material contingent liabilities.

Since February 28, 2026 and up to the Latest Practicable Date, the Directors confirm that there had not been any material change in our indebtedness and contingent liabilities.

KEY FINANCIAL RATIOS

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

	As of/For the Year ended December 31,		
	2023	2024	2025
Current ratio[(1)]	1.7	1.8	1.7
Quick ratio[(2)]	1.5	1.6	1.5
Liabilities-to-assets ratio[(3)]	43.4%	44.4%	33.0%
Gearing ratio[(4)]	43.5%	48.2%	16.2%

	As of/For the Year ended December 31,		
	2023	2024	2025
Net profit margin[5]	12.0%	3.8%	8.1%
Operating cash flow conversion ratio[6]	1.2	1.8	0.9
Average inventory turnover days[7]	55.9	44.9	41.5

Notes:

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

(2) Quick ratio is calculated by subtracting inventories from total current assets, and then dividing the result by current liabilities as of the same date.

(3) Liabilities-to-assets ratio is calculated by dividing total liabilities by total assets as of the same date.

(4) Gearing ratio is calculated by dividing total debt, including its total borrowings and lease liabilities, for the year by total equity for the year.

(5) Net profit margin is calculated by dividing profit for the year by revenue.

(6) Operating cash flow conversion ratio is calculated by dividing net cash generated from operating activities by profit for the year.

(7) Average inventory turnover days is calculated by the average of opening balance and closing balance of the inventories for the relevant period divided by cost of sales for the same period and multiplied by 360 days.

RELATED PARTY TRANSACTIONS

Our Directors confirm that each of the related party transactions were conducted on arm's length basis and on normal commercial terms, which are considered fair, reasonable and in the interest of our Shareholders as a whole. See note 41 to the Accountants Report set out in Appendix I to this document.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures were related to purchases of properties, plant and equipment and intangible assets. For the years ended December 31, 2023, 2024 and 2025, our capital expenditures were RMB3,102.5 million, RMB771.5 million and RMB659.1 million, respectively. We expect that our capital expenditures in 2026 will be primarily used for purchases of properties, plant and equipment and intangible assets. We expect to finance our capital expenditures through existing cash on hand, bank borrowings and the net proceeds from the [**REDACTED**]. We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

The table below sets forth our capital commitments as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for:			
– Acquisition of property, plant and equipment	1,776,175	1,242,836	1,209,813

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any material contingent liabilities. As of the Latest Practicable Date, there have been no material changes to our contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not enter into any off-balance sheet transactions or arrangements.

DISCLOSURE ABOUT FINANCIAL RISK

We are exposed to various types of financial risks in the ordinary course of our business, including credit risk, interest rate risk, foreign exchange risk, price risk and liquidity risk. The management of our Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner. See note 44 to the Accountants' Report set out in Appendix I to this document.

Credit Risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to us. Our exposure to credit risk mainly arises from granting credit to customers in the ordinary course of our operations and from our investing activities.

Our maximum exposure to credit risk for the components of the consolidated statements of financial position at December 31, 2023, 2024 and 2025 is represented by the carrying amount as disclosed in note 44.2 to Appendix I to this document.

Interest Rate Risk

Other than the interest-bearing bank deposits, we have no other significant-bearing assets bearing variable rates. We do not anticipate any significant impact to these interest-bearing assets resulting from the changes in interest rates, because we do not expect the interest rates of bank balances to change significantly.

Our bank borrowings bear variable rates expose our Group to cash flow interest rate risk. We have not hedged against such a risk as we do not see the benefit in so doing.

Foreign Currency Risk

Foreign currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. We are exposed to foreign exchange risk primarily through business activities which give rise to receivables, payables and bank deposits that are denominated in a foreign currency that is not the entity's functional currency. The currencies giving rise to the foreign exchange risk are primarily US$ and EUR.

We do not hedge our foreign currency risk. However, our management monitors the foreign currency exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Price Risk

Equity Price Risk

We are exposed to equity price risk mainly arising from listed equity investments held by our Group that are classified as financial assets at FVTOCI.

Sensitivity analysis is performed by our management to assess the exposure of our Group's financial results to equity price risk of financial assets at FVTOCI at the end of each reporting period.

If the price of the listed equity investment at FVTOCI held by our Group had been 10% higher/lower as of December 31, 2023, 2024 and 2025, the other comprehensive income for the respective year would have been approximately RMB2.2 million, RMB1.2 million and RMB14.0 million higher/lower, respectively.

Commodity Price Risk

We are exposed to commodity price risk mainly arising from lithium carbonate, the price volatility of which could impact financial performance. We use derivative financial instruments, including commodity future contracts, to manage a portion of such risk.

Liquidity Risk

Liquidity risk relates to the risk that we will not be able to meet our obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. We are exposed to liquidity risk in respect of settlement of trade and other payables, lease liabilities, bank borrowing, convertible bonds and derivative financial instruments, and also in respect of its cash flow management. Our objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet our liquidity requirements in the short and longer term.

When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date that we can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which we are committed to pay.

DIVIDEND POLICY

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

Any future plan to pay dividends will be made at the discretion of our Board of Directors and subject to approval of our Shareholders. Any declaration as well as the amount of such declaration and payment will be subject to our Articles of Association and the relevant laws. Even if we decide to pay dividends, the form, frequency and amount may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board of Directors may deem relevant.

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

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

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had distributable reserves of RMB3,790.2 million.

LISTING EXPENSES

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

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

DISCLOSURE REQUIRED UNDER THE LISTING RULES

The Directors have confirmed that as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please refer to "*Unaudited Pro Forma Financial Information*" set out in Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2025, and there is no event since December 31, 2025 which would materially affect the information shown in the Accountants' Report in Appendix I to this document.

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

Assuming that [**REDACTED**] is not exercised, after deducting the [**REDACTED**] and other estimated offering expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] and HK$[**REDACTED**]), we estimate that we will receive net proceeds of approximately [**REDACTED**] from the [**REDACTED**]. We intend to use the proceeds from the [**REDACTED**] for the purposes and in the amounts set forth below:

(i) approximately [80.0]%, or HK$[**REDACTED**], will be allocated for supporting our global business development, including the lithium-ion battery materials project in Morocco ("**Morocco Project**"), and other overseas markets, such as Southeast Asia, including Indonesia and Thailand, and the United States, as well as for upstream resource investments globally.

- approximately [60.0]%, or HK$[**REDACTED**], will be allocated for Morocco Project, for which the total investment is expected to be approximately U.S.$[**REDACTED**] (equivalent to HK$[**REDACTED**]).

  We have strategically decided to expand our production capacity to Morocco to capitalize on the rapidly growing European lithium-ion battery market and meet our customers' evolving localization requirements. According to CIC, the European lithium-ion battery market has demonstrated rapid growth, increasing from 85.4 GWh in 2020 to 256.4 GWh in 2024, with projections to reach 1,109.9 GWh by 2030, representing a projected CAGR of 27.7% that notably exceeds China's projected CAGR of 23.5%. See "Industry Overview — Overview of the Global and China's Lithium-ion Battery Industry — Market Size of Lithium-ion Battery Industry" for details. Due to geopolitical considerations, our customers are increasingly seeking localized supply chains for greater stability, driving major battery manufacturers to accelerate their localization strategies to maintain market access and strengthen competitiveness.

  Morocco offers significant strategic geographic advantages that align with our expansion objectives. Located in the northwestern corner of the African continent, Morocco is in close proximity to the European continent, separated from Spain merely by the narrow Strait of Gibraltar. This strategic location places us closer to our principal customers' manufacturing sites in Europe, enabling more flexible and timely supply of our products and services while strengthening the stability of our customers' supply chains and reducing logistical complexity and transportation costs. Additionally, Morocco's position as the world's largest holder of phosphate reserves ensures reliable access to essential raw materials for our operations.

  Our Morocco expansion plan is well-justified despite our relatively low production utilization rates since 2023, as these rates reflect our current ramp-up phase of mass production and the specific dynamics of the Chinese market rather than overseas opportunities. Our financial performance has already shown improvement, with revenue increasing significantly from 2024 to 2025, primarily due to accelerated growth in downstream markets. Furthermore, the Morocco facility is designed to primarily serve the European market, which has different demand patterns and growth trajectories compared to the Chinese market.

The strategic timing of our Morocco expansion, with an estimated construction period of approximately 36 months and completion expected by the end of 2028, allows for our current capacity utilization to further improve while preparing for future European market demand.

The Morocco Project is designed for an annual production capacity of 150,000 tonnes of electrolyte and its core compositions. The expenditures will be for the cost of land, construction of the factory, the purchase of key production equipment, other construction-related costs and preparatory costs. We estimate that breakeven period for our Morocco Project will be 48 months and the investment payback period for the project will be 54 months.

As of the Latest Practicable Date, we have completed the outbound direct investment filing. We are still in the process of obtaining land use rights, environmental impact assessment approval and other requisite administrative approvals necessary for the implementation and operation of the Morocco Project.

- approximately [20.0]%, or HK$[**REDACTED**], will be allocated for the construction of production bases in other overseas markets, such as Southeast Asia, including Indonesia and Thailand, and the United States, to strengthen our localization strategy as well as for upstream resource investments worldwide. Specifically, the proceeds may be allocated for the costs of land, facility construction and the procurement and installation of production equipment. We will commence our global business development initiatives in 2026, with an anticipated completion date in 2028.

  Additionally, the proceeds may be allocated for strategic investments in upstream resources globally. This includes funding acquisitions, forming partnerships or entering into long-term supply agreements with suppliers of key raw materials. We believe that the strategic upstream investments would bring significant benefits to the Group through enhanced supply chain control and cost optimization. Our business model emphasizes vertical integration to achieve high self-supply ratios for key raw materials, and strategic upstream investments would further strengthen this capability by securing stable supplies of critical raw materials like lithium, phosphorus, and fluorine resources. Given that direct material costs account for a substantial portion of the Group's cost of sales (ranging from 71.5% to 78.0% during the Track Record Period), upstream investments would help mitigate commodity price volatility that has significantly impacted our financial performance. These investments would also support our circular economy model, which focuses on recycling and reusing key chemical elements.

  The criteria for selecting upstream investment targets would focus on strategic resource alignment, ensuring our access to materials critical to our production processes, particularly lithium, phosphorus and fluorine resources, with location selection prioritising proximity to transportation networks and resource cost efficiency. As of the Latest Practicable Date, we have not identified any suitable target for investment.

(ii) approximately [10.0]%, or HK$[**REDACTED**], will be allocated for research and development activities. This will focus on electrolyte and its core compositions, cathode materials, solid-state electrolytes and other materials, as well as the acquisition of related research and development equipment and facilities. We will initiate our research and development activities in 2026, with an expected completion date in 2028.

(iii) approximately [10.0%], or HK$[**REDACTED**], will be allocated for supplement working capital and for general corporate purposes.

In the event that the [**REDACTED**] is set at the [**REDACTED**] or the minimum [**REDACTED**] of the indicative [**REDACTED**] range (assuming the [**REDACTED**] is not exercised), the net proceeds of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**] (after deducting [**REDACTED**] fees and expenses related to the [**REDACTED**]), respectively.

The additional net proceeds that we would receive if the [**REDACTED**] were exercised in full would be (i) [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the [**REDACTED**] of the indicative [**REDACTED**] range), (ii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range), and (iii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the minimum [**REDACTED**] of the indicative [**REDACTED**] range).

To the extent that the net proceeds from the [**REDACTED**] are either more or less than expected, we will adjust our allocation of the net proceeds so that (i) the amount of net proceeds allocated for the Morocco Project will remain the same; (ii) the percentage of proceeds for supplementing working capital and general corporate purpose will remain at 10%; and (iii) the amount of net proceeds allocated for other purposes will be adjusted on a pro rata basis.

To the extent that the net proceeds of the [**REDACTED**] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may deposit such funds into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions) for so long as it is deemed to be in the best interests of us. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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The following is the text of a report received from the Company's reporting accountants, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[Letterhead of GTHK]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGZHOU TINCI MATERIALS TECHNOLOGY CO., LTD., J.P. MORGAN SECURITIES (FAR EAST) LIMITED, CITIC SECURITIES (HONG KONG) LIMITED AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Guangzhou Tinci Materials Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group as at 31 December 2023, 2024 and 2025, the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "Relevant Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Reporting accountants' responsibility (Continued)

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's consolidated financial position as at 31 December 2023, 2024 and 2025 and the Company's financial position as at 31 December 2023, 2024 and 2025, and of the Group's consolidated financial performance and consolidated cash flows for the Relevant Period in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about dividends paid by the Company in respect of the Relevant Period.

[●]
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong
[●]

[●]
Practising Certificate No.: [●]

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Period, on which the Historical Financial Information is based, were audited by Grant Thornton Hong Kong Limited in accordance with International Standards on Auditing issued by the IAASB (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

(A) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue	6	15,404,640	12,518,297	16,649,893
Cost of sales		(11,411,599)	(10,154,136)	(12,946,736)
Gross profit		**3,993,041**	**2,364,161**	**3,703,157**
Other income, net	7(a)	255,636	229,659	240,781
Other gains and losses, net	7(b)	(13,154)	62,077	(74,665)
Selling and distribution expenses		(100,941)	(75,134)	(71,840)
General and administrative expenses		(743,259)	(716,839)	(952,336)
Research and development expenses	8	(645,542)	(668,213)	(846,948)
Finance costs	9	(219,837)	(228,158)	(202,484)
Impairment losses	10	(207,151)	(307,350)	(234,112)
Share of results of associates and joint ventures, net	20	5,544	(10,295)	(22,980)
Profit before income tax		**2,324,337**	**649,908**	**1,538,573**
Income tax expense	12	(482,115)	(171,475)	(194,394)
Profit for the year		**1,842,222**	**478,433**	**1,344,179**
Attributable to:				
– Equity holders of the Company		1,890,622	483,930	1,361,918
– Non-controlling interests		(48,400)	(5,497)	(17,739)
		1,842,222	**478,433**	**1,344,179**
Other comprehensive income/(loss), net of tax				
Items that will not be reclassified subsequently to profit or loss:				
– Fair value changes on equity investments at fair value through other comprehensive income ("FVTOCI"), net of tax		(2,552)	(30,513)	197,604
Items that will be reclassified subsequently to profit or loss:				
– Cash flow hedges, net of tax		328	(328)	(920)
– Exchange differences on translation of financial statements of foreign operations, net of tax		4,495	4,486	(7,812)
Other comprehensive income/(loss) for the year, net of tax		2,271	(26,355)	188,872
Total comprehensive income for the year		**1,844,493**	**452,078**	**1,533,051**
Attributable to:				
– Equity holders of the Company		1,892,893	457,575	1,550,790
– Non-controlling interests		(48,400)	(5,497)	(17,739)
		1,844,493	**452,078**	**1,533,051**
Earnings per share for profit attributable to the equity holders of the Company	14			
Basic (in RMB)		0.99	0.25	0.71
Diluted (in RMB)		0.98	0.25	0.71

(B) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	*16*	9,655,581	9,929,251	10,124,966
Right-of-use assets	*17*	910,453	972,363	957,863
Goodwill	*18*	214,720	200,402	200,402
Intangible assets	*19*	128,056	106,675	90,388
Interests in associates and joint ventures	*20*	401,336	386,194	374,280
Deposits, prepayments and other receivables	*26*	579,485	149,250	209,793
Deferred tax assets	*35*	93,161	126,443	212,739
Financial assets at FVTOCI	*25*	458,638	424,535	709,324
Time deposits	*28*	1,599,232	856,880	989,945
		14,040,662	**13,151,993**	**13,869,700**
Current assets				
Inventories	*22*	1,171,852	1,363,690	1,619,110
Trade and bills receivables	*23*	5,402,610	5,525,067	7,829,696
Deposits, prepayments and other receivables	*26*	973,381	944,638	830,520
Tax recoverable		23,261	8,248	3,556
Derivative financial instruments	*24*	1,518	907	302
Financial assets at fair value through profit or loss ("FVTPL")	*25*	–	–	488,246
Pledged deposits	*27*	34,096	18,385	25,722
Bank balances, deposits and cash				
– Time deposits with original maturity over three months and due within one year	*28*	73,390	1,338,618	370,890
– Cash and cash equivalents	*28*	2,256,101	1,601,844	1,888,992
		9,936,209	**10,801,397**	**13,057,034**
Current liabilities				
Trade and bills payables	*29*	3,420,954	3,362,809	4,553,793
Other payables and accruals	*30*	546,279	453,103	777,012
Contract liabilities	*31*	54,439	32,491	77,085
Borrowings	*32*	1,677,632	1,940,534	1,896,649
Lease liabilities	*34*	3,679	3,981	6,488
Derivative financial instruments	*24*	–	1,367	1,957
Income tax payable		241,323	81,576	180,321
		5,944,306	**5,875,861**	**7,493,305**
Net current assets		**3,991,903**	**4,925,536**	**5,563,729**
Total assets less current liabilities		**18,032,565**	**18,077,529**	**19,433,429**
Non-current liabilities				
Lease liabilities	*34*	31,254	27,417	29,942
Borrowings	*32*	4,196,179	4,454,188	987,489
Deferred income	*33*	141,236	210,208	280,521
Deferred tax liabilities	*35*	84,241	61,145	99,301
		4,452,910	**4,752,958**	**1,397,253**
Net assets		**13,579,655**	**13,324,571**	**18,036,176**
EQUITY				
Share capital	*36*	1,924,157	1,918,825	2,033,892
Less: treasury shares	*36*	(366,751)	(351,856)	(229,966)
Reserves	*37*	11,797,138	11,536,624	16,047,725
Equity attributable to equity holders of the Company		13,354,544	13,103,593	17,851,651
Non-controlling interests		225,111	220,978	184,525
Total equity		**13,579,655**	**13,324,571**	**18,036,176**

(C) STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		49,850	41,121	44,342
Right-of-use assets		7,434	7,081	6,847
Intangible assets		18,500	14,755	13,891
Interests in associates and joint ventures	*20*	205,241	192,078	209,606
Investments in subsidiaries	*21*	8,346,564	8,802,915	9,475,473
Deposits, prepayments and other receivables	*26*	1,831	1,228	1,600
Deferred tax assets	*35*	8,628	7,472	27,197
Financial assets at FVTOCI	*25*	255,950	241,460	301,460
Time deposits	*28*	828,580	248,422	104,057
		9,722,578	**9,556,532**	**10,184,473**
Current assets				
Inventories	*22*	77,880	120,550	175,070
Trade and bills receivables	*23*	951,813	1,052,005	2,127,302
Deposits, prepayments and other receivables	*26*	2,197,246	2,307,083	1,968,448
Tax recoverable		1,608	470	7
Financial assets at FVTPL	*25*	–	–	50,000
Bank balances, deposits and cash				
– Time deposits with original maturity over three months and due within one year	*28*	–	759,209	151,764
– Cash and cash equivalents	*28*	1,080,549	331,871	354,652
		4,309,096	**4,571,188**	**4,827,243**
Current liabilities				
Trade and bills payables	*29*	470,312	814,740	1,328,714
Other payables and accruals	*30*	1,115,832	441,995	395,695
Contract liabilities	*31*	172,510	12,680	30,789
Borrowings	*32*	744,730	759,272	714,009
Derivative financial instruments		–	–	1,957
Income tax payable		45,709	28,281	40,100
		2,549,093	**2,056,968**	**2,511,264**
Net current assets		**1,760,003**	**2,514,220**	**2,315,979**
Total assets less current liabilities		**11,482,581**	**12,070,752**	**12,500,452**
Non-current liabilities				
Borrowings	*32*	3,624,456	3,959,446	608,935
Deferred income	*33*	7,543	3,631	1,499
Deferred tax liabilities	*35*	40,611	24,563	34,039
		3,672,610	**3,987,640**	**644,473**
Net assets		**7,809,971**	**8,083,112**	**11,855,979**
EQUITY				
Share capital	*36*	1,924,157	1,918,825	2,033,892
Less: treasury shares	*36*	(366,751)	(351,856)	(229,966)
Reserves	*37*	6,252,565	6,516,143	10,052,053
Total equity		**7,809,971**	**8,083,112**	**11,855,979**

THIS DOCUMENT IS IN DRAFT FORM. THE INFORMATION CONTAINED HEREIN IS INCOMPLETE AND IS SUBJECT TO CHANGE. THIS DOCUMENT MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

(D) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Share capital	Less: treasury shares	Capital reserve	Other comprehensive income reserve	Equity component of convertible bonds	Special reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 36)	*RMB'000 (Note 36)*	*RMB'000*	*RMB'000*	*RMB'000 (Note 32(f))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023	**1,926,656**	**(546,324)**	**1,944,232**	**208,192**	**202,141**	**56,000**	**569,954**	**8,185,118**	**12,545,969**	**291,748**	**12,837,717**
Profit/(Loss) for the year	–	–	–	–	–	–	–	1,890,622	1,890,622	(48,400)	1,842,222
Other comprehensive income for the year	–	–	–	2,271	–	–	–	–	2,271	–	2,271
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**2,271**	**–**	**–**	**–**	**1,890,622**	**1,892,893**	**(48,400)**	**1,844,493**
Transactions with owners											
Dividends declared *(Note 13)*	–	–	–	–	–	–	–	(1,152,625)	(1,152,625)	–	(1,152,625)
Shares issued upon the conversion of convertible bonds *(Note 32(f))*	7	–	321	–	(19)	–	–	–	309	–	309
Redemption of convertible bonds *(Note 32(f))*	–	–	–	–	(1)	–	–	–	(1)	–	(1)
Repurchase and cancellation of restricted shares *(Note 36(a))*	(2,506)	66,847	(64,341)	–	–	–	–	–	–	–	–
Unlocking of restricted shares *(Note 36(b))*	–	107,874	–	–	–	–	–	–	107,874	–	107,874
Dividends declared for restricted shares, net *(Note 36(a), (b), (c))*	–	4,852	–	–	–	–	–	–	4,852	–	4,852
Share-based payments *(Note 11)*	–	–	9,776	–	–	–	–	–	9,776	236	10,012
Appropriation to statutory reserve	–	–	–	–	–	–	63,235	(63,235)	–	–	–
Provision of special reserve	–	–	–	–	–	17,937	–	–	17,937	–	17,937
Utilisation of special reserve	–	–	–	–	–	(904)	–	–	(904)	–	(904)
Acquisitions of additional interests in subsidiaries *(Note 21)*	–	–	(71,536)	–	–	–	–	–	(71,536)	(56,464)	(128,000)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	2,288	2,288
Transfer of other reserves upon disposal of equity investment at FVTOCI	–	–	–	(8,139)	–	–	–	8,139	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	35,703	35,703
Total transactions with owners	**(2,499)**	**179,573**	**(125,780)**	**(8,139)**	**(20)**	**17,033**	**63,235**	**(1,207,721)**	**(1,084,318)**	**(18,237)**	**(1,102,555)**
Balance at 31 December 2023	**1,924,157**	**(366,751)**	**1,818,452**	**202,324**	**202,121**	**73,033**	**633,189**	**8,868,019**	**13,354,544**	**225,111**	**13,579,655**

	Attributable to equity holders of the Company										
	Share capital	**Less: treasury shares**	**Capital reserve**	**Other comprehensive income reserve**	**Equity component of convertible bonds**	**Special reserve**	**Statutory reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
	RMB'000 (Note 36)	*RMB'000 (Note 36)*	*RMB'000*	*RMB'000*	*RMB'000 (Note 32(f))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2024	**1,924,157**	**(366,751)**	**1,818,452**	**202,324**	**202,121**	**73,033**	**633,189**	**8,868,019**	**13,354,544**	**225,111**	**13,579,655**
Profit/(Loss) for the year	–	–	–	–	–	–	–	483,930	483,930	(5,497)	478,433
Other comprehensive loss for the year	–	–	–	(26,355)	–	–	–	–	(26,355)	–	(26,355)
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**(26,355)**	**–**	**–**	**–**	**483,930**	**457,575**	**(5,497)**	**452,078**
Transactions with owners											
Dividends declared *(Note 13)*	–	–	–	–	–	–	–	(571,072)	(571,072)	–	(571,072)
Shares issued upon the conversion of convertible bonds *(Note 32(f))*	2	–	49	–	(3)	–	–	–	48	–	48
Repurchase and cancellation of restricted shares *(Note 36(a))*	(5,334)	137,356	(132,022)	–	–	–	–	–	–	–	–
Repurchase of ordinary shares *(Note 36(d))*	–	(120,018)	–	–	–	–	–	–	(120,018)	–	(120,018)
Reversal of dividends declared for restricted shares, net *(Note 36(a))*	–	(2,443)	–	–	–	–	–	–	(2,443)	–	(2,443)
Share-based payments *(Note 11)*	–	–	(82,911)	–	–	–	–	–	(82,911)	(548)	(83,459)
Appropriation to statutory reserve	–	–	–	–	–	–	101,293	(101,293)	–	–	–
Provision of special reserve	–	–	–	–	–	16,547	–	–	16,547	–	16,547
Acquisitions of additional interests in a subsidiary *(Note 21)*	–	–	1,436	–	–	–	–	–	1,436	(1,724)	(288)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	4,500	4,500
Deemed disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(864)	(864)
Others *(Note)*	–	–	49,887	–	–	–	–	–	49,887	–	49,887
Total transactions with owners	**(5,332)**	**14,895**	**(163,561)**	**–**	**(3)**	**16,547**	**101,293**	**(672,365)**	**(708,526)**	**1,364**	**(707,162)**
Balance at 31 December 2024	**1,918,825**	**(351,856)**	**1,654,891**	**175,969**	**202,118**	**89,580**	**734,482**	**8,679,584**	**13,103,593**	**220,978**	**13,324,571**

Note: others represent profit compensation derived from the acquisition of non-controlling interests from a related party under common control.

	Attributable to equity holders of the Company										
	Share capital	Less: treasury shares	Capital reserve	Other comprehensive income reserve	Equity component of convertible bonds	Special reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 36)	*RMB'000 (Note 36)*	*RMB'000*	*RMB'000*	*RMB'000 (Note 32(f))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2025	**1,918,825**	**(351,856)**	**1,654,891**	**175,969**	**202,118**	**89,580**	**734,482**	**8,679,584**	**13,103,593**	**220,978**	**13,324,571**
Profit/(Loss) for the year	–	–	–	–	–	–	–	1,361,918	1,361,918	(17,739)	1,344,179
Other comprehensive income for the year	–	–	–	188,872	–	–	–	–	188,872	–	188,872
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**188,872**	**–**	**–**	**–**	**1,361,918**	**1,550,790**	**(17,739)**	**1,533,051**
Transactions with owners											
Dividends declared *(Note 13)*	–	–	–	–	–	–	–	(287,235)	(287,235)	–	(287,235)
Shares issued upon the conversion of convertible bonds *(Note 32(f))*	119,548	–	3,572,317	–	(201,946)	–	–	–	3,489,919	–	3,489,919
Redemption of convertible bonds *(Note 32(f))*	–	–	–	–	(172)	–	–	–	(172)	–	(172)
Treasury shares for employee share ownership scheme transferred *(Note 36(e))*	–	133,209	(133,209)	–	–	–	–	–	–	–	–
Repurchase and cancellation of restricted shares *(Note 36(a))*	(4,481)	115,279	(110,798)	–	–	–	–	–	–	–	–
Repurchase of ordinary shares *(Note 36(d))*	–	(121,988)	–	–	–	–	–	–	(121,988)	–	(121,988)
Reversal of dividends declared for restricted shares, net *(Note 36(a))*	–	(4,610)	–	–	–	–	–	–	(4,610)	–	(4,610)
Share-based payments *(Note 11 and 35)*	–	–	107,845	–	–	–	–	–	107,845	989	108,834
Appropriation to statutory reserves	–	–	–	–	–	–	55,906	(55,906)	–	–	–
Provision of special reserve	–	–	–	–	–	47,933	–	–	47,933	–	47,933
Utilisation of special reserve	–	–	–	–	–	(42,251)	–	–	(42,251)	–	(42,251)
Capital contributions from shareholders of an associate *(Note 20(a))*	–	–	4,565	–	–	–	–	–	4,565	–	4,565
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	(69,366)	(69,366)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	5,694	5,694
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	39,469	39,469
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	4,500	4,500
Others	–	–	–	1,420	–	–	–	1,842	3,262	–	3,262
Total transactions with owners	**115,067**	**121,890**	**3,440,720**	**1,420**	**(202,118)**	**5,682**	**55,906**	**(341,299)**	**3,197,268**	**(18,714)**	**3,178,554**
Balance at 31 December 2025	**2,033,892**	**(229,966)**	**5,095,611**	**366,261**	**–**	**95,262**	**790,388**	**9,700,203**	**17,851,651**	**184,525**	**18,036,176**

(E) CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities			
Proceeds from sales of goods	7,812,168	4,951,521	5,804,853
Proceeds from refund of other tax and surcharges	256,422	83,325	54,591
Cash received related to other operating activities	179,983	170,216	185,016
Interest income	46,061	25,956	22,461
Cash paid for material and services	(2,963,110)	(2,500,543)	(3,052,044)
Cash paid for salaries	(862,406)	(923,128)	(985,919)
Income tax and other taxes paid	(1,466,889)	(534,838)	(348,145)
Cash paid related to other operating activities	(728,013)	(390,973)	(498,570)
Net cash generated from operating activities	**2,274,216**	**881,536**	**1,182,243**
Cash flows from investing activities			
Proceeds from disposal of financial assets at FVTOCI	17,454	–	2,508
Proceeds from disposal of property, plant and equipment and intangible assets	2,095	2,137	13
Proceeds from investment income	19,146	229,336	145,072
(Placement of)/decrease in time deposits, net	(402,652)	(470,000)	768,540
Purchase of property, plant and equipment, intangible assets and prepaid lease payments	(3,102,492)	(771,505)	(659,139)
Investments in associates and joint ventures and financial assets at fair value	(211,277)	–	(572,203)
Cash outflows from acquisition of subsidiaries	(214,793)	–	(15,836)
Payments for other investing activities	–	(720)	(493)
Net cash used in investing activities	**(3,892,519)**	**(1,010,752)**	**(331,538)**
Cash flows from financing activities			
Capital contributions from non-controlling interests	2,288	4,500	4,500
Proceeds from employee share ownership scheme	–	–	61,122
Proceeds from borrowings	1,905,235	2,487,933	2,139,470
Repayment of borrowings	(1,205,428)	(2,087,838)	(2,221,966)
Interest paid	(75,157)	(100,244)	(100,243)
Dividend paid to equity holders of the Company	(1,147,772)	(573,560)	(190,572)
Dividend paid to non-controlling interests	(30,000)	–	(3,740)
Acquisitions of additional interests in subsidiaries	(165,314)	–	–
Repurchase of ordinary shares	–	(120,018)	(121,988)
Repurchase of awarded shares under restricted share incentive scheme	(66,847)	(137,356)	(115,279)
Redemption of convertible bonds	–	–	(2,902)
Payments for other financing activities	(4,069)	(3,691)	(5,057)
Net cash used in financing activities	**(787,064)**	**(530,274)**	**(556,655)**
Net (decrease)/increase in cash and cash equivalents	**(2,405,367)**	**(659,490)**	**294,050**
Cash and cash equivalents at the beginning of the year	4,657,619	2,256,101	1,601,844
Effect of foreign exchange rate changes	3,849	5,233	(6,902)
Cash and cash equivalents at the end of the year	**2,256,101**	**1,601,844**	**1,888,992**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Guangzhou Tinci Materials Technology Co., Ltd. (the "Company") is a limited liability company incorporated in the People's Republic of China (the "PRC") on 23 November 2007. The Company's A shares were listed on Shenzhen Stock Exchange on 23 January 2014. The addresses of the registered office and the principal place of business of the Company is No. 8, Kangda Road, Dongcheng Section, Yunpu Industrial Zone, Huangpu District, Guangzhou, Guangdong Province, the PRC.

During the years ended 31 December 2023, 2024 and 2025 (the "Relevant Period"), the Company and its subsidiaries (collectively, the "Group") are principally engaged in research and development, production and sales of lithium-ion battery materials, daily chemical materials and specialty chemicals in the PRC.

In the opinion of the directors of the Company, the ultimate control of the Company is held by Mr. Xu Jinfu.

As at the date of this Historical Financial Information, the Company's principal subsidiaries are as follows:

Name of company	Place of establishment/ incorporation and operation	Issued and paid-up capital/ registered capital	Principal activities	Attributable equity interest held As at 31 December 2023	2024	2025	Notes
Directly held by the Company							
Jiujiang Tinci High-Tech Materials Co., Ltd. 九江天賜高新材料有限公司	The PRC	RMB455,000,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Ningde Kaixin Battery Materials Co., Ltd. 寧德市凱欣電池材料有限公司	The PRC	RMB32,500,000	Sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Jiangsu Tinci High-Tech Materials Co., Ltd. 江蘇天賜高新材料有限公司	The PRC	RMB150,000,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Zhejiang Tianshuo Fluorosilicon New Material Technology Co., Ltd. 浙江天碩氟硅新材料科技有限公司 ("Zhejiang Tianshuo")	The PRC	RMB202,500,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Sichuan Tinci High-Tech Materials Co., Ltd. 四川天賜高新材料有限公司	The PRC	RMB200,000,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Yichang Tinci High-Tech Materials Co., Ltd. 宜昌天賜高新材料有限公司	The PRC	RMB600,000,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Bondway (Dongguan) Electronic Materials Technology Co., Ltd. 東莞市騰威電子材料技術有限公司 ("Bondway Dongguan")	The PRC	RMB20,000,000	Research and development and sales of electronics materials	85%	85%	85%	*(b), (c)*
Indirectly held by the Company							
Chizhou Tinci High-Tech Materials Co., Ltd. 池州天賜高新材料有限公司	The PRC	RMB277,600,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Fuding Kaixin Battery Materials Co., Ltd. 福鼎市凱欣電池材料有限公司	The PRC	RMB32,500,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Jiujiang Tinci New Power Materials Technology Co., Ltd. 九江天賜新動力材料科技有限公司	The PRC	RMB263,000,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*
Jiujiang Tinci Resource Recycling Technology Co., Ltd. 九江天賜資源循環科技有限公司	The PRC	RMB268,000,000	Production and sales of lithium-ion battery materials	100%	100%	100%	*(b)*

Notes:

(a) The consolidated financial statements of the Group for the years ended 31 December 2023, 2024 and 2025 prepared under PRC Generally Accepted Accounting Principles for Business Enterprises ("PRC GAAP") were audited by Grant Thornton Zhitong Certified Public Accountants LLP, 致同會計師事務所(特殊普通合夥), certified public accountants registered in the PRC.

(b) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared under PRC GAAP were audited by Grant Thornton Zhitong Certified Public Accountants LLP, 致同會計師事務所(特殊普通合夥).

(c) The non-controlling interest of this non-wholly owned subsidiary is considered to be insignificant to the Group. Accordingly, no summarised financial information of this non-wholly owned subsidiary is presented in the Historical Financial Information.

The English names of certain companies referred herein represent management's best effort at translating the Chinese names of these companies as no English name has been registered.

All subsidiaries of the Group have adopted 31 December as their financial year end date.

2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") which collective term includes all applicable individual IFRS Accounting Standards and Interpretations approved by the International Accounting Standards Board ("IASB").

All IFRS Accounting Standards, amendments, interpretations and annual improvements which are effective for the accounting period beginning from 1 January 2025 are consistently adopted by the Group in the preparation of the Historical Financial Information.

The material accounting policies that have been used in the preparation of this Historical Financial Information are summarised in note 3. These policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

The Historical Financial Information has been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are stated at fair values.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on the management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 5.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Basis of consolidation

The Historical Financial Information incorporates the financial information of the Company and its subsidiaries for the Relevant Period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of subsidiaries in the Historical Financial Information from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from the equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained profits). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statements of financial position, subsidiaries are carried at cost less any impairment loss. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at each reporting date. All dividends whether received out of the investee's pre- or post-acquisition profits are recognised in the Company's profit or loss.

3.2 Acquisition of subsidiaries

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

Where the consideration the Group transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not subsequently remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is subsequently remeasured at each reporting dates at fair value with changes in fair value recognised in profit or loss.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree. If the initial accounting for a business combination is incomplete by each reporting date in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.3 Associates and joint ventures

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions relating about relevant activities require the unanimous consent of the parties sharing control.

In the Historical Financial Information, an investment in an associate or a joint venture is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in an associate or a joint venture is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate or joint venture's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the Relevant Period includes the Group's share of the post-acquisition, post-tax results of the associate or joint venture for the Relevant Period, including any impairment loss on the investment in associate or joint venture recognised for the Relevant Period.

Unrealised gains on transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the associate or joint venture. Where unrealised losses on assets sales between the Group and its associate or joint venture are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate or joint venture's accounting policies to those of the Group when the associate or joint venture's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group's interest in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's other long-term interests that in substance form part of the Group's net investment in the associate or joint venture, after applying the expected credit loss ("ECL") model to such other long-term interests where applicable.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate or joint venture. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate or joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture.

In the Company's statements of financial position, interests in associates and joint ventures are accounted for using the equity method.

3.4 Foreign currency translation

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information are presented in RMB, which is the same as the Company's functional currency.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at each reporting date. Income and expenses have been converted into the RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

3.5 Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are initially stated at acquisition cost or manufacturing costs (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management). They are subsequently stated at costs less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line basis over their estimated useful lives as follow:

Freehold land is not depreciated.	
Buildings	15-30 years
Machinery	3-10 years
Transportation facilities	3-10 years
Electronic and other equipment	3-10 years

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each of the Relevant Period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

3.6 Prepaid lease payments

"Prepaid lease payments" (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the term of the lease/right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

3.7 Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is tested at least annually for impairment (see note 3.23).

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

3.8 Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The following useful lives are applied:

Patent rights	5-10 years
Non-patented technologies	5-10 years

Software and others	2-10 years
Customer relationship	5 years

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets are tested for impairment as described below in note 3.23.

Research and development costs

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet all of the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

3.9 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 "Revenue from Contracts with Customers", all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets are classified into the following categories:

– amortised cost;

– FVTPL; or

– FVTOCI.

The classification is determined by both:

– the entity's business model for managing the financial asset; and

– the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within "Finance costs", except for ECL of financial assets which is presented as a separate item in the consolidated statements of profit or loss and other comprehensive income.

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in "Finance costs" in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's trade receivables, other receivables, time deposits and bank balances, deposits and cash fall into this category of financial assets.

Financial assets at FVTOCI — recycling

If the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in "Other comprehensive income reserve" in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in "Other comprehensive income reserve" will not be reclassified to profit or loss upon disposal of the equity investments, and will continue to be held in the "Other comprehensive income reserve".

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Dividends are included in the "Other gains and losses, net" in profit or loss.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and bills payables, other payables and accruals, borrowings, liability component of convertible bonds, lease liabilities and derivative financial instruments.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in "Finance costs".

Accounting policies of lease liabilities are set out in note 3.17.

Trade and bills payables, other payables and accruals

Trade and bills payables, other payables and accruals are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless as at the end of each of the Relevant Period, the Group has a right to defer settlement of the liability for at least twelve months after each reporting date.

Covenants that the Group is required to comply with, on or before the end of each of the Relevant Period, are considered in classifying loan arrangement with covenants as current or non-current. Covenants that the Group is required to comply with after each of the Relevant Period do not affect the classification.

Derivative financial instruments

Details of accounting policy of derivative financial instruments are set out in note 3.10.

Convertible bonds

Details of accounting policy of convertible bonds are set out in note 3.13.

3.10 Derivative financial instruments and hedge accounting

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risks and commodity price risks, including forward currency contracts and commodity future contracts. Further details of derivative financial instruments are set out in note 24.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined) on an ongoing basis. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

– There is "an economic relationship" between the hedged item and the hedging instrument.

– The effect of credit risk does not "dominate the value changes" that result from that economic relationship.

– The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchanges rates and commodity price.

(a) Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time are amortised to profit or loss over the remaining life of the hedged item. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(b) Cash flow hedges

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in other comprehensive income reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in other gains and losses line item. Amounts previously recognised in other comprehensive income and accumulated in other comprehensive income reserve are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statements of profit or loss as the recognised hedged item.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

3.11 Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost, and trade and bills receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

– financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and

– financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at each reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial assets.

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment. For trade receivables from related parties, the Group also performs the ECL assessment on individual basis.

To measure the ECL, except for trade receivables with significant outstanding balances which are assessed individually, the remaining trade receivables have been grouped based on shared credit risk characteristics and the days past due, and adjusted for forward-looking factors specific to the debtors and the economic environment.

Other financial assets measured at amortised cost and bills receivable measured at FVTOCI

The Group measures the loss allowance for other receivables and bills receivable at FVTOCI equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at each reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in regulatory, business, financial, economic conditions or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

– an actual or expected significant deterioration in the operating results of the debtor.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at each reporting date. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Detailed analysis of the ECL assessment of trade and bills receivable and other financial assets measured at amortised cost are set out in note 44.2.

Financial guarantee contracts

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Credit-impaired financial assets

At each reporting date, the Group assesses on a forward-looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an assets that was previously written off are recognised in profit or loss of the period in which the reversal occurs.

3.12 Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis.

3.13 Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the consolidated statements of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a prevailing market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

3.14 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.15 Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

3.16 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within "other payables and accruals". The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under IFRS 9 as set out in note 3.11 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

3.17 Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

– the contracts contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

– the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

– the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

The Group remeasures lease liabilities whenever:

– there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

– the lease payments changes due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of twelve month or less.

On the consolidated statements of financial position, prepaid lease payments and leased properties and equipment have been included in "right-of-use assets" under non-current assets.

Refundable rental deposits paid are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The Group as a lessor

As a lessor, the Group classifies its leases as operating leases. Rental income is recognised on a straight-line basis over the term of the lease.

3.18 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.19 Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.20 Revenue recognition

Revenue arises mainly from the sales of lithium-ion battery materials, daily chemical materials and specialty chemicals.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

Further details of the Group's revenue recognition policies are as follows:

Revenue from sale of goods

Revenue from sale of goods between the Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognised when the performance obligation has been satisfied at a point in time.

Revenue for sale of goods in Mainland China is recognised when the Group has delivered the products to the customers in accordance with the contract terms, and has received acceptance and other proof of receipt from the customers.

Revenue for export sale of goods is recognised when the Group has declared the goods for customs clearance in accordance with the contract terms, and has obtained a customs declaration or received acceptance and other proof of receipt from the customers.

Rental income

Accounting policies for rental income are set out in note 3.17.

3.21 Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of ECL allowance) of the asset.

3.22 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities as "Deferred income" in the consolidated statements of financial position and are recognised in profit or loss on a straight line basis over the expected lives of the related assets/deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Government grants relating to income is presented in gross under "Other income, net" in the consolidated statements of profit or loss and other comprehensive income.

3.23 Impairment of non-financial assets

Goodwill, property, plant and equipment, right-of-use assets, intangible assets, deposits paid for acquisition of property, plant and equipment, interests in associates and joint ventures and the Company's investments in subsidiaries are subject to impairment testing. Goodwill and other assets that have an indefinite useful life are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

3.24 Employee benefits

Retirement benefits

The Group contributes to defined contribution retirement plans which are available to eligible employees. Contributions to the plans by the Group are calculated as a percentage of employees' basic salaries. The retirement benefit plan cost charged to profit or loss represents contributions payable by the Group to the funds. The Group's contributions to the defined contribution retirement plans are expensed as incurred.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable at each reporting date.

Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised as an expense in profit or loss in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises costs for any related restructuring.

Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in capital reserve. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently reviewed, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a review is recognised in the current period.

If the equity instruments granted are cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the cancellation or settlement is accounted for as an acceleration of vesting, and the amount that otherwise would have been recognised for services receive over the remainder of the vesting period is recognised immediately in profit or loss.

3.25 Borrowing costs

All borrowing costs are expensed in the period in which they are incurred.

3.26 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at each reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at each reporting date between the carrying amounts of assets and liabilities in Historical Financial Information and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at each reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

– income or loss excluding reversals of temporary differences; and

– reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.27 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker (the "CODM") for their decisions about resources allocation to the Group's business components for their review of the performance of those components.

3.28 Related parties

For the purpose of the Historical Financial Information, a party in considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. ADOPTION OF NEW AND AMENDED IFRS ACCOUNTING STANDARDS

All new and amended IFRS Accounting Standards, which are mandatory for the financial year beginning on 1 January 2025 are consistently applied to the Group throughout the Relevant Period.

A number of new and amended IFRS Accounting Standards have been issued but not yet effective for annual periods beginning after 1 January 2025, and have not been applied in these financial statements:

IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures and related amendments[2]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[1]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual periods beginning on or after 1 January 2027

3 Effective date not yet determined

The directors of the Company anticipate that all of the new and amended IFRS Accounting Standards will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of these new and amended IFRS Accounting Standards. These new and amended IFRS Accounting Standards are not expected to have a material impact on the Group's results of operations and financial position.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of non-financial assets (other than goodwill)

Assets that have an indefinite useful life are tested annually for impairment in accordance with the accounting policy stated in note 3.23. Other assets including property, plant and equipment, right-of-use assets, intangible assets, deposits paid for acquisition of property, plant and equipment, interests in associates and joint ventures and the Company's investments in subsidiaries are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. This process requires management's estimate of future cash flows generated by each CGU. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statements of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

As at 31 December 2023, 2024 and 2025, the carrying amounts of property, plant and equipment, right-of-use assets, intangible assets, deposits paid for acquisition of property, plant and equipment, interests in associates and joint ventures and the Company's investments in subsidiaries are disclosed in note 16, note 17, note 19, note 26, note 20 and note 21, respectively.

Estimation of impairment of trade and bills receivables, and other receivables

The Group makes allowances on items subjects to ECL (including trade and bills receivables, and other receivables) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at each reporting date as set out in note 3.11.

As at 31 December 2023, 2024 and 2025, the aggregate carrying amounts of trade and bills receivables, and other receivables amounted to RMB5,423,975,000, RMB5,679,545,000 and RMB7,900,808,000, net of loss allowance of RMB185,240,000, RMB307,408,000 and RMB357,062,000 respectively.

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and bills receivables, and other receivables and related credit losses in the periods in which such estimate has been changed.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling price less any estimated costs to be incurred to completion and disposal with reference to prevailing market information. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at each reporting date. During the years ended 31 December 2023, 2024 and 2025, the provision for inventories, amounting to RMB171,014,000, RMB108,480,000 and RMB172,363,000 have been made respectively.

Estimation of fair value of financial instruments not traded in an active market

As at 31 December 2023, 2024 and 2025, financial assets at FVTOCI that are not traded in an active market including unlisted equity investments were carried at fair value of RMB436,863,000, RMB412,931,000 and RMB569,460,000 respectively. The fair values are determined by using valuation techniques, details of which are set out in note 44.7. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Group bases its assumptions on observable data as far as possible but this is not always available. In that case the Group uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at each reporting date.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.23. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates about future cash flows and discount rates. In the process of estimating expected future cash flows management makes assumptions about future revenue and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. In addition, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties due to uncertainty on how the trends in inflation and market interest rates may progress or evolve. Details of the estimates of the recoverable amounts of CGUs containing goodwill are disclosed in note 18.

Useful lives of property, plant and equipment (other than freehold land) and intangible assets

The Group depreciates the property, plant and equipment (other than freehold land) and intangible assets over the estimated useful lives, using the straight-line method, commencing from the date the property, plant and equipment and intangible assets are available for use. The estimated useful life reflects the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment (other than freehold land) and intangible assets. The Group assesses annually the useful lives of property, plant and equipment (other than freehold land) and intangible assets, and if the expectation differs from the original estimate, such a difference may impact the depreciation for the Relevant Period and the future period.

Estimation of fair value of share option at the date of grant

The Group used the Black-Scholes Option Pricing Model to determine the fair value of the share options as at the grant date, which is to be recorded in profit or loss over the vesting period. The model inputs are set out in note 38(b). During the years ended 31 December 2023, 2024 and 2025, RMB(876,000), RMB(424,000) and RMB37,105,000 of share option related employee compensation expenses have been (reversed)/recognised in profit or loss respectively.

Current and deferred income taxes

The Group is subject to income taxes in several jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. REVENUE AND SEGMENT INFORMATION

The Group's principal activities are disclosed in note 1 to the Historical Financial Information. This operating segment has been identified on the basis of internal management reports reviewed by the CODM, being the executive directors of the Company. The CODM reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company regard that there is only one segment which is used to make strategic decisions.

An analysis of the Group's revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lithium-ion battery materials	14,104,353	10,974,225	15,050,539
Daily chemicals and specialty chemicals	1,016,795	1,160,567	1,284,577
Others	283,492	383,505	314,777
	15,404,640	**12,518,297**	**16,649,893**

Timing of revenue recognition

The Group derives revenue from the transfer of goods and services at a point in time or services over time are analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At a point in time	15,401,977	12,516,138	16,649,298
Over time	2,663	2,159	595
	15,404,640	**12,518,297**	**16,649,893**

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of products that had an original expected duration of one year or less.

Segment assets and segment liabilities

No information on segment assets and segment liabilities were presented as substantially all of the Group's assets (except for interests in associates and joint ventures) and liabilities were attributable to the Group's single operating segment. The CODM does not regard the Group's interests in associates and joint ventures to be directly attributable to the Group's operating segment.

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the products were sold.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	14,943,319	11,969,614	16,016,376
Other countries/regions	461,321	548,683	633,517
	15,404,640	**12,518,297**	**16,649,893**

As at 31 December 2023, 2024 and 2025, substantially all of the non-current assets (other than financial assets at FVTOCI) of the Group were located in the PRC.

Information about major customers

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	8,118,317	5,002,041	6,010,611

Note:

The revenue contributed from the above customer is derived from sales of lithium-ion battery materials.

7. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

(a) Other income, net

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest income	101,086	91,461	82,085
Government grants *(note)*	145,247	128,334	148,527
Others	9,303	9,864	10,169
	255,636	**229,659**	**240,781**

Note:

Government grants were mainly related to cash subsidies in respect of operating and development activities from government and additional deduction of input value-added tax for advanced manufacturing entities, which are either unconditional grants or grants with conditions having been satisfied.

(b) Other gains and losses, net

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Realised gains from hedge derivatives	1,072	69,635	12,642
Gains/(Losses) on disposal/deemed disposal of interest in an associate and investments in subsidiaries, net	–	1,617	(1,306)
Losses on disposal/written-off of property, plant and equipment and intangible assets	(10,047)	(1,015)	(52,112)
Net foreign exchange gains/(losses)	956	8,682	(18,314)
Others	(5,135)	(16,842)	(15,575)
	(13,154)	**62,077**	**(74,665)**

8. RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Employee benefit expenses	147,766	177,262	274,573
Material cost	400,663	341,857	332,221
Depreciation and amortisation	48,191	73,904	106,739
Others	48,922	75,190	133,415
	645,542	**668,213**	**846,948**

9. FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interests on borrowings	193,540	215,563	182,201
Interests expenses on lease liabilities	896	1,190	1,297
Interests on discounted bills receivable	25,401	11,405	18,986
	219,837	**228,158**	**202,484**

10. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, general and administrative expenses, research and development expenses, and impairment losses are analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation			
– Property, plant and equipment *(Note 16)*	686,411	916,380	1,007,971
– Right-of-use assets *(Note 17)*	21,641	25,728	28,561
	708,052	**942,108**	**1,036,532**
Provision for impairment losses on assets, net			
– Goodwill *(Note 18)*	–	14,318	–
– Inventories *(Note 22)*	171,014	108,480	172,363
– Property, plant and equipment *(Note 16)*	10,897	61,314	–
– Trade and bills receivables and other receivables *(Note 23, 26)*	25,240	123,238	61,749
	207,151	**307,350**	**234,112**
Amortisation of intangible assets *(Note 19)*	18,614	26,760	20,749
Auditor's remuneration	1,800	1,800	1,400
Direct cost of inventories recognised as an expense	8,830,431	7,258,176	10,091,583
Short-term lease charges	10,649	21,170	18,145

11. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	743,196	880,054	1,057,078
Contributions to defined contribution retirement plans	49,011	51,512	57,411
Share-based payments	10,012	(83,459)	69,053
	802,219	**848,107**	**1,183,542**

12. INCOME TAX EXPENSE

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax			
– Current year	466,164	181,163	214,761
– (Over)/under provision in respect of prior years	(9,530)	43,101	39,023
	456,634	224,264	253,784
Deferred income tax *(Note 35)*	25,481	(52,789)	(59,390)
Income tax expense	**482,115**	**171,475**	**194,394**

The difference between the actual income tax expense in the consolidated statements of profit or loss and other comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	**2,324,337**	**649,908**	**1,538,573**
Tax at the PRC enterprise income tax rate of 25%	581,084	162,477	384,643
Tax effect of			
– impact of different tax rates applied	(184,989)	(99,864)	(108,769)
– share of results of associates and joint ventures, net	(1,057)	1,812	4,677
– non-deductible expenses	5,156	5,352	1,668
– tax losses and deductible temporary differences not recognised	217,711	251,613	97,820
– utilisation of tax losses previously not recognised	(41,476)	(75,040)	(133,239)
– change in tax rate on the opening deferred tax balance	361	–	(6)
– (over)/under provision in respect of prior years	(9,530)	43,101	39,023
– additional deduction on research and development expenses	(91,479)	(96,415)	(91,211)
– others	6,334	(21,561)	(212)
Income tax expense	**482,115**	**171,475**	**194,394**

PRC enterprise income tax

The income tax provision of certain PRC entities of the Group has been calculated at the statutory tax rate of 25% on the estimated assessable profits for the Relevant Period, based on the existing legislation, interpretations and practices in respect thereof.

Certain subsidiaries of the Group are accredited as "High and New Technology Enterprise" under the Administrative Measures for Recognition of High and New-Technology Enterprises (高新技術企業認定管理辦法) promulgated by the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部) were entitled to a reduced preferential tax rate of 15% during the Relevant Period.

Certain subsidiaries of the Group are taxed at a preferential rate of 15% during the Relevant Period primarily due to their status as entities engaging in development projects supported by the government in the western region of the PRC.

Certain subsidiaries of the Group which are small and micro-sized enterprises, the following tax policy applies during the Relevant Period: for annual income amount of RMB1 million or below, the taxable income amount shall be computed at 25% of the annual income and subject to a tax rate of 20%. The preferential period is from 1 January 2023 to 31 December 2024. For annual income amount of over RMB1 million but less than RMB3 million, the taxable income amount shall be computed at 25% of the annual income and subject to a tax rate of 20%. The preferential period is from 1 January 2022 to 31 December 2024. The preferential period of the aforementioned tax policy has been extended to 31 December 2027 according to the relevant updated tax regulation.

According to relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim additional 100% of the qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits during the Relevant Period.

Hong Kong profits tax

Hong Kong profits tax is 16.5% during the Relevant Period.

Corporate income tax in other jurisdictions

Certain subsidiaries of the Group in overseas countries are subject to corporate income tax at a rate ranging from 10% to 30% during the Relevant Period.

Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

13. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Final dividends in respect of the previous year, declared and paid during the following year (tax inclusive)	1,152,625	571,072	185,965
Interim dividends	–	–	101,270
	1,152,625	**571,072**	**287,235**

The final dividends of RMB6.00 per 10 shares (tax inclusive) in respect of the year ended 31 December 2022 were approved in 2022 Annual General Meeting of the Company. The final dividends have not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2022. The final dividends were paid on 16 May 2023.

The final dividends of RMB3.00 per 10 shares (tax inclusive) in respect of the year ended 31 December 2023 were approved in 2023 Annual General Meeting of the Company. The final dividends have not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2023. The final dividends were paid on 29 April 2024.

The final dividends of RMB1.00 per 10 shares (tax inclusive) in respect of the year ended 31 December 2024 were approved in 2024 Annual General Meeting of the Company. The final dividends have not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2024. The final dividends were paid on 22 May 2025.

The interim dividends of RMB0.50 per 10 shares (tax inclusive) in respect of the nine months ended 30 September 2025 were approved in the 2025 Fourth Extraordinary General Meeting of the Company on 9 December 2025. The interim dividends were paid on 12 January 2026.

14. EARNINGS PER SHARE

Basic

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares of the Company in issue during the Relevant Period, excluding treasury shares held for share schemes as these shares are not considered outstanding for EPS calculation purposes.

	Year ended 31 December		
	2023	2024	2025
Profit attributable to equity holders of the Company (RMB'000)	1,890,622	483,930	1,361,918
Less: effect from recoverable cash dividends declared to restricted shares expected to be unlocked in the future (RMB'000)	(9,092)	–	–
Adjusted profit attributable to equity holders of the Company (RMB'000)	1,881,530	483,930	1,361,918
Weighted average number of ordinary shares in issue (thousands shares)	1,909,964	1,911,458	1,910,892
Basic EPS (RMB per share)	0.99	0.25	0.71

Diluted

The restricted share incentive schemes, share option incentive schemes, and employee share ownership scheme (see note 38) and convertible bonds (see note 32) granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share schemes and convertible bonds (collectively forming the denominator for computing the diluted EPS).

Profit attributable to equity holders of the Company for the purpose of calculating diluted EPS is calculated as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit attributable to equity holders of the Company (basic EPS)	1,881,530	483,930	1,361,918
Diluted adjustments:			
Effect from recoverable cash dividends declared to restricted shares expected to be unlocked in the future	9,092	–	–
Effect from dilutive potential ordinary shares arising from convertible bond	107,131	–	–
	116,223	–	–
Profit attributable to equity holders of the Company for the purpose of calculating diluted EPS	1,997,753	483,930	1,361,918

When calculating diluted EPS during the lock-up period of restricted shares, profit attributable to equity holders of the Company shall add the cash dividends (with dilution) distributed to restricted shares expected to be unlocked in the future that have been deducted when calculating the adjusted profit attributable to equity holders of the Company for basic EPS calculation purposes.

Weighted average number of ordinary shares used in calculating diluted EPS is calculated as follows:

	Year ended 31 December		
	2023	2024	2025
	'000	*'000*	*'000*
Weighted average number of ordinary shares in issue	1,909,964	1,911,458	1,910,892
Diluted adjustments:			
Effect from share options granted	–	–	3,716
Effect from restricted shares in restricted share incentive scheme and employee share ownership scheme	13,252	6,259	4,472
Effect from potential ordinary shares arising from convertible bond	118,080	–	–
	131,332	6,259	8,188
Weighted average number of ordinary shares used in calculating diluted EPS	2,041,296	1,917,717	1,919,080

Diluted EPS is calculated as follows:

	Year ended 31 December		
	2023	2024	2025
Profit attributable to equity holders of the Company for the purpose of calculating diluted EPS (RMB'000)	1,997,753	483,930	1,361,918
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares)	2,041,296	1,917,717	1,919,080
Diluted EPS (RMB per share)	0.98	0.25	0.71

The diluted profit per share for the years ended 31 December 2024 and 2025 did not assume the conversion of the convertible bonds (see note 32) as their inclusion would be anti-dilutive.

15. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Directors' remuneration

The emoluments of the individual directors of the Company during the Relevant Period which were included in the employee benefit expenses are set out below:

	Notes	Fees	Salaries, bonus and allowances	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023						
Executive directors:						
Mr. Xu Jinfu		–	3,233	33	–	3,266
Mr. Xu Sanshan		–	2,496	43	1,122	3,661
Mr. Gu Bin		–	2,122	43	1,122	3,287
Mr. Han Heng		–	2,165	43	1,122	3,330
Dr. Zhao Jingwei		–	1,950	7	1,122	3,079
Independent non-executive directors:						
Ms. Chen Limei		120	–	–	–	120
Dr. Nan Junmin		120	–	–	–	120
Ms. Li Zhijuan		120	–	–	–	120
Dr. Zhang Mingqiu	*(iii)*	120	–	–	–	120
Supervisors:						
Mr. Guo Shoubin	*(v)*	–	758	21	–	779
Ms. He Guilan	*(v)*	–	96	–	–	96
Dr. Yao Yuze	*(i)*	–	267	9	–	276
		480	**13,087**	**199**	**4,488**	**18,254**
Year ended 31 December 2024						
Executive directors:						
Mr. Xu Jinfu		–	3,228	39	–	3,267
Mr. Xu Sanshan		–	2,492	47	(1,341)	1,198
Mr. Gu Bin		–	2,118	47	(1,341)	824
Mr. Han Heng		–	2,162	47	(1,341)	868
Dr. Zhao Jingwei		–	1,950	7	(1,341)	616
Independent non-executive directors:						
Ms. Chen Limei		120	–	–	–	120
Dr. Nan Junmin		120	–	–	–	120
Ms. Li Zhijuan		120	–	–	–	120
Dr. Zhang Mingqiu	*(iii)*	120	–	–	–	120
Supervisors:						
Mr. Guo Shoubin	*(v)*	–	577	–	–	577
Ms. He Guilan	*(v)*	–	96	–	–	96
Dr. Yao Yuze	*(i)*	–	56	2	–	58
Mr. Luo Wen	*(ii)*	–	861	9	–	870
		480	**13,540**	**198**	**(5,364)**	**8,854**
Year ended 31 December 2025						
Executive directors:						
Mr. Xu Jinfu		–	5,922	–	–	5,922
Mr. Xu Sanshan		–	3,355	54	1,377	4,786
Mr. Gu Bin		–	2,977	54	1,377	4,408
Mr. Han Heng		–	2,763	54	1,377	4,194
Dr. Zhao Jingwei		–	2,304	40	1,377	3,721
Independent non-executive directors:						
Ms. Chen Limei		120	–	–	–	120
Dr. Nan Junmin		120	–	–	–	120
Ms. Li Zhijuan		120	–	–	–	120
Dr. Zhao Jianqing	*(iv)*	113	–	–	–	113
Supervisors:						
Mr. Guo Shoubin	*(v)*	–	403	–	–	403
Ms. He Guilan	*(v)*	–	59	–	–	59
Mr. Luo Wen	*(ii)*	–	912	11	–	923
		473	**18,695**	**213**	**5,508**	**24,889**

Notes:

(i) Dr. Yao Yuze was resigned on 16 April 2024;

(ii) Mr. Luo Wen was appointed as a supervisor of the Company on 16 April 2024 and resigned on 10 September 2025;

(iii) Dr. Zhang Mingqiu resigned as an independent non-executive director of the Company on 20 December 2024;

(iv) Dr. Zhao Jianqing was appointed as an independent non-executive director of the Company on 23 January 2025.

(v) Mr. Guo Shoubin and Ms. He Guilan resigned as supervisors of the Company on 10 September 2025.

The emoluments shown above represent emoluments received by the directors in the capacity as directors/employees of the companies comprising the Group during the Relevant Period.

There were no arrangements under which a director of the Company waived or agreed to waive any remuneration during the Relevant Period.

(b) Five highest paid individuals

During the years ended 31 December 2023, 2024 and 2025, the five individuals whose emoluments were the highest in the Group include 4, 4 and 4 directors, respectively, whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining 1, 1 and 1 individuals are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonus and allowances	2,174	2,171	2,294
Retirement benefit scheme contributions	43	47	54
Share-based payments	1,052	(1,257)	1,377
	3,269	**961**	**3,725**

The aggregate of the emoluments in respect of the remaining 1, 1 and 1 individuals during the years ended 31 December 2023, 2024 and 2025 fell within the following bands:

	Year ended 31 December		
	2023	2024	2025
		Number of individuals	
Emolument bands			
HK$1,000,001 to HK$2,000,000	–	1	–
HK$3,000,001 to HK$4,000,000	1	–	–
HK$4,000,001 to HK$5,000,000	–	–	1

During the Relevant Period, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Machinery	Transportation facilities	Electronic and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023						
Cost	1,395,225	3,770,557	41,537	901,345	2,588,498	8,697,162
Accumulated depreciation	(249,768)	(1,059,558)	(13,436)	(243,874)	–	(1,566,636)
Accumulated impairment	(23,221)	(80,749)	(176)	(8,452)	–	(112,598)
Net carrying amount	**1,122,236**	**2,630,250**	**27,925**	**649,019**	**2,588,498**	**7,017,928**
Year ended 31 December 2023						
Opening net carrying amount	1,122,236	2,630,250	27,925	649,019	2,588,498	7,017,928
Additions	211,644	4,932	3,206	4,754	3,137,121	3,361,657
Disposals	(12,299)	(18,808)	(611)	(100)	–	(31,818)
Depreciation	(88,212)	(413,172)	(3,736)	(181,291)	–	(686,411)
Impairment *(note (a))*	(3,006)	(3,439)	–	(10)	(4,442)	(10,897)
Transfer from construction in progress	1,092,787	2,258,806	12,518	344,659	(3,708,770)	–
Acquisition through business combination	510	2,775	366	771	700	5,122
Closing net carrying amount	**2,323,660**	**4,461,344**	**39,668**	**817,802**	**2,013,107**	**9,655,581**
As at 31 December 2023 and 1 January 2024						
Cost	2,686,035	5,987,845	55,117	1,246,357	2,017,549	11,992,903
Accumulated depreciation	(336,263)	(1,450,226)	(15,273)	(420,093)	–	(2,221,855)
Accumulated impairment	(26,112)	(76,275)	(176)	(8,462)	(4,442)	(115,467)
Net carrying amount	**2,323,660**	**4,461,344**	**39,668**	**817,802**	**2,013,107**	**9,655,581**
Year ended 31 December 2024						
Opening net carrying amount	2,323,660	4,461,344	39,668	817,802	2,013,107	9,655,581
Additions	369	13,327	161	3,186	1,257,654	1,274,697
Disposals	(684)	(5,422)	(131)	(6,179)	–	(12,416)
Depreciation	(121,394)	(564,337)	(4,763)	(225,886)	–	(916,380)
Impairment *(note (a))*	–	(59,584)	(176)	(1,554)	–	(61,314)
Transfer from construction in progress	282,110	865,710	5,785	170,840	(1,324,445)	–
Deemed disposal of subsidiaries	(4,162)	(3,596)	(238)	(248)	(2,673)	(10,917)
Closing net carrying amount	**2,479,899**	**4,707,442**	**40,306**	**757,961**	**1,943,643**	**9,929,251**
As at 31 December 2024 and 1 January 2025						
Cost	2,963,143	6,856,436	60,099	1,399,870	1,943,643	13,223,191
Accumulated depreciation	(457,132)	(2,010,980)	(19,442)	(632,380)	–	(3,119,934)
Accumulated impairment	(26,112)	(138,014)	(351)	(9,529)	–	(174,006)
Net carrying amount	**2,479,899**	**4,707,442**	**40,306**	**757,961**	**1,943,643**	**9,929,251**
Year ended 31 December 2025						
Opening net carrying amount	2,479,899	4,707,442	40,306	757,961	1,943,643	9,929,251
Additions	–	1,337	56	8,404	1,046,979	1,056,776
Disposals/written-off	(12,269)	(41,069)	(206)	(18,665)	–	(72,209)
Depreciation	(150,945)	(602,685)	(5,225)	(249,116)	–	(1,007,971)
Transfer from construction in progress	264,953	198,850	2,658	132,121	(598,582)	–
Acquisition through business combination	101,698	104,181	1,207	4,414	8,282	219,782
Disposal of a subsidiary	–	(59)	(94)	(510)	–	(663)
Closing net carrying amount	**2,683,336**	**4,367,997**	**38,702**	**634,609**	**2,400,322**	**10,124,966**
As at 31 December 2025						
Cost	3,309,927	7,090,750	62,394	1,498,928	2,400,322	14,362,321
Accumulated depreciation	(601,660)	(2,585,243)	(23,341)	(858,518)	–	(4,068,762)
Accumulated impairment	(24,931)	(137,510)	(351)	(5,801)	–	(168,593)
Net carrying amount	**2,683,336**	**4,367,997**	**38,702**	**634,609**	**2,400,322**	**10,124,966**

Notes:

(a) Due to certain asset groups being idle or unused, management of the Group considered that there were indicators of impairment for these asset groups and conducted impairment tests. As a result, impairment of RMB10,897,000 and RMB61,314,000 were recognised for property, plant and equipment during the years ended 31 December 2023 and 2024 respectively.

Management performed impairment assessment by determining the recoverable amount of the relevant asset groups based on the fair value less cost of disposal according to appraisal report. The fair value and disposal costs were valued by management under market method, with reference to similar property, plant and equipment transaction prices and other factors, such as assets features and transaction method.

(b) The property ownership certificates of the buildings with carrying amounts of RMB1,059,832,000, RMB990,429,000 and RMB855,225,000 as at 31 December 2023, 2024 and 2025 respectively, are yet to be obtained. The directors of the Company are of the opinion that the relevant certificates would be obtained in the near future, the Group is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Group's consolidated statements of financial position as at 31 December 2023, 2024 and 2025.

(c) Certain property, plant and equipment with a net carrying amount of approximately RMB821,493,000, RMB370,768,000 and RMB333,607,000 as at 31 December 2023, 2024 and 2025 respectively, were pledged as securities for borrowings granted to the Group, details are disclosed in note 39 to the Historical Financial Information.

(d) As at 31 December 2023, 2024 and 2025, a freehold land with carrying amount of RMB211,644,000 is situated outside Mainland China and Hong Kong.

17. RIGHT-OF-USE ASSETS

	Prepaid lease payments	Leased properties and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	**798,613**	**–**	**798,613**
Additions	93,681	25,949	119,630
Depreciation	(18,882)	(2,759)	(21,641)
Acquisition through business combination	1,722	12,129	13,851
As at 31 December 2023 and 1 January 2024	**875,134**	**35,319**	**910,453**
Additions	87,638	–	87,638
Depreciation	(21,253)	(4,475)	(25,728)
As at 31 December 2024 and 1 January 2025	**941,519**	**30,844**	**972,363**
Additions	1,031	8,549	9,580
Depreciation	(22,126)	(6,435)	(28,561)
Acquisition through business combination	4,481	–	4,481
As at 31 December 2025	**924,905**	**32,958**	**957,863**

Certain prepaid lease payments are pledged for the Group's borrowings, details are disclosed in note 39 to the Historical Financial Information.

18. GOODWILL

The net carrying amount of goodwill can be analysed as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year			
Gross carrying amount	175,826	376,228	372,198
Accumulated impairment	(161,508)	(161,508)	(171,796)
	14,318	**214,720**	**200,402**
Net carrying amount at the beginning of the year	14,318	214,720	200,402
Acquisition of subsidiaries	200,402	–	–
Impairment	–	(14,318)	–
Net carrying amount at the end of the year	**214,720**	**200,402**	**200,402**
At the end of the year			
Gross carrying amount	376,228	372,198	372,198
Accumulated impairment	(161,508)	(171,796)	(171,796)
	214,720	**200,402**	**200,402**

Goodwill is allocated to the Group's CGUs and groups of CGUs that are expected to benefit from the synergies of the relevant business combination. A summary of goodwill allocation is presented below:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chenzhou Zhonggui Technology Co., Ltd.* (郴州市中貴科技有限公司) ("Chenzhou Zhonggui")	14,318	–	–
Bondway Dongguan	200,402	200,402	200,402
	214,720	**200,402**	**200,402**

* *For Identification only.*

As at 31 December 2024, management reassessed the key assumptions for impairment testing of goodwill of Chenzhou Zhonggui. According to management's estimation of the recoverable amount of Chenzhou Zhonggui, an impairment loss of RMB14,318,000 was recognised.

The recoverable amount of Bondway Dongguan is determined based on value in use calculations based on five-year financial budgets. Management did not assume any growth to the cash flows subsequent to the five-year period. The following table sets forth each key assumptions of Bondway Dongguan on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December		
	2023	2024	2025
Revenue growth rate during the forecast period	0%	2.82% to 34.40%	5.74% to 26.00%
Pre-tax discount rate	12.31%	12.26%	12.48%
Terminal growth rate	0%	0%	0%

The recoverable amounts for Bondway Dongguan were assessed to exceed its carrying amounts as at 31 December 2023, 2024 and 2025. Accordingly, no impairment loss has been recognised.

Key assumptions for value in use calculations

Assumptions were used in the value in use calculations of the CGUs for the Relevant Period. The key assumptions used in the value in use calculations reflect a combination of internal and external factors impacting revenue annual growth rates and discount rates. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue annual growth rates – The basis used to determine revenue annual growth rates is the average results achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected product and market development.

Pre-tax discount rate – The cash flow projections are discounted using pre-tax discount rate of 12.31%, 12.26% and 12.48% as at 31 December 2023, 2024 and 2025, respectively. The discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of capital.

Sensitivity analysis

Management of the Company has performed sensitivity analysis by decreasing 1% of revenue annual growth rates or increasing 0.5% of discount rate, with all other key assumptions held constant. The impacts on the amount by which CGU's recoverable amount exceed its carrying amount ("headroom") are as below:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue annual growth rates decreased by 1%	(2,627)	(14,947)	(29,236)
Pre-tax discount rate increased by 0.5%	(22,297)	(26,680)	(25,598)

The headroom corresponding to the impact of the above key assumptions are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Headroom – decreasing revenue annual growth rates by 1%	55,098	26,469	17,331
Headroom – increasing pre-tax discount rate by 0.5%	35,427	14,736	20,969

Based on the headroom of the impairment assessment for the Relevant Period, management of the Company believes that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

These sensitivity analyses are based on changing the relevant assumption while holding other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. Considering there was still sufficient headroom based on the assessment, management believes there was no impairment for the goodwill as at 31 December 2023, 2024 and 2025.

Based on the results of the abovementioned assessments as conducted by management, the directors of the Company conclude that no impairment loss on the aforementioned goodwill of Bondway Dongguan is required to be recognised as at 31 December 2023, 2024 and 2025.

19. INTANGIBLE ASSETS

	Patent rights	Non-patented technologies	Software and others	Customer relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023					
Cost	49,281	12,162	15,082	–	76,525
Accumulated amortisation	(37,933)	(7,026)	(6,396)	–	(51,355)
Net carrying amount	**11,348**	**5,136**	**8,686**	**–**	**25,170**
Year ended 31 December 2023					
Opening net carrying amount	11,348	5,136	8,686	–	25,170
Additions	4,678	–	5,522	–	10,200
Acquisition through business combination	82,413	–	135	28,752	111,300
Amortisation	(11,046)	(489)	(2,287)	(4,792)	(18,614)
Closing net carrying amount	**87,393**	**4,647**	**12,056**	**23,960**	**128,056**
As at 31 December 2023 and 1 January 2024					
Cost	136,372	12,162	20,739	28,752	198,025
Accumulated amortisation	(48,979)	(7,515)	(8,683)	(4,792)	(69,969)
Net carrying amount	**87,393**	**4,647**	**12,056**	**23,960**	**128,056**
Year ended 31 December 2024					
Opening net carrying amount	87,393	4,647	12,056	23,960	128,056
Additions	1,227	–	4,580	–	5,807
Disposals	–	–	(428)	–	(428)
Amortisation	(13,095)	(839)	(7,076)	(5,750)	(26,760)
Closing net carrying amount	**75,525**	**3,808**	**9,132**	**18,210**	**106,675**
As at 31 December 2024 and 1 January 2025					
Cost	137,599	12,162	24,891	28,752	203,404
Accumulated amortisation	(62,074)	(8,354)	(15,759)	(10,542)	(96,729)
Net carrying amount	**75,525**	**3,808**	**9,132**	**18,210**	**106,675**
Year ended 31 December 2025					
Opening net carrying amount	75,525	3,808	9,132	18,210	106,675
Additions	1,399	2,942	3,143	–	7,484
Amortisation	(10,379)	(735)	(3,884)	(5,751)	(20,749)
Disposal of a subsidiary	(3,022)	–	–	–	(3,022)
Closing net carrying amount	**63,523**	**6,015**	**8,391**	**12,459**	**90,388**
As at 31 December 2025					
Cost	128,559	15,104	27,904	28,752	200,319
Accumulated amortisation	(65,036)	(9,089)	(19,513)	(16,293)	(109,931)
Net carrying amount	**63,523**	**6,015**	**8,391**	**12,459**	**90,388**

20. INTERESTS IN ASSOCIATES AND JOINT VENTURES

(a) Interests in associates

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	189,515	291,463	275,570
Addition	96,277	881	37,957
Disposal	–	–	(29,801)
Share of results, net	5,671	(9,805)	(22,465)
Dividends declared	–	(6,969)	–
Capital contributions from shareholders of an associate	–	–	4,565
At the end of the year	**291,463**	**275,570**	**265,826**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	189,515	205,241	191,148
Addition	12,078	(458)	29,702
Share of results, net	3,648	(6,666)	(12,399)
Dividends declared	–	(6,969)	–
At the end of the year	**205,241**	**191,148**	**208,451**

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Details of the Group's interests in associates, which are unlisted corporate entities whose quoted market price is not available and accounted for using the equity method as at 31 December 2023, 2024 and 2025, are as follows:

Name of associate	Particulars of share capital held	Place of incorporation/ establishment and operations	Principal activities	Percentage of ownership interest attributable to the Group					
				As at 31 December					
				2023		2024		2025	
				Direct	Indirect	Direct	Indirect	Direct	Indirect
				%	%	%	%	%	%
Shandong Huafu Chemical Co., Ltd. ("Shandong Huafu")* (山東華氟化工有限責任公司)	Registered capital of RMB1 each	The PRC	Production and sales of chemical products	34.83	–	34.83	–	43.29	–
Hunan Yaoning Tinci Mining Co., Ltd. ("Hunan Yaoning")* (湖南耀寧天賜礦業有限公司) (formerly named as Yueyang Yaoning Tinci Mining Co., Ltd. 岳陽耀寧天賜礦業有限公司)	Registered capital of RMB1 each	The PRC	Production and sale of metal, chemical, and mineral products	30.00	–	30.00	–	30.00	–
Dangyang Deyi Chemical Co., Ltd. ("Dangyang Deyi")* (當陽德毅化工有限公司)	Registered capital of RMB1 each	The PRC	Production and sales of chemical products	20.00	–	20.00	–	20.00	–
Fujian Zhongzhou New Materials Technology Co., Ltd. ("Fujian Zhongzhou")* (福建中州新材料科技有限公司) *(note (i))*	Registered capital of RMB1 each	The PRC	Research and development of engineering technologies	–	35.00	–	35.00	–	12.16
Qinghai Tinci Hongzheng Environmental Protection Technology Co., Ltd. ("Qinghai Hongzheng")* (青海天賜宏正環保科技有限公司) (formerly named as Qinghai Hongzheng Environmental Protection Technology Co., Ltd. 青海宏正環保科技有限公司) *(note (ii))*	Registered capital of RMB1 each	The PRC	Environmental protection technology services	–	35.00	–	35.00	–	54.90
Jiujiang Hangyang Tinci Gas Co., Ltd. ("Hangyang Tinci")* (九江杭氧天賜氣體有限公司)	Registered capital of RMB1 each	The PRC	Production and sales of chemical products	–	35.00	–	35.00	–	35.00
Yizhang Zhonggui Lianhua Resource Utilization Co., Ltd. ("Yizhang Zhonggui")* (宜章中貴聯華資源利用有限公司)	Registered capital of RMB1 each	The PRC	Technology services	–	28.93	–	27.55	–	27.55

* *For Identification only.*

Notes:

(i) During the year ended 31 December 2025, the equity interests in Fujian Zhongzhou held by the Group were diluted from 35% to 12.16% due to capital contributions from shareholders of Fujian Zhongzhou. Pursuant to the articles of association of Fujian Zhongzhou, the board of directors of Fujian Zhongzhou consists of five directors, including one appointed by the Group. Therefore, the Group considers that the it has significant influence over the operating and financial activities of Fujian Zhongzhou, and continues to account for it as an associate.

(ii) During the year ended 31 December 2025, the Group acquired additional 16% equity interests in Qinghai Hongzheng from the other independent shareholder of Qinghai Hongzheng at a cash consideration of RMB17,160,000 (the "Acquisition"). Pursuant to the revised articles of association of Qinghai Hongzheng upon the completion of the Acquisition, the board of directors of Qinghai Hongzheng still consists of three directors, of whom two are appointed by the Group. Certain key corporate matters of Qinghai Hongzheng require a majority vote of directors. As a result of the Acquisition, the Group considered it has control over Qinghai Hongzheng as it has sufficient dominant voting interests to direct the operating and financial activities of Qinghai Hongzheng. Accordingly, Qinghai Hongzheng is classified as a subsidiary of the Company.

In the opinion of the directors of the Company, there is no associate that is individually significant to the Group.

(b) Interests in joint ventures

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	109,873	110,624
Addition	110,000	1,241	–
Share of results, net	(127)	(490)	(515)
Dividends declared	–	–	(1,655)
At the end of the year	**109,873**	**110,624**	**108,454**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	–	930
Addition	–	1,241	–
Share of results, net	–	(311)	225
At the end of the year	**–**	**930**	**1,155**

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Details of the Group's joint ventures which are unlisted corporate entities whose quoted market prices are not available and accounted for using the equity method as at 31 December 2023, 2024 and 2025, are as follows:

Name of joint venture	Particulars of share capital held	Place of incorporation/ establishment and operations	Principal activities	Percentage of ownership interest attributable to the Group					
				As at 31 December					
				2023		2024		2025	
				Direct	Indirect	Direct	Indirect	Direct	Indirect
				%	%	%	%	%	%
Ningbo Jinye Sicheng Enterprise Management Partnership (Limited Partnership) ("Ningbo Jinye")* (寧波錦業泗成企業管理合夥企業(有限合夥)) *(note (i))*	Registered capital of RMB1 each	The PRC	Investment	–	34.29	–	34.29	–	34.29
Guangzhou Guangkai Linghui Industrial Investment Fund Partnership (Limited Partnership) ("Guangkai Linghui")* (廣州廣開瓴匯產業投資基金合夥企業(有限合夥)) *(note (ii))*	Registered capital of RMB1 each	The PRC	Investment	–	40.00	–	40.00	–	40.00
Hangzhou Jinxingzhi Venture Capital Partnership (Limited Partnership) ("Hangzhou Jinxingzhi")* (杭州錦杏智創業投資合夥企業(有限合夥)) *(note (iii))*	Registered capital of RMB1 each	The PRC	Investment	–	57.14	–	57.14	–	57.14
Hubei Tianyi Phosphorus and Fluorine Technology Research Co., Ltd. ("Hubei Tianyi")* (湖北天宜磷氟科技研究有限公司) *(note (iv))*	Registered capital of RMB1 each	The PRC	Technology services	50.00	–	30.00	–	30.00	–

* *For Identification only.*

Notes:

(i) During the year ended 31 December 2023, the Group entered into a joint venture agreement with certain independent third parties, pursuant to which the parties agreed to establish a joint venture company, Ningbo Jinye. Pursuant to the joint venture agreement, the investment decision committee, which is the final decision-making body of Ningbo Jinye, consists of two members, of whom one is nominated by the Group and one is nominated by another partner. Pursuant to the joint venture agreement, decision-making matters of Ningbo Jinye shall be approved by both members of the investment decision committee. Therefore, Ningbo Jinye is under the joint control of the Group and the other partner. Both of the Group and the other partner have the rights to the net assets of Ningbo Jinye. Accordingly, the investment in Ningbo Jinye was recognised as a joint venture of the Group and accounted for using the equity method.

(ii) During the year ended 31 December 2023, the Group entered into a joint venture agreement with certain independent third parties, pursuant to which the parties agreed to establish a joint venture company, Guangkai Linghui. Pursuant to the joint venture agreement, the investment decision committee, which is the final decision-making body of Guangkai Linghui, consists of two members, of whom one is nominated by the Group and one is nominated by another partner. Pursuant to the joint venture agreement, decision-making matters of Guangkai Linghui shall be approved by both members of the investment decision committee. Therefore, Guangkai Linghui is under the joint control of the Group and the other partner. Both of the Group and the other partner have the rights to the net assets of Guangkai Linghui. Accordingly, the investment in Guangkai Linghui was recognised as a joint venture of the Group and accounted for using the equity method.

(iii) During the year ended 31 December 2023, the Group entered into a joint venture agreement with certain independent third parties, pursuant to which the parties agreed to establish a joint venture company, Hangzhou Jinxingzhi, which was held as to 57.14% by the Group and as to 42.86% by other partners. Pursuant to the joint venture agreement, the investment decision committee, which is the final decision-making body of Hangzhou Jinxingzhi, consists of three members, of whom one is nominated by the Group and two are nominated by another partner. Pursuant to the joint venture agreement, decision-making matters of Hangzhou Jinxingzhi shall be approved by all members of the investment decision committee. Therefore, Hangzhou Jinxingzhi is under the joint control of the Group and the other partner. Both of the Group and other partner have the rights to the net assets of Hangzhou Jinxingzhi. Accordingly, the investment in Hangzhou Jinxingzhi was recognised as a joint venture of the Group and accounted for using the equity method.

(iv) Hubei Tianyi used to be a subsidiary in which the Company directly held 50% equity interests. In May 2024, the equity interests in Hubei Tianyi held by the Company was diluted to 30% due to the Company's capital reduction and another shareholder's capital contribution. Since then, Hubei Tianyi was no longer in the scope of consolidation of the Group. Pursuant to the articles of association of Hubei Tianyi, shareholders of the company shall exercise voting rights at the shareholders' meeting in accordance with the proportion of capital contribution of shareholders, and the resolutions of its shareholders' meeting must be passed by 100% of the voting rights. Therefore, Hubei Tianyi is under the joint control of the Group and the other two shareholders. All of the Group and the other two shareholders have the rights to the net assets of Hubei Tianyi. Accordingly, the investment in Hubei Tianyi was recognised as a joint venture of the Group and accounted for using the equity method.

In the opinion of the directors of the Company, there is no joint venture that is individually significant to the Group.

21. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Unlisted shares, at cost	8,470,715	8,937,353	9,529,911
Less: accumulated impairment	(124,151)	(134,438)	(54,438)
	8,346,564	**8,802,915**	**9,475,473**

Details of the Company's principal subsidiaries are stated in note 1.

Details of acquisitions of additional interests in subsidiaries during the Relevant Period are as follows:

During the year ended 31 December 2023, the Group has acquired 100% equity interests in Tinci Materials (Taizhou) Co., Ltd.* (天賜材料(台州)有限公司) which is wholly owned by Yichun Tinci, resulting in an increase in non-controlling interests of RMB961,000 and a decrease in capital reserve of RMB961,000.

During the year ended 31 December 2023, the Group has acquired an additional 17.04% equity interests in Zhejiang Tianshuo from an independent third party at a cash consideration of RMB128,000,000, resulting in a decrease in non-controlling interests of RMB57,425,000 and a decrease in capital reserve of RMB70,575,000. After the acquisition, Zhejiang Tianshuo was wholly owned by the Group.

During the year ended 31 December 2024, the Group has acquired an additional 49% equity interests in Jiangxi Tianyi Engineering Technology Co., Ltd.* (江西天億工程技術有限公司) ("Jiangxi Tianyi") from an independent third party at a cash consideration of RMB288,000, resulting in a decrease in non-controlling interests of RMB1,724,000 and an increase in capital reserve of RMB1,436,000. After the acquisition, Jiangxi Tianyi was wholly owned by the Group.

* *For Identification only.*

22. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	525,339	600,334	646,367
Work in progress	418,603	342,546	419,067
Finished goods	287,121	501,247	634,371
Goods in transit	111,803	73,752	76,617
	1,342,866	1,517,879	1,776,422
Less: provision for inventories	(171,014)	(154,189)	(157,312)
	1,171,852	**1,363,690**	**1,619,110**

Movements in the provision for inventories of the Group are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	23,711	171,014	154,189
Provision for impairment	171,014	108,480	172,363
Written back upon sales of inventories	(23,711)	(125,305)	(169,240)
At the end of the year	**171,014**	**154,189**	**157,312**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	13,284	48,769	49,114
Work in progress	15,301	11,483	21,678
Finished goods	46,578	40,805	91,612
Goods in transit	13,167	20,315	14,764
	88,330	121,372	177,168
Less: provision for inventories	(10,450)	(822)	(2,098)
	77,880	**120,550**	**175,070**

Movements in the provision for inventories of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	10,450	822
Provision for impairment	10,450	1,426	1,792
Written back upon sales of inventories	–	(11,054)	(516)
At the end of the year	**10,450**	**822**	**2,098**

23. TRADE AND BILLS RECEIVABLES

The Group

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Trade receivables	*(a)*			
– Third parties		4,450,336	5,116,820	7,175,853
– Related parties	*41(c)*	–	3,502	1,479
		4,450,336	5,120,322	7,177,332
Less: ECL allowance of trade receivables		(155,709)	(250,466)	(297,112)
		4,294,627	**4,869,856**	**6,880,220**
Bills receivable				
– Measured at FVTOCI	*(b)*	1,107,983	655,211	947,532
– Measured at amortised cost		–	–	2,000
		1,107,983	655,211	949,532
Less: ECL allowance of bills receivable		–	–	(56)
		1,107,983	**655,211**	**949,476**
		5,402,610	**5,525,067**	**7,829,696**

The Company

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Trade receivables	*(a)*			
– Third parties		565,537	606,782	828,690
– Subsidiaries		194,987	353,656	1,279,149
		760,524	960,438	2,107,839
Less: ECL allowance of trade receivables		(24,808)	(28,113)	(36,037)
		735,716	**932,325**	**2,071,802**
Bills receivable				
– Measured at FVTOCI	*(b)*	216,097	119,680	55,500
		951,813	**1,052,005**	**2,127,302**

The Group usually provides customer with a credit term ranged from 30 to 120 days. All bills receivable held by the Group and Company are with a maturity period of less than one year. The directors of the Company consider that the fair values of trade and bills receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

(a) Trade receivables

The ageing analysis of trade receivables based on the revenue recognition date at each reporting date, net of ECL allowance, are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	4,290,468	4,864,542	6,870,707
Between 1 year and 2 years	4,159	5,314	9,513
	4,294,627	**4,869,856**	**6,880,220**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	735,307	928,548	2,054,784
Between 1 year and 2 years	409	3,777	15,868
Over 2 years	–	–	1,150
	735,716	**932,325**	**2,071,802**

The Group has applied the simplified approach to measure the provision for ECL prescribed by IFRS 9, which permits the use of lifetime ECL provision for all trade receivables.

The Group performs ECL assessments collectively and individually. To measure the ECL of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

Then impairment analysis for the ECL of trade receivables is performed by considering the probability of default by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. In addition, credit-impaired trade receivables are assessed for ECL individually.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

The Group

	As at 31 December 2023		
	Gross carrying Amount	ECL	ECL rate
	RMB'000	*RMB'000*	*%*
Individually impaired	6,768	6,768	100.00
Collectively impaired			
Within 1 year	4,406,356	115,888	2.63
Between 1 year and 2 years	13,863	9,704	70.00
Over 2 years	23,349	23,349	100.00
	4,443,568	148,941	3.35
	4,450,336	**155,709**	**3.50**

	As at 31 December 2024		
	Gross carrying Amount	ECL	ECL rate
	RMB'000	*RMB'000*	*%*
Individually impaired	79,629	70,002	87.91
Collectively impaired			
Within 1 year	4,994,769	139,854	2.80
Between 1 year and 2 years	17,714	12,400	70.00
Over 2 years	28,210	28,210	100.00
	5,040,693	180,464	3.58
	5,120,322	**250,466**	**4.89**

	As at 31 December 2025		
	Gross carrying Amount	ECL	ECL rate
	RMB'000	*RMB'000*	*%*
Individually impaired	82,070	74,573	90.87
Collectively impaired			
Within 1 year	7,068,628	197,921	2.80
Between 1 year and 2 years	6,722	4,706	70.01
Over 2 years	19,912	19,912	100.00
	7,095,262	222,539	3.14
	7,177,332	**297,112**	**4.14**

Set out below is the information about the credit risk exposure on the Company's trade receivables:

The Company

	As at 31 December 2023		
	Gross carrying Amount	ECL	ECL rate
	RMB'000	*RMB'000*	*%*
Individually impaired	6,108	6,108	100.00
Collectively impaired			
Within 1 year	750,903	15,596	2.08
Between 1 year and 2 years	1,362	953	69.97
Over 2 years	2,151	2,151	100.00
	754,416	18,700	2.48
	760,524	**24,808**	**3.26**

	As at 31 December 2024		
	Gross carrying Amount	ECL	ECL rate
	RMB'000	*RMB'000*	*%*
Individually impaired	6,821	6,821	100.00
Collectively impaired			
Within 1 year	947,003	18,455	1.95
Between 1 year and 2 years	5,171	1,394	26.96
Over 2 years	1,443	1,443	100.00
	953,617	21,292	2.23
	960,438	**28,113**	**2.93**

	As at 31 December 2025		
	Gross carrying Amount	ECL	ECL rate
	RMB'000	*RMB'000*	*%*
Individually impaired	5,931	5,931	100.00
Collectively impaired			
Within 1 year	2,084,109	29,326	1.41
Between 1 year and 2 years	16,145	276	1.71
Over 2 years	1,654	504	30.47
	2,101,908	30,106	1.43
	2,107,839	**36,037**	**1.71**

The movement in the ECL allowance of trade receivables is as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	194,441	155,709	250,466
ECL allowance recognised	4,831	95,174	55,541
ECL allowance reversed	(43,563)	(465)	(1,096)
Disposal of a subsidiary	–	–	(7,799)
Exchange differences	–	48	–
Balance at the end of the year	**155,709**	**250,466**	**297,112**

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	22,650	24,808	28,113
ECL allowance recognised	6,127	3,305	9,388
ECL allowance reversed	(3,969)	–	(1,464)
Balance at the end of the year	**24,808**	**28,113**	**36,037**

(b) Bills receivable

The Group manages its bills receivable using the business model whose objective is achieved by both collecting contractual cash flows and selling of these assets. Accordingly, bills receivable are classified as financial assets at FVTOCI and are stated at fair value. The fair value is within Level 2 of the fair value hierarchy.

The Group endorsed certain bills receivable accepted by banks in the PRC to certain suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of RMB4,411,506,000, RMB3,661,227,000 and RMB4,479,277,000 as at 31 December 2023, 2024 and 2025 respectively (the "Derecognised Bills"). In the opinion of the directors of the Company, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables.

During the Relevant Period, all the Group's and the Company's bills receivable are neither past due nor impaired. The Group and the Company expect that there is no significant credit risk associated with bills receivable since they are held with reputable banks in the PRC. The directors of the Company do not expect that there will be any significant credit losses from non-performance by these counterparties. Accordingly, no provision for loss allowance was made during the Relevant Period.

Certain bills receivable of the Group are pledged as security for the Group's bills payables (see note 39).

24. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses commodity future contracts that meet the definition of a derivatives as defined by IFRS 9, to mitigate commodity price risk exposure arising from price fluctuation in raw materials related to production of products on the Group's business. The hedge relationships relate to the commodity price risk arising from the highly probable purchase transactions, unrecognised firm commitment and held inventories. In addition, the Group has entered into forward currency contracts to manage its exposures in exchange rates.

The aforementioned commodity future contracts and forward currency contracts were designated for hedge purposes and classified as cash flow hedges and fair value hedges. The hedging ineffectiveness for such contracts were insignificant during the Relevant Period.

25. FINANCIAL ASSETS AT FVTOCI AND FVTPL

(a) Financial assets at FVTOCI

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Listed equity investment at fair value	21,775	11,604	139,864
Unlisted equity investment at fair value	436,863	412,931	569,460
	458,638	**424,535**	**709,324**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Unlisted equity investment at fair value	255,950	241,460	301,460

(b) Financial assets at FVTPL

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Structured deposits	–	–	180,000
Wealth management products	–	–	308,246
	–	**–**	**488,246**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	–	–	50,000

26. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Deposits paid for acquisition of property, plant and equipment	504,125	116,424	177,310
Deductible value-added tax	–	32,826	32,483
Deposits for land acquisitions *(note (a))*	75,360	–	–
	579,485	149,250	209,793
Current			
Other receivables			
– Security and margin deposits	22,505	20,168	25,341
– Dividends receivable	–	6,969	–
– Others	28,391	184,283	105,665
	50,896	211,420	131,006
Less: ECL allowance of other receivables	(29,531)	(56,942)	(59,894)
	21,365	154,478	71,112
Prepayments to suppliers	344,485	282,141	436,704
Deductible value-added tax	607,531	508,019	311,072
Deferred listing expenses	–	–	10,617
Others	–	–	1,015
	973,381	944,638	830,520
	1,552,866	**1,093,888**	**1,040,313**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Deposits paid for acquisition of property, plant and equipment	1,831	1,228	1,600
Current			
Other receivables			
– Security and margin deposits	4,758	1,189	4,853
– Dividends receivable	–	606,969	60,000
– Amounts due from subsidiaries *(note (b))*	1,874,679	1,468,386	1,653,427
– Others	3,394	76,319	27,162
	1,882,831	2,152,863	1,745,442
Less: ECL allowance of other receivables	(14,721)	(14,486)	(19,558)
	1,868,110	2,138,377	1,725,884
Prepayments to suppliers	293,835	134,943	217,837
Deductible value-added tax	35,301	33,763	14,110
Deferred listing expenses	–	–	10,617
	2,197,246	2,307,083	1,968,448
	2,199,077	**2,308,311**	**1,970,048**

Notes:

(a) Deposits for land acquisitions arise from the acquisitions of lands in the PRC. These deposits would be converted into right-of-use assets when the rights to use have been obtained. The carrying amounts of the Group's deposits for land acquisitions are denominated in RMB.

(b) Amounts due from subsidiaries were unsecured, repayable on demand and interest-bearing ranged from 2.15% to 5.37% per annum.

The directors of the Company considered that the fair values of other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

For the dividends receivable with a specific due date or settlement schedule, the directors of the Company considered the probability of default as nil. For the remaining items of other receivables, impairment is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

The movement in the ECL allowance of other receivables is as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	8,474	29,531	56,942
ECL allowance recognised	20,409	28,064	6,152
Disposal of a subsidiary	–	–	(2,871)
Others	648	(653)	(329)
Balance at the end of the year	**29,531**	**56,942**	**59,894**

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	5,350	14,721	14,486
ECL allowance recognised	9,371	1,126	5,072
ECL allowance reversed	–	(1,361)	–
Balance at the end of the year	**14,721**	**14,486**	**19,558**

27. PLEDGED DEPOSITS

Pledged deposits mainly represented deposits placed at banks as guarantee for litigations and bills payables.

28. BANK BALANCES, DEPOSITS AND CASH

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Time deposits	1,599,232	856,880	989,945
Current			
Cash in hand	48	88	9
Cash at banks	2,256,053	1,601,756	1,888,983
Time deposits with original maturity over three months and due within one year	73,390	1,338,618	370,890
	2,329,491	2,940,462	2,259,882
	3,928,723	**3,797,342**	**3,249,827**
Representing:			
Cash and cash equivalents	2,256,101	1,601,844	1,888,992

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Time deposits	828,580	248,422	104,057
Current			
Cash in hand	48	49	9
Cash at banks	1,080,501	331,822	354,643
Time deposits with original maturities over three months and due within one year	–	759,209	151,764
	1,080,549	1,091,080	506,416
	1,909,129	**1,339,502**	**610,473**
Representing:			
Cash and cash equivalents	1,080,549	331,871	354,652

29. TRADE AND BILLS PAYABLES

The Group

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Trade payables				
– Third parties		3,257,105	3,122,583	4,323,270
– Related parties	*41(c)*	3,974	21,782	12,312
		3,261,079	3,144,365	4,335,582
Bills payable		159,875	218,444	218,211
		3,420,954	**3,362,809**	**4,553,793**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Third parties	60,179	54,361	71,842
– Subsidiaries	410,133	216,624	907,964
	470,312	270,985	979,806
Bills payable	–	543,755	348,908
	470,312	**814,740**	**1,328,714**

All amounts are short term and hence the carrying amounts of the Group's trade and bills payables are considered to be a reasonable approximation of fair value.

The Group was granted certain credit terms by major suppliers, which is normally 90 days. Based on the time of purchasing materials, goods or receiving services, the ageing analysis of trade and bills payables is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,975,719	2,821,239	3,895,874
Between 1 year and 2 years	375,706	413,505	465,086
Between 2 years and 3 years	43,669	77,900	128,160
Over 3 years	25,860	50,165	64,673
	3,420,954	**3,362,809**	**4,553,793**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	464,720	807,882	1,320,087
Between 1 year and 2 years	3,499	2,667	4,057
Between 2 years and 3 years	296	2,548	724
Over 3 years	1,797	1,643	3,846
	470,312	**814,740**	**1,328,714**

As at 31 December 2023, 2024 and 2025, no matured bills payable were unpaid.

30. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Payables in relation to restricted share incentive scheme and employee share ownership scheme	245,583	110,671	61,122
Employee benefits payables	138,996	147,434	254,603
Value-added tax payables	8,171	33,286	111,915
Accrued expenses	107,983	118,785	117,482
Other taxes payables	13,824	17,842	33,668
Deposits received	19,991	18,410	31,326
Dividends payable	8,022	4,607	166,896
Others	3,709	2,068	–
	546,279	**453,103**	**777,012**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Payables in relation to restricted share incentive scheme and employee share ownership scheme	245,583	110,671	61,122
Amounts due to subsidiaries *(note (b))*	766,247	238,686	55,483
Employee benefits payables	37,336	43,823	130,227
Value-added tax payables	22,426	1,648	4,003
Accrued expenses	34,677	41,318	39,934
Other taxes payables	893	1,014	2,517
Deposits received	648	228	1,139
Dividends payable	8,022	4,607	101,270
	1,115,832	**441,995**	**395,695**

Notes:

(a) All amounts are short term and hence the carrying amounts of the Group's other payables and accruals are considered to be a reasonable approximation of fair value.

(b) As at 31 December 2023, 2024 and 2025, the interest-bearing loans from a subsidiary amounted to RMB700,000,000, RMB200,000,000, and RMBNil were unsecured, repayable within one year and carried interest rate of 2.3% per annum.

31. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Receipts in advance from customers for sales of goods	54,439	32,491	77,085

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Receipts in advance from customers for sales of goods	172,510	12,680	30,789

The Group receives payments from customers based on billing schedule as established in contracts.

The decrease in contract liabilities as at 31 December 2024 and the increase in contract liabilities as at 31 December 2025 were mainly due to decrease/increase in billings in advance of sales of lithium-ion battery materials.

All contract liabilities included in the carrying amount as at 31 December 2023 and 2024 were transferred to operating revenue in following year.

All contract liabilities included in the carrying amount as at 31 December 2025 are expected to be transferred to operating revenue in following year.

32. BORROWINGS

The Group

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current				
Pledged borrowings	*(c)*	202,225	160,650	87,915
Mortgaged and guaranteed borrowings	*(d), (e)*	571,723	494,742	378,554
Credit borrowings		120,000	385,940	521,020
Convertible bonds	*(f)*	3,302,231	3,412,856	–
		4,196,179	4,454,188	987,489
Current				
Pledged borrowings	*(c)*	39,143	41,726	72,849
Guaranteed borrowings	*(d)*	767,841	541,437	680,085
Mortgaged and guaranteed borrowings	*(d), (e)*	135,023	204,787	238,556
Credit borrowings		730,954	1,145,108	855,159
Pledged and guaranteed borrowings	*(d)*	–	–	50,000
Convertible bonds	*(f)*	4,671	7,476	–
		1,677,632	1,940,534	1,896,649
		5,873,811	**6,394,722**	**2,884,138**

Notes:

(a) As at 31 December 2023, 2024 and 2025, the borrowings of the Group bear effective interest rates from 2.03% to 4.25%, 0.55% to 3.00% and 0.932% to 2.42% per annum, respectively.

(b) Bank's credit facilities amounted to RMB1,592,740,000, RMB1,991,840,000 and RMB3,354,210,000 had not been utilised as at 31 December 2023, 2024 and 2025 respectively.

(c) Certain of the Group's borrowings were secured by:

(i) the pledge of 59.26% equity interests in Zhejiang Tianshuo and 85% equity interests in Bondway Dongguan, securing borrowings with outstanding principal amounts of RMB23,150,000 and RMB218,025,000, respectively, as at 31 December 2023;

(ii) the pledge of 59.26% equity interests in Zhejiang Tianshuo and 85% equity interests in Bondway Dongguan, securing borrowings with outstanding principal amounts of RMB7,150,000 and RMB195,075,000, respectively, as at 31 December 2024; and

(iii) the pledge of 85% of the equity interests in Bondway Dongguan, securing a borrowing with outstanding principal amounts of RMB160,650,000 as at 31 December 2025.

(d) The amounts were guaranteed by the Company.

(e) Mortgaged borrowings were secured by property, plant and equipment, and prepaid lease payments. Details of the Group's assets mortgaged for the Group's borrowings are disclosed in note 39.

(f) On 23 September 2022 ("date of issuance"), the Company issued five-year convertible bonds in an aggregate principal amount of RMB3,410,500,000, which were listed in the Shenzhen Stock Exchange (the "RMB3,410,500,000 convertible bonds").

The interest rates of the RMB3,410,500,000 convertible bonds were 0.5%, 0.8% and 1.5% for the years ended 31 December 2023, 2024 and 2025 respectively.

The conversion period is on or after 29 March 2023 up to 22 September 2027 (the "Maturity date") and the price of ordinary shares of the Company to be issued in exercise of the right of conversion is initially RMB48.82 per share (subject to anti-dilutive adjustments).

Within five business days after the close of business on the Maturity date, the Company would redeem all unconverted bonds from bondholders at the price of 109% of their principal amount, together with accrued and unpaid interest thereon.

The RMB3,410,500,000 convertible bonds comprise two components, the liability and equity components. The initial fair value of the two components was determined based on proceeds at issuance. The initial fair value of the liability component was estimated to be RMB3,171,606,000 as at the date of issuance using residual method, taking into account the terms and conditions of the RMB3,410,500,000 convertible bonds determined using a prevailing market rate for an equivalent non-convertible bond. The liability component is subsequently measured at amortised cost using effective interest rate method. The effective interest rate of the liability component of the RMB3,410,500,000 convertible bonds is 3.85% per annum. The residual amount representing the value of the equity component of RMB238,894,000, after deducting deferred tax liabilities of RMB35,672,000 recognised as set out in note 35 and issuance cost of RMB1,081,000, was presented in the consolidated statements of changes in equity under the heading "equity component of convertible bonds".

The total transaction costs that are related to the issue of the RMB3,410,500,000 convertible bonds were allocated to the liability component and equity component in proportion to their respective fair values. Transaction costs relating to the liability component were included in the carrying amount of the liability portion and amortised over the period using the effective interest method.

Pursuant to the Company's announcement dated 12 November 2025 published on the website of the Shenzhen Stock Exchange, all the convertible bonds outstanding after the close of business on 2 December 2025 have been early redeemed by the Company at RMB2,902,000 on 3 December 2025 (the "Early Redemption").

Upon completion of the Early Redemption, the RMB3,410,500,000 convertible bonds were delisted from the Shenzhen Stock Exchange on 11 December 2025.

	Liability component	Equity component	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	**3,191,454**	**202,141**	**3,393,595**
Interest recognised in profit or loss	126,037	–	126,037
Redeemed	(23)	(1)	(24)
Conversion	(334)	(19)	(353)
Payment of interest	(10,232)	–	(10,232)
As at 31 December 2023 and 1 January 2024	**3,306,902**	**202,121**	**3,509,023**
Interest recognised in profit or loss	130,529	–	130,529
Conversion	(49)	(3)	(52)
Payment of interest	(17,050)	–	(17,050)
As at 31 December 2024 and 1 January 2025	**3,420,332**	**202,118**	**3,622,450**
Interest recognised in profit or loss	112,359	–	112,359
Redeemed	(2,902)	(172)	(3,074)
Conversion	(3,502,509)	(201,946)	(3,704,455)
Payment of interest	(27,280)	–	(27,280)
As at 31 December 2025	**–**	**–**	**–**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Pledged borrowings	202,225	160,650	87,915
Credit borrowings	120,000	385,940	521,020
Convertible bonds	3,302,231	3,412,856	–
	3,624,456	3,959,446	608,935
Current			
Pledged borrowings	39,143	41,726	72,849
Credit borrowings	700,916	710,070	641,160
Convertible bonds	4,671	7,476	–
	744,730	759,272	714,009
	4,369,186	**4,718,718**	**1,322,944**

Certain Group's banking facilities are subject to the fulfilment of certain financial and non-financial covenants relating to certain of the Group's subsidiaries, as are commonly found in lending arrangements with financial institutions. If the Group or the Company was to breach the covenants, the drawn down facilities would become payable on demand.

During the Relevant Period, the Group did not violate any financial covenants under the agreements of borrowings. The Group's and the Company's borrowings were repayable as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed as:			
Bank borrowings			
– Within 1 year	1,672,961	1,933,058	1,896,649
– Over 1 year but within 2 years	371,318	608,252	422,734
– Over 2 years but within 5 years	522,630	433,080	564,755
	2,566,909	2,974,390	2,884,138
Convertible bonds:			
– Within 1 year	4,671	7,476	–
– Over 2 years but within 5 years	3,302,231	3,412,856	–
	5,873,811	**6,394,722**	**2,884,138**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed as:			
Bank borrowings			
– Within 1 year	740,059	751,796	714,009
– Over 1 year but within 2 years	161,575	397,235	192,090
– Over 2 years but within 5 years	160,650	149,355	416,845
	1,062,284	1,298,386	1,322,944
Convertible bonds			
– Within 1 year	4,671	7,476	–
– Over 2 years but within 5 years	3,302,231	3,412,856	–
	4,369,186	**4,718,718**	**1,322,944**

33. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	115,502	141,236	210,208
Additions	27,950	92,458	93,798
Credited to profit or loss	(2,216)	(23,486)	(23,485)
At the end of the year	**141,236**	**210,208**	**280,521**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	5,365	7,543	3,631
Additions	3,719	1,471	28
Credited to profit or loss	(1,541)	(5,383)	(2,160)
At the end of the year	**7,543**	**3,631**	**1,499**

Note:

The deferred income represented government grants received and are credited to profit or loss on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

34. LEASE LIABILITIES

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total minimum lease payments:			
– Within 1 year	4,869	5,031	7,565
– Over 1 year but within 5 years	20,798	24,864	28,606
– Over 5 years	14,318	5,365	3,412
	39,985	**35,260**	**39,583**
Less: future finance charges on lease liabilities	(5,052)	(3,862)	(3,153)
Present value of lease liabilities	**34,933**	**31,398**	**36,430**
Present value of minimum lease payments:			
– Within 1 year	3,679	3,981	6,488
– Over 1 year but within 5 years	17,536	22,276	26,572
– Over 5 years	13,718	5,141	3,370
	34,933	**31,398**	**36,430**
Less: portion due within 1 year included under current liabilities	(3,679)	(3,981)	(6,488)
Portion due after 1 year included under non-current liabilities	**31,254**	**27,417**	**29,942**

During the years ended 31 December 2023, 2024 and 2025, the total cash outflows for the leases (including short-term leases) were amounted to RMB15,591,000, RMB25,895,000 and RMB24,355,000, respectively.

35. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	93,161	126,443	212,739
Deferred tax liabilities	(84,241)	(61,145)	(99,301)
	8,920	**65,298**	**113,438**
At the beginning of the year	53,224	8,920	65,298
(Reversed)/Recognised in profit or loss *(Note 12)*	(25,481)	52,789	59,390
(Reversed)/Recognised in other comprehensive income	(3,028)	3,589	(40,197)
Recognised in capital reserve	–	–	27,375
Acquisition of a subsidiary	(15,795)	–	817
Disposal of a subsidiary	–	–	755
At the end of the year	**8,920**	**65,298**	**113,438**

The movements in the deferred tax assets during the Relevant Period and its components as at 31 December 2023, 2024 and 2025 were as follows:

The Group

	Impairment provision	ECL allowance	Unrealised profit on intra-group transactions	Share-based payments	Deferred income	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	**6,823**	**30,290**	**66,697**	**15,702**	**12,759**	**–**	**–**	**132,271**
Recognised/(Reversed) in profit or loss	2,663	2,733	(34,660)	(15,702)	171	5,685	–	(39,110)
As at 31 December 2023 and 1 January 2024	**9,486**	**33,023**	**32,037**	**–**	**12,930**	**5,685**	**–**	**93,161**
Recognised/(Reversed) in profit or loss	4,694	10,602	(17,549)	–	31,681	(769)	4,623	33,282
As at 31 December 2024 and 1 January 2025	**14,180**	**43,625**	**14,488**	**–**	**44,611**	**4,916**	**4,623**	**126,443**
(Reversed)/Recognised in profit or loss	(2,515)	13,126	14,645	11,963	10,797	1,469	8,619	58,104
Recognised/(Reversed) in capital reserve	–	–	–	39,781	–	–	(12,406)	27,375
Acquisition of a subsidiary	–	817	–	–	–	–	–	817
As at 31 December 2025	**11,665**	**57,568**	**29,133**	**51,744**	**55,408**	**6,385**	**836**	**212,739**

The Company

	Impairment provision	ECL allowance	Share-based payments	Deferred income	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	**–**	**4,200**	**6,442**	**805**	**–**	**11,447**
Recognised/(Reversed) in profit or loss	1,568	1,729	(6,442)	326	–	(2,819)
As at 31 December 2023 and 1 January 2024	**1,568**	**5,929**	**–**	**1,131**	**–**	**8,628**
(Reversed)/Recognised in profit or loss	(1,445)	461	–	(586)	414	(1,156)
As at 31 December 2024 and 1 January 2025	**123**	**6,390**	**–**	**545**	**414**	**7,472**
Recognised/(Reversed) in profit or loss	8,531	(6,390)	4,786	(320)	12,222	18,829
Recognised/(Reversed) in capital reserve	–	–	13,302	–	(12,406)	896
As at 31 December 2025	**8,654**	**–**	**18,088**	**225**	**230**	**27,197**

The movements in the deferred tax liabilities during the Relevant Period and its components as at 31 December 2023, 2024 and 2025 were as follows:

The Group

	Convertible bonds	Fair value adjustments related to business combinations	Fair value change of financial assets at FVTOCI	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	**30,964**	**10,388**	**37,695**	**–**	**–**	**79,047**
(Reversed)/Recognised in profit or loss	(17,090)	(2,245)	–	5,706	–	(13,629)
Recognised in other comprehensive income	–	–	3,028	–	–	3,028
Acquisition of a subsidiary	–	15,795	–	–	–	15,795
As at 31 December 2023 and 1 January 2024	**13,874**	**23,938**	**40,723**	**5,706**	**–**	**84,241**
(Reversed)/Recognised in profit or loss	(13,874)	(4,955)	–	(905)	227	(19,507)
Reversed in other comprehensive income	–	–	(3,589)	–	–	(3,589)
As at 31 December 2024 and 1 January 2025	**–**	**18,983**	**37,134**	**4,801**	**227**	**61,145**
(Reversed)/Recognised in profit or loss	–	(2,777)	–	947	544	(1,286)
Recognised/(Reversed) in other comprehensive income	–	–	40,359	–	(162)	40,197
Disposal of a subsidiary	–	(755)	–	–	–	(755)
As at 31 December 2025	**–**	**15,451**	**77,493**	**5,748**	**609**	**99,301**

The Company

	Convertible bonds	Fair value change of financial assets at FVTOCI	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	**30,964**	**24,630**	**55,594**
Reversed in profit or loss	(17,090)	–	(17,090)
Recognised in other comprehensive income	–	2,107	2,107
As at 31 December 2023 and 1 January 2024	**13,874**	**26,737**	**40,611**
Reversed in profit or loss	(13,874)	–	(13,874)
Reversed in other comprehensive income	–	(2,174)	(2,174)
As at 31 December 2024 and 1 January 2025	**–**	**24,563**	**24,563**
Recognised in other comprehensive income	–	9,476	9,476
As at 31 December 2025	**–**	**34,039**	**34,039**

As at each reporting date, the Group had deductible temporary differences of RMB336,504,000, RMB376,935,000 and RMB378,564,000 respectively, and estimated unrecognised tax losses of RMB1,057,744,000, RMB1,577,606,000, and RMB1,118,237,000 respectively, to carry forward against future taxable income. Pursuant to the relevant laws and regulations in the PRC, the estimated unrecognised tax losses at the end of the Relevant Period will expire in the following years:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expiry year:			
2024	5,945	–	–
2025	72,694	70,242	–
2026	56,952	32,818	7,332
2027	189,532	42,016	29,274
2028	732,621	455,439	297,835
2029	–	832,231	462,063
2030 and beyond	–	144,860	321,733
	1,057,744	**1,577,606**	**1,118,237**

36. SHARE CAPITAL AND TREASURY SHARES

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share capital	1,924,157	1,918,825	2,033,892
Treasury shares	(366,751)	(351,856)	(229,966)

The changes in share capital are as follows:

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid:				
At the beginning of the year		1,926,656	1,924,157	1,918,825
Shares issued upon the conversion of convertible bonds		7	2	119,548
Repurchase and cancellation of restricted shares	*(a)*	(2,506)	(5,334)	(4,481)
At the end of the year		**1,924,157**	**1,918,825**	**2,033,892**
Number of ordinary shares (in thousands)		1,924,157	1,918,825	2,033,892

The changes in treasury shares are as follows:

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year		546,324	366,751	351,856
Repurchase and cancellation of restricted shares	*(a)*	(66,847)	(137,356)	(115,279)
Unlocking of restricted shares	*(b)*	(107,874)	–	–
(Dividends declared)/reversal of dividends declared for restricted shares, net	*(a), (b), (c)*	(4,852)	2,443	4,610
Repurchase of ordinary shares	*(d)*	–	120,018	121,988
Treasury shares for employee share ownership scheme transferred	*(e)*	–	–	(133,209)
At the end of the year		**366,751**	**351,856**	**229,966**
Number of shares (in thousands)		2,476	7,401	8,496

Notes:

(a) On 13 December 2021, pursuant to the proposals approved at the 2021 Fourth Extraordinary General Meeting of the Company such as "Proposal on the 2021 Share Option and Restricted Share Incentive Scheme (Draft Revision) and its Summary of the Company", the Company's implementation of both the 2021 share option incentive scheme ("2021 Share Option Incentive Scheme") and the 2021 restricted share incentive scheme ("2021 Restricted Share Incentive Scheme") have been approved.

On 29 August 2022, pursuant to the proposals approved at the 2022 Fourth Extraordinary General Meeting of the Company such as "Proposal on the 2022 Restricted Share Incentive Scheme (Draft) and its Summary of the Company", the Company's implementation of the 2022 restricted share incentive scheme ("2022 Restricted Share Incentive Scheme") has been approved.

During the year ended 31 December 2023, 1,328,406 restricted shares granted in the 2021 Restricted Share Incentive Scheme were cancelled, as 245 participants have not met the requirements for relieving the sales restriction. In addition, a total of 1,177,798 restricted shares granted in 2021 Restricted Share Incentive Scheme and 2022 Restricted Share Incentive Scheme were cancelled, as 272 participants have not met the requirements for relieving the sales restriction. Accordingly, share capital of approximately RMB2,506,000, treasury shares of approximately RMB66,847,000 and capital reserve of approximately RMB64,341,000 were derecognised. The cash dividends allocated to such restricted shares during the lock-up period of approximately RMB1,088,000 which were previously recognised as a reduction of treasury shares were reversed.

During the year ended 31 December 2024, 5,333,377 restricted shares granted in the 2021 Restricted Share Incentive Scheme and 2022 Restricted Share Incentive Scheme were cancelled, as 776 participants have not met the requirements for relieving the sales restriction. Accordingly, share capital of approximately RMB5,334,000, treasury shares of approximately RMB137,356,000 and capital reserve of approximately RMB132,022,000 were derecognised. The cash dividends allocated to such restricted shares during the lock-up period of approximately RMB2,443,000 which were previously recognised as a reduction of treasury shares were reversed.

During the year ended 31 December 2025, a total of 4,481,289 restricted shares granted in the 2021 Restricted Share Incentive Scheme and 2022 Restricted Share Incentive Scheme were cancelled, as 701 participants have not met the requirements for relieving the sales restriction. Accordingly, share capital of approximately RMB4,481,000, treasury shares of approximately RMB115,279,000 and capital reserve of approximately RMB110,798,000 were derecognised. The cash dividends allocated to such restricted shares during the lock-up period of approximately RMB4,610,000 which were previously recognised as a reduction of treasury shares were reversed.

(b) During the year ended 31 December 2023, 2,616,234 restricted shares granted in 2021 Restricted Share Incentive Scheme were released and listed for circulation, as 387 participants have met the requirements for relieving the sales restriction. In addition, 1,544,746 restricted shares granted in 2022 Restricted Share Incentive Scheme were released and listed for circulation, as 401 participants have met the requirements for relieving the sales restriction. Accordingly, treasury shares of approximately RMB107,874,000 were reduced as a result of the release of the aforementioned 4,160,980 restricted shares. The cash dividends allocated to such restricted shares during the lock-up period of approximately RMB3,152,000 which were previously recognised as a reduction of treasury shares were derecognised.

(c) During the year ended 31 December 2023, the 2022 Annual General Meeting of the Company approved the "Proposal on the 2022 Profit Distribution Plan" ("2022 Profit Distribution Plan"), pursuant to which cash dividends of RMB6.00 (tax inclusive) per 10 shares held were distributed to all shareholders. The cash dividends were revocable. Accordingly, cash dividends of approximately RMB9,092,000 were allocated to 15,153,444 restricted shares expected to be released in the future, and the treasury shares were reduced by approximately RMB9,092,000.

(d) During the year ended 31 December 2024, a total of 4,924,900 A shares has been repurchased and treasury shares of approximately RMB120,018,000 were recognised. The shares were repurchased with an average price of RMB24.37 per share.

During the year ended 31 December 2025, a total of 6,573,060 A shares has been repurchased and treasury shares of approximately RMB121,988,000 were recognised. The shares were repurchased with an average price of RMB18.56 per share.

(e) Pursuant to the authorization by the General Meeting granted to the Board of Directors of the Company, and the proposals approved at the 24th meeting of the sixth session of the Board of Directors of the Company and the 19th meeting of the sixth session of the Board of Supervisors of the Company, and the 2024 Second Extraordinary General Meeting of Company such as "Proposal on the 2024 Employee Share Ownership Scheme (Draft) and its Summary of the Company", the Company's implementation of the 2024 employee share ownership scheme ("2024 Employee Share Ownership Scheme") was approved on 30 December 2024.

During the year ended 31 December 2025, the Company transferred 5,354,500 initially granted shares and 123,500 reservedly granted shares of the Company held under the specific securities account for repurchase to the securities account of the 2024 Employee Share Ownership Scheme of the Company by way of non-trade transfer, at a transfer price of RMB11.16 per share and RMB11.06 per share, respectively, resulting in a decrease in treasury shares of approximately RMB194,331,000. Contribution of approximately RMB61,122,000 was received by the Company from the participants, resulting in an increase in repurchase obligations for restricted shares of approximately RMB61,122,000 and a decrease in capital reserve of approximately RMB133,209,000.

37. RESERVES

The Group

During the Relevant Period, the amounts of the Group's reserves and the changes therein are presented in the consolidated statements of changes in equity.

(a) Capital reserve

Capital reserve mainly represents the excess of the net proceeds from issuance of shares of the Company over its par value.

Capital reserve also includes (i) the difference between the consideration to acquire additional interest in subsidiaries and the respective share of the carrying amounts of net assets acquired and (ii) the reserve for difference between the market price value at the grant date and grant price value of the restricted shares in restricted share incentive schemes and employee share ownership scheme and (iii) the fair value of share options granted to directors and employees which is dealt with in accordance with the accounting policy set out in note 3.24.

(b) Other comprehensive income reserve

The other comprehensive income reserve includes (i) all foreign exchange differences arising from translating the financial statements of foreign operations and (ii) the cumulative net change in the fair value of equity investments and bills receivable at FVTOCI (non-recycling and recycling) and (iii) the effective portion of the cumulative net gain or loss on the hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flows in accordance with the accounting policy adopted for cash flow hedges.

(c) Special reserve

As stipulated by the relevant laws and regulations for enterprises engaged in production and storage of dangerous chemical products in the PRC, the Company's subsidiaries are required to maintain certain special reserve for safety production fund.

(d) Statutory reserve

Statutory reserve represents the amount set aside from the retained earnings by the Company. In accordance with the relevant regulations and the Company's Articles of Association, the Company is required to allocate at least 10% of its after-tax profit according to the PRC GAAP and regulations to statutory reserve until such reserve has reached 50% of registered capital. This reserve can only be used for specific purposes and is not distributable or transferable to loans, advances and cash dividends.

The Company

The movement of the Company's reserves during the Relevant Period are as follows:

	Capital reserve	Other comprehensive income reserve	Equity component of convertible bonds	Statutory reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	**2,087,438**	**139,567**	**202,141**	**569,954**	**3,815,829**	**6,814,929**
Transactions with owners:						
Dividends declared *(Note 13)*	–	–	–	–	(1,152,625)	(1,152,625)
Shares issued upon the conversion of convertible bonds *(Note 32(f))*	321	–	(19)	–	–	302
Redemption of convertible bonds *(Note 32(f))*	–	–	(1)	–	–	(1)
Repurchase and cancellation of restricted shares *(Note 36(a))*	(64,341)	–	–	–	–	(64,341)
Share-based payments *(Note 11)*	10,012	–	–	–	–	10,012
Appropriation to statutory reserve	–	–	–	63,235	(63,235)	–
Total transactions with owners	**(54,008)**	**–**	**(20)**	**63,235**	**(1,215,860)**	**(1,206,653)**
Profit for the year	–	–	–	–	632,345	632,345
Other comprehensive income for the year	–	11,944	–	–	–	11,944
Total comprehensive income for the year	**–**	**11,944**	**–**	**–**	**632,345**	**644,289**
As at 31 December 2023 and 1 January 2024	**2,033,430**	**151,511**	**202,121**	**633,189**	**3,232,314**	**6,252,565**

	Capital reserve	Other comprehensive income reserve	Equity component of convertible bonds	Statutory reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Transactions with owners:						
Dividends declared *(Note 13)*	–	–	–	–	(571,072)	(571,072)
Shares issued upon the conversion of convertible bonds *(Note 32(f))*	49	–	(3)	–	–	46
Repurchase and cancellation of restricted shares *(Note 36(a))*	(132,022)	–	–	–	–	(132,022)
Share-based payments *(Note 11)*	(83,459)	–	–	–	–	(83,459)
Appropriation to statutory reserve	–	–	–	101,293	(101,293)	–
Others	49,887	–	–	–	(417)	49,470
Total transactions with owners	**(165,545)**	**–**	**(3)**	**101,293**	**(672,782)**	**(737,037)**
Profit for the year	–	–	–	–	1,012,933	1,012,933
Other comprehensive loss for the year	–	(12,318)	–	–	–	(12,318)
Total comprehensive (loss)/income for the year	**–**	**(12,318)**	**–**	**–**	**1,012,933**	**1,000,615**
As at 31 December 2024 and 1 January 2025	**1,867,885**	**139,193**	**202,118**	**734,482**	**3,572,465**	**6,516,143**
Transactions with owners:						
Dividends declared *(Note 13)*	–	–	–	–	(287,235)	(287,235)
Shares issued upon the conversion of convertible bonds *(Note 32(f))*	3,572,317	–	(201,946)	–	–	3,370,371
Redemption of convertible bonds *(Note 32(f))*	–	–	(172)	–	–	(172)
Treasury shares for employee share ownership scheme transferred *(Note 36(e))*	(133,209)	–	–	–	–	(133,209)
Repurchase and cancellation of restricted shares *(Note 36(a))*	(110,798)	–	–	–	–	(110,798)
Share-based payments *(Note 11 and 35)*	82,355	–	–	–	–	82,355
Appropriation to statutory reserve	–	–	–	55,906	(55,906)	–
Others	–	–	–	–	1,842	1,842
Total transactions with owners	**3,410,665**	**–**	**(202,118)**	**55,906**	**(341,299)**	**2,923,154**
Profit for the year	–	–	–	–	559,058	559,058
Other comprehensive income for the year	–	53,698	–	–	–	53,698
Total comprehensive income for the year	**–**	**53,698**	**–**	**–**	**559,058**	**612,756**
As at 31 December 2025	**5,278,550**	**192,891**	**–**	**790,388**	**3,790,224**	**10,052,053**

38. SHARE-BASED PAYMENTS

(a) Restricted share incentive scheme

Pursuant to the 2021 Restricted Share Incentive Scheme, the Company completed the registration of initial grant of 4,573,650 restricted shares with lock-up period to 551 incentive participants on 13 December 2021 at a grant price of RMB75.38 per share. On 13 April 2022, the 2021 Annual General Meeting of the Company approved the "Proposal on the 2021 Profit Distribution and Capitalisation of Capital Reserve Plan", pursuant to which 10 shares were issued per 10 shares held from the capital reserve to all shareholders based on the current total share capital of the Company of 962,372,936 shares ("Share Subdivision"). Upon completion of the Share Subdivision, pro-rata adjustments have been made to the aforementioned 4,573,650 restricted shares, so as to give the participants the same proportion of the equity capital as that they were entitled to before the effect of the Share Subdivision. On 8 August 2022, 1,910,250 restricted shares with lock-up period were reservedly grant to 280 incentive participants at a grant price of RMB26.20 per share.

Pursuant to the 2021 Restricted Share Incentive Scheme, the restricted shares granted to the eligible employees will be unlocked after 12 months, 24 months, and 36 months from the date of completion of the registration of the grant, with unlocking ratios of 40%, 30%, and 30% respectively. For the reserved grant of restricted shares, it will be unlocked after 12 months and 24 months from the date of completion of the registration of the grant, with unlocking ratios of 50% and 50% respectively. The maximum vesting percentage for each period will be 50% according to the Company's performance appraisal, departmental performance appraisal and individual performance appraisal, etc.

Pursuant to the 2022 Restricted Share Incentive Scheme, the Company completed the registration of initial grant of 5,424,300 restricted shares with lock-up period to 563 incentive participants on 29 August 2022 at a grant price of RMB6.00 per share. The restricted shares granted to the eligible employees will be unlocked after 12 months, 24 months, and 36 months from the date of completion of the registration of the grant, with unlocking ratios of 40%, 30%, and 30% respectively. The maximum vesting percentage for each period will be 40% according to the Company's performance appraisal, departmental performance appraisal and individual performance appraisal, etc.

Movements in the numbers of restricted shares and their related weighted average grant date fair value are as below:

	Notes	Number of restricted shares	Weighted average grant date fair value per share
		'000	*RMB*
As at 1 January 2023		**16,482**	**30.94**
Forfeited during the year	*36(a)*	(2,506)	30.75
Unlocked during the year	*36(b)*	(4,161)	31.55
As at 31 December 2023 and 1 January 2024		**9,815**	**30.72**
Forfeited during the year	*36(a)*	(5,334)	30.69
As at 31 December 2024 and 1 January 2025		**4,481**	**30.76**
Forfeited during the year	*36(a)*	(4,481)	30.76
As at 31 December 2025		**–**	**–**

The restricted shares outstanding as at 31 December 2023 and 2024 had a weighted average remaining contractual life of 1.05 years and 0.67 years, respectively.

The fair value of each restricted shares at the grant dates were determined by the closing market price of the Company's shares on the grant date minus the grant price.

(b) Share option incentive scheme

Pursuant to the 2021 Share Option Incentive Scheme, the Company has initially granted 243,150 share options to 87 incentive recipients on 13 December 2021, with an exercise price of RMB150.75 per share. According to the Company's performance appraisal, departmental performance appraisal and individual performance appraisal, the share options granted to the eligible employees are exercisable in three exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 40%, 30%, and 30% respectively.

Upon completion of the Share Subdivision as mentioned in note 38(a), pro-rata adjustments have been made to the aforementioned 243,150 share options, so as to give the participants the same proportion of the equity capital as that they were entitled to before the effect of the Share Subdivision.

Pursuant to the 30th meeting of the fifth session of the Board of Directors of the Company and the 23rd meeting of the fifth session of Board of Supervisors of the Company, the "Proposal on Adjusting the Quantity and Price of Share Options and Restricted Shares under the 2021 Share Option and Restricted Share Incentive Scheme" was approved on 1 June 2022. The exercise price of the initially granted share options under the 2021 Share Option Incentive Scheme was adjusted from RMB150.75 per share to RMB75.125 per share as a result of dividend distribution and capitalisation of capital reserve of the Company.

Pursuant to the second meeting of the sixth session of the Board of Directors of the Company and the second meeting of the sixth session of Board of Supervisors of the Company, the "Proposal on Adjusting the Price of Initially Granted Share Options under the 2021 Share Option and Restricted Share Incentive Scheme" was approved on 24 May 2023. The exercise price of the initially granted share options under the 2021 Share Option Incentive Scheme was adjusted from RMB75.125 per share to RMB74.525 per share as a result of dividend distribution of the Company.

On 30 December 2024, pursuant to the proposals approved at the 2024 Second Extraordinary General Meeting of the Company such as "Proposal on the 2024 Share Option Incentive Scheme (Draft) and its Summary of the Company", the Company's implementation of the 2024 share option incentive scheme ("2024 Share Option Incentive Scheme") has been approved.

Pursuant to the 2024 Share Option Incentive Scheme, the Company has initially granted 13,543,500 share options to 893 incentive recipients on 30 December 2024, with an exercise price of RMB16.74 per share. According to the Company's performance appraisal, departmental performance appraisal and individual performance appraisal, the share options granted to the eligible employees are exercisable in three exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 40%, 30%, and 30% respectively.

Pursuant to the 39th meeting of the sixth session of the Board of Directors of the Company, the "Proposal on Adjusting the Price of Options under the 2024 Share Option Incentive Scheme" was approved on 9 December 2025. The exercise price of the share options under the 2024 Share Option Incentive Scheme was adjusted from RMB16.74 per share to RMB16.64 per share as a result of dividend distribution of the Company.

Pursuant to the 2024 Share Option Incentive Scheme, the Company has reservedly granted 1,539,900 share options to 311 incentive recipients on 9 December 2025, with an exercise price of RMB16.64 per share. According to the Company's performance appraisal, departmental performance appraisal and individual performance appraisal, the share options granted to the eligible employees are exercisable in two exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 50% and 50% respectively.

Movements in the numbers of share options and their related weighted average exercise prices are as below:

	Notes	**Number of share options**	**Weighted average exercise price per share option**
		'000	*RMB*
As at 1 January 2023		**486**	**75.125**
Forfeited during the year		(306)	74.525
As at 31 December 2023 and 1 January 2024		**180**	**74.525**
Granted during the year	*38(b)*	13,509	16.74
Forfeited during the year		(95)	74.525
As at 31 December 2024 and 1 January 2025		**13,594**	**17.10**
Granted during the year	*38(b)*	1,540	16.64
Forfeited during the year		(85)	74.525
As at 31 December 2025		**15,049**	**16.64**

The share options outstanding as at 31 December 2023, 2024 and 2025 had a weighted average remaining contractual life of 1.00 years, 1.90 years and 0.90 years, respectively.

The fair values of share options granted were determined using the Black-Scholes Option Pricing Model that takes into account factors specific to the share incentive schemes. The following principal assumptions were used in the valuation at the grant dates:

	2021 Share Option Incentive Scheme	**2024 Share Option Incentive Scheme**	**2024 Share Option Incentive Scheme**
	– Initially granted share options	*– Initially granted share options*	*– Reservedly granted share options*
Share price at grant date per share	RMB124.50	RMB20.37	RMB39.96
Expected volatility	17.749%-22.497%	21.5412%-26.9743%	19.4836%-23.4419%
Expected option life	1-3 years	1-3 years	1-2 years
Dividend yield	0%	1.4382%	0.5528%
Risk-free interest rate	1.50%-2.75%	1.0393%-1.1531%	1.4014%-1.4034%
Exercise price	RMB150.75	RMB16.74	RMB16.64

The underlying expected volatility was determined by reference to historical data, calculated based on expected life of share options. Expectations of early exercise were incorporated into the Black-Scholes Option Pricing Model. No special features pertinent to the share options granted were incorporated into measurement of fair value.

(c) Employee share ownership scheme

As mentioned in note 36(e), during the year ended 31 December 2025, pursuant to the 2024 Employee Share Ownership Scheme, the Company transferred 5,354,500 initially granted shares and 123,500 reservedly granted shares of the Company held under the specific securities account for repurchase to the securities account of the 2024 Employee Share Ownership Scheme of the Company by way of non-trade transfer, at a transfer price of RMB11.16 per share and RMB11.06 per share, respectively.

The duration period of the 2024 Employee Share Ownership Scheme shall be 60 months, commencing from the date on which the Company announced that the last batch of the initially granted underlying shares was transferred to the employee share ownership scheme. The initially granted underlying shares will be unlocked after 12 months, 24 months, and 36 months from the date on which the Company announced that the last batch of the initially granted underlying shares was transferred to the employee share ownership scheme, with unlocking ratios of 40%, 30%, and 30% respectively. The reservedly granted underlying shares will be unlocked after 12 months and 24 months from the date on which the Company announced that the last batch of the reservedly granted underlying shares was transferred to the employee share ownership scheme, with unlocking ratios of 50% and 50% respectively. The maximum vesting percentage for each period will be 50% according to the Company's performance appraisal, departmental performance appraisal and individual performance appraisal, etc.

Movements in the numbers of shares granted in the employee share ownership scheme and their related weighted average grant date fair value are as below:

	Note	Number of shares granted in the employee share ownership scheme	Weighted average grant date fair value per share
		'000	RMB
As at 1 January 2025		**–**	**–**
Granted during the year	38(c)	5,478	9.65
As at 31 December 2025		**5,478**	**9.65**

The shares granted in the employee share ownership scheme outstanding as at 31 December 2025 had a weighted average remaining contractual life of 0.90 years.

The fair value of each shares granted in the employee share ownership scheme at the grant dates were determined by the closing market price of the Company's shares on the grant date minus the transfer price.

39. PLEDGED ASSETS

The Group's certain assets have been pledged to secure bills payable and borrowings of the Group. The carrying amounts of the pledged assets of the Group at the end of each of the Relevant Period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	821,493	370,768	333,607
Prepaid lease payments	167,002	245,245	239,478
Bills receivable	29,054	–	–
Pledged deposits	34,096	18,385	25,722
	1,051,645	**634,398**	**598,807**

40. CAPITAL COMMITMENTS

40.1 Capital Commitments

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted but not provided for:			
– Acquisition of property, plant and equipment	1,776,175	1,242,836	1,209,813

40.2 Lease Commitments

As a lessee

At the end of each of the Relevant Period, the lease commitments for non-cancellable short-term leases are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	8,995	10,537	12,601

41. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

Name of related parties	Relationship with the Group
Shandong Huafu	An associate of the Group
Hunan Yaoning	An associate of the Group
Pingjiang County Hongyuan Mining Co., Ltd.* (平江縣鴻源礦業有限公司)	A subsidiary of Hunan Yaoning
Dangyang Deyi	An associate of the Group
Fujian Zhongzhou	An associate of the Group from July 2023
Qinghai Hongzheng	An associate of the Group from October 2023
Hangyang Tinci	An associate of the Group from June 2023
Yizhang Zhonggui	An associate of the Group from March 2024
Ningbo Jinye	A joint venture of the Group from October 2023
Guangkai Linghui	A joint venture of the Group from September 2023
Hangzhou Jinxingzhi	A joint venture of the Group from August 2023
Hubei Tianyi	A joint venture of the Group from May 2024
Guangzhou Hanpu Pharmaceutical Co., Ltd.* (廣州市漢普醫藥有限公司)	Controlled by the ultimate controlling person of the Company
Jiangsu Zhongrun Fluorine Chemistry Technology Co., Ltd.* (江蘇中潤氟化學科技有限公司)	Controlled by the ultimate controlling person of the Company
Guangzhou Tinci Sanhe Environmental Engineering Co., Ltd.* (廣州市天賜三和環保工程有限公司)	Controlled by the ultimate controlling person of the Company

* *For Identification only.*

(b) Transactions with related parties

In addition to the transactions/information disclosed elsewhere in these Historical Financial Information, during the Relevant Period, the Group had the following material transactions with related parties:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods and services			
– Entities controlled by the ultimate controlling person of the Company	39	267	95
– Associates of the Group	640	3,167	4,201
	679	**3,434**	**4,296**
Purchases of goods and services			
– Entities controlled by the ultimate controlling person of the Company	40,696	118,257	1,914
– Associates of the Group	14,798	170,304	42,997
	55,494	**288,561**	**44,911**
Acquisition of equity			
– The ultimate controlling person of the Company	135,000	–	–

(c) Balances with related parties

In addition to those disclosed elsewhere in these Historical Financial Information, the outstanding balances with related parties as at the end of each of the Relevant Period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties			
Trade receivables			
– Entities controlled by the ultimate controlling person of the Company	–	223	5
– Associates of the Group	–	3,279	1,474
	–	3,502	1,479
Deposits, prepayments and other receivables			
– Entities controlled by the ultimate controlling person of the Company	82,542	52,712	10,020
– Associates of the Group	30,000	69,696	4,272
	112,542	122,408	14,292
	112,542	**125,910**	**15,771**
Amounts due to related parties			
Trade payables			
– Entities controlled by the ultimate controlling person of the Company	3,012	16,995	8,677
– Associates of the Group	962	4,787	3,635
	3,974	21,782	12,312
Other payables and accruals			
– Entities controlled by the ultimate controlling person of the Company	10	21	18
– Associates of the Group	1,051	–	–
	1,061	21	18
	5,035	**21,803**	**12,330**

The above balances were unsecured, interest-free and had no fixed repayment terms.

As at 31 December 2023, 2024 and 2025, the amounts due from related parties of RMB112,542,000, RMB71,569,000 and RMB15,771,000 were trade in nature. The remaining receivable balances of RMBNil, RMB54,341,000 and RMBNil as at 31 December 2023, 2024 and 2025, respectively, mainly related to investing activities which were non-trade in nature and were settled before 31 December 2025.

As at 31 December 2023, 2024 and 2025, the amounts due to related parties of RMB5,035,000, RMB21,803,000 and RMB12,330,000, respectively, were trade in nature.

(d) Guarantee provided to a related party

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Guaranteed entity			
– An associate of the Group	–	–	67,900

42. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below set out the reconciliation of liabilities arising from financing activities for the Relevant Period.

	Bank borrowings	Convertible bonds	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	**1,864,909**	**3,191,454**	**–**	**5,056,363**
Cash flows	674,406	–	(4,046)	670,360
Interest paid	(64,029)	(10,232)	(896)	(75,157)
Interest expenses	92,904	126,037	896	219,837
Other non-cash movements	(1,281)	(357)	38,979	37,341

	Bank borrowings	Convertible bonds	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023 and 1 January 2024	**2,566,909**	**3,306,902**	**34,933**	**5,908,744**
Cash flows	388,691	–	(3,535)	385,156
Interest paid	(82,004)	(17,050)	(1,190)	(100,244)
Interest expenses	96,439	130,529	1,190	228,158
Other non-cash movements	4,355	(49)	–	4,306
As at 31 December 2024 and 1 January 2025	**2,974,390**	**3,420,332**	**31,398**	**6,426,120**
Cash flows	(107,414)	(2,902)	(4,913)	(115,229)
Interest paid	(71,666)	(27,280)	(1,297)	(100,243)
Interest expenses	88,828	112,359	1,297	202,484
Other non-cash movements	–	(3,502,509)	9,945	(3,492,564)
As at 31 December 2025	**2,884,138**	**–**	**36,430**	**2,920,568**

(b) Major non-cash transactions

During the Relevant Period, the Group endorsed certain bills receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts of as follows.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Settlement of trade payables through endorsement of bills receivable	8,852,931	6,965,378	7,764,744

43. BUSINESS COMBINATIONS

On 6 January 2023, the Group had entered into a sales and purchase agreement to acquire 85% equity interests of Bondway Dongguan, a company incorporated in the PRC which was mainly engaged in research and development and sales of electronics materials. The consideration for the acquisition was RMB382,500,000 and the acquisition was completed on 28 February 2023.

Details of the aggregate fair values of the identifiable assets and liabilities of the acquirees as at the date of acquisition are as follows:

	Bondway Dongguan	Qinghai Hongzheng
	RMB'000	*RMB'000*
Current assets	187,828	43,079
Non-current assets, including:	136,180	225,080
– Property, plant and equipment *(Note 16)*	5,122	219,782
– Intangible assets *(Note 19)*	111,300	–
– Right-of-use assets *(Note 17)*	13,851	4,481
Current liabilities	76,882	180,347
Non-current liabilities	29,325	1,382
Net assets acquired	217,801	86,430
Less: non-controlling interests	35,703	39,469
Fair value of identifiable net assets acquired	182,098	46,961
Less: cash considerations	382,500	17,160
Less: transfer from an associate *(Note 20(a))*	–	29,801
Goodwill *(Note 18)*	200,402	–
Deposits paid during the year ended 31 December 2022	153,000	–
Consideration paid during the year ended 31 December 2023	229,500	–
Consideration paid during the year ended 31 December 2025	–	17,160
Total cash consideration	382,500	17,160
Consideration paid during the year ended 31 December 2023	229,500	–
Consideration paid during the year ended 31 December 2025	–	17,160
Less: cash and cash equivalents acquired	14,707	1,324
Cash outflows arising on acquisition through business combinations	214,793	15,836

Since the acquisition date, Bondway Dongguan and Qinghai Hongzheng had contributed RMB205,945,000 and RMB53,729,000, RMB106,926,000 and RMB(17,493,000) to revenue and profit/(loss) for the year ended 31 December 2023 and 2025, respectively. If the acquisition of Bondway Dongguan and Qinghai Hongzheng had occurred on 1 January 2023 and 1 January 2025 respectively, consolidated pro-forma revenue and profit for the year ended 31 December 2023 and 2025 would have been increased by approximately RMB28,555,000 and approximately RMB66,512,000, and increased/(decreased) by approximately RMB8,742,000 and approximately RMB(4,840,000), respectively.

Goodwill arose from the acquisition of Bondway Dongguan because the consideration paid included amounts in relation to the revenue growth and future market development of the business acquired. These benefits were not recognised separately from goodwill, because they did not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisition was not expected to be deductible for tax purpose. No acquisition-related costs had been incurred in relation to the acquisition.

The non-controlling interests in Bondway Dongguan and Qinghai Hongzheng recognised at the acquisition date was measured by reference to the fair value of the non-controlling interests amounted to RMB35,703,000 and RMB39,469,000, respectively, which were estimated by applying an income approach and net assets approach, respectively.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include credit risk, interest rate risk, foreign currency risk, price risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the Board of Directors.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

44.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statements of financial position relate to the following categories of financial assets and financial liabilities:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortised cost			
Trade receivables	4,294,627	4,869,856	6,880,220
Bills receivable	–	–	1,944
Other receivables	21,365	154,478	71,112
Cash and cash equivalents	2,256,101	1,601,844	1,888,992
Time deposits	1,672,622	2,195,498	1,360,835
Pledged deposits	34,096	18,385	25,722
	8,278,811	8,840,061	10,228,825
Financial assets at FVTOCI			
Bills receivable at FVTOCI	1,107,983	655,211	947,532
Equity investments at FVTOCI	458,638	424,535	709,324
	1,566,621	1,079,746	1,656,856
Financial assets at FVTPL			
Derivative financial instruments	1,518	907	302
Structured deposits	–	–	180,000
Wealth management products	–	–	308,246
Financial assets included in deposits, prepayments and other receivables	–	–	1,015
	1,518	907	489,563
	9,846,950	**9,920,714**	**12,375,244**
Financial liabilities			
Financial liabilities at amortised cost			
Trade and bills payables	3,420,954	3,362,809	4,553,793
Other payables and accruals	373,557	247,866	209,930
Bank borrowings	2,566,909	2,974,390	2,884,138
Convertible bonds	3,306,902	3,420,332	–
Lease liabilities	34,933	31,398	36,430
	9,703,255	10,036,795	7,684,291

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities at FVTPL			
Derivative financial instruments	–	1,367	1,957
Other payables and accruals	3,709	2,068	–
	3,709	3,435	1,957
	9,706,964	**10,040,230**	**7,686,248**

44.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis.

The Group's maximum exposure to credit risk for the components of the consolidated statements of financial position at 31 December 2023, 2024 and 2025 is the carrying amount as disclosed in note 44.1.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

As at 31 December 2023

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	1,107,983	–	–	4,450,336	5,558,319
Other receivables	28,858	–	22,038	–	50,896
Cash and cash equivalents	2,256,101	–	–	–	2,256,101
Time deposits	1,672,622	–	–	–	1,672,622
Pledged deposits	34,096	–	–	–	34,096
	5,099,660	**–**	**22,038**	**4,450,336**	**9,572,034**

As at 31 December 2024

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	655,211	–	–	5,120,322	5,775,533
Other receivables	110,048	–	101,372	–	211,420
Cash and cash equivalents	1,601,844	–	–	–	1,601,844
Time deposits	2,195,498	–	–	–	2,195,498
Pledged deposits	18,385	–	–	–	18,385
	4,580,986	**–**	**101,372**	**5,120,322**	**9,802,680**

As at 31 December 2025

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	949,532	–	–	7,177,332	8,126,864
Other receivables	30,161	–	100,845	–	131,006
Cash and cash equivalents	1,888,992	–	–	–	1,888,992
Time deposits	1,360,835	–	–	–	1,360,835
Pledged deposits	25,722	–	–	–	25,722
	4,255,242	**–**	**100,845**	**7,177,332**	**11,533,419**

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the individual basis and collective basis is disclosed in Note 23.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivables, and other receivables are set out in Notes 23 and 26, respectively.

Bank balances, deposits and cash are placed with banks which are regulated. The credit risk is considered to be immaterial.

44.3 Interest rate risk

Other than the interest-bearing bank deposits, the Group has no other significant interest-bearing assets bearing variable rates. It is not anticipated there is any significant impact to these interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group's bank borrowings bear variable rates expose the Group to cash flow interest rate risk. The Group has not hedged against such a risk as it does not see the benefit in so doing.

The Group's interest-bearing financial instruments at variable rate at the end of each of the Relevant Period are set out as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings	1,316,981	1,451,433	1,693,255

The following table illustrates the sensitivity of the Group's profit before income tax to a possible change in interest rates with effect from the beginning of the year.

	Increase/(Decrease) in basis points	(Decrease)/Increase in profit before tax for the year
		RMB'000
As at 31 December 2023		
Basis points	100	(12,114)
Basis points	(100)	12,114
As at 31 December 2024		
Basis points	100	(15,075)
Basis points	(100)	15,075
As at 31 December 2025		
Basis points	100	(18,035)
Basis points	(100)	18,035

44.4 Foreign currency risk

Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign currency risk primarily through business activities which give rise to receivables, payables and bank deposits that are denominated in a foreign currency that is not the entity's functional currency. The currencies giving risk to the foreign exchange risk are primarily US$.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each of the Relevant Period as follows:

	Assets	Liabilities	Net exposure
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2023			
– US$	292,889	(21,516)	271,373
– Others	36,094	–	36,094
	328,983	**(21,516)**	**307,467**
As at 31 December 2024			
– US$	555,574	(50,473)	505,101
– Others	8,702	(23,945)	(15,243)
	564,276	**(74,418)**	**489,858**
As at 31 December 2025			
– US$	511,785	(23,386)	488,399
– Others	3,296	(3,803)	(507)
	515,081	**(27,189)**	**487,892**

The following table demonstrates the sensitivity at the end of each of the Relevant Period to a reasonably possible change in exchange rates by 5%, with all other variables held constant, of the Group's profit before tax.

	Fluctuation in foreign exchange rate	Increase/(Decrease) in profit before tax for the year/period
		RMB'000
As at 31 December 2023		
If RMB weakens against US$	5%	13,569
If RMB strengthens against US$	(5%)	(13,569)
As at 31 December 2024		
If RMB weakens against US$	5%	25,255
If RMB strengthens against US$	(5%)	(25,255)
As at 31 December 2025		
If RMB weakens against US$	5%	22,600
If RMB strengthens against US$	(5%)	(22,600)

Other changes in foreign exchange rates have no significant impact on foreign currency risk.

44.5 Price risk

Equity price risk

The Group is exposed to equity price risk mainly arising from listed equity investments held by the Group that are classified as financial assets at FVTOCI.

Sensitivity analysis is performed by the management to assess the exposure of the Group's financial results to equity price risk of financial assets at FVTOCI at the end of each of the Relevant Period.

If the price of the listed equity investment at FVTOCI held by the Group had been 10% higher/lower as at 31 December 2023, 2024 and 2025, the other comprehensive income for the respective year would have been approximately RMB2,178,000, RMB1,160,000 and RMB13,986,000 higher/lower, respectively.

Commodity price risk

The Group is exposed to commodity price risk mainly arising from lithium carbonate, the price volatility of which could impact financial performance. The Group uses derivative financial instruments, including commodity future contracts to manage a portion of such risk.

44.6 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, lease liabilities, bank borrowing, convertible bonds, derivative financial instruments and guarantees, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	Less than 1 year or on demand	Over 1 year but within 5 years	Over 5 years	Total contractual undiscounted cash flows	Carrying amounts
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023					
Trade and bills payables	3,420,954	–	–	3,420,954	3,420,954
Other payables and accruals	377,266	–	–	377,266	377,266
Bank borrowings	1,719,845	932,971	–	2,652,816	2,566,909
Convertible bonds	17,050	3,795,887	–	3,812,937	3,306,902
Lease liabilities	4,869	20,798	14,318	39,985	34,933
	5,539,984	**4,749,656**	**14,318**	**10,303,958**	**9,706,964**
As at 31 December 2024					
Trade and bills payables	3,362,809	–	–	3,362,809	3,362,809
Other payables and accruals	249,934	–	–	249,934	249,934
Bank borrowings	1,981,509	1,072,182	–	3,053,691	2,974,390
Convertible bonds	27,284	3,768,603	–	3,795,887	3,420,332
Lease liabilities	5,031	24,864	5,365	35,260	31,398
Derivative financial instruments	1,367	–	–	1,367	1,367
	5,627,934	**4,865,649**	**5,365**	**10,498,948**	**10,040,230**

	Less than 1 year or on demand	Over 1 year but within 5 years	Over 5 years	Total contractual undiscounted cash flows	Carrying amounts
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025					
Trade and bills payables	4,553,793	–	–	4,553,793	4,553,793
Other payables and accruals	209,930	–	–	209,930	209,930
Bank borrowings	1,935,478	1,012,778	–	2,948,256	2,884,138
Lease liabilities	7,565	28,606	3,412	39,583	36,430
Derivative financial instruments	1,957	–	–	1,957	1,957
	6,708,723	1,041,384	3,412	7,753,519	7,686,248
Financial guarantees issued *(note)*					
Maximum amount guaranteed *(Note 41(d))*	3,500	35,000	29,400	67,900	67,900
	6,712,223	**1,076,384**	**32,812**	**7,821,419**	**7,754,148**

Note:

The amounts included above for financial guarantee contract are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each reporting period, the directors of the Company considered that it was not probable that the borrower of the loan would default the repayment of the loan and therefore no provision for the Group's obligation under the guarantee has been made.

44.7 Fair values measurement

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statements of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023				
Assets measured at fair value:				
Financial assets at FVTOCI				
– Listed equity investment at fair value	21,775	–	–	21,775
– Unlisted equity investment at fair value	–	–	436,863	436,863
– Bills receivable at FVTOCI	–	1,107,983	–	1,107,983
	21,775	1,107,983	436,863	1,566,621
Derivative financial instruments	1,518	–	–	1,518
	23,293	**1,107,983**	**436,863**	**1,568,139**
Liabilities measured at fair value:				
Other payables and accruals	–	3,709	–	3,709
As at 31 December 2024				
Assets measured at fair value:				
Financial assets at FVTOCI				
– Listed equity investment at fair value	11,604	–	–	11,604
– Unlisted equity investment at fair value	–	–	412,931	412,931
– Bills receivable at FVTOCI	–	655,211	–	655,211
	11,604	655,211	412,931	1,079,746

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	907	–	–	907
Inventories designated as hedged items	–	45,909	–	45,909
	12,511	**701,120**	**412,931**	**1,126,562**
Liabilities measured at fair value:				
Derivative financial instruments	1,367	–	–	1,367
Other payables and accruals	–	2,068	–	2,068
	1,367	**2,068**	**–**	**3,435**
As at 31 December 2025				
Assets measured at fair value:				
Financial assets at FVTOCI				
– Listed equity investment at fair value	24,252	115,612	–	139,864
– Unlisted equity investment at fair value	–	–	569,460	569,460
– Bills receivable at FVTOCI	–	947,532	–	947,532
	24,252	1,063,144	569,460	1,656,856
Derivative financial instruments	302	–	–	302
Inventories designated as hedged items	–	53,199	–	53,199
Structured deposits	–	180,000	–	180,000
Wealth management products	–	308,246	–	308,246
Other receivables	–	1,015	–	1,015
	24,554	**1,605,604**	**569,460**	**2,199,618**
Liabilities measured at fair value:				
Derivative financial instruments	1,107	850	–	1,957

There were no transfers between level 1 and level 2, or transfers into or out of level 3 during the Relevant Period. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each of the Relevant Period in which they occur.

Information on level 2 fair value measurements

The fair value of bills receivable at FVTOCI in level 2 is determined by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of listed equity investment at fair value in level 2 is determined based on the quoted market prices and liquidity discount.

The valuation of other items measured at fair value in level 2 uses the fair value at the end of each year provided by relevant financial institutions.

Information on level 3 fair value measurements

The movement during the Relevant Period in the balance of the level 3 fair value measurements of financial assets at FVTOCI are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVTOCI			
At the beginning of the year	411,665	436,863	412,931
Addition	5,000	–	–
Disposal	–	–	(3,174)
Change in fair value	20,198	(23,932)	159,703
At the end of the year	**436,863**	**412,931**	**569,460**

Below is a summary of significant unobservable inputs to the valuation of these financial assets at FVTOCI together with a quantitative sensitivity analysis at the end of each of the Relevant Period:

As at 31 December 2023

	Fair Value	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
	RMB'000				
Financial assets at FVTOCI					
– Unlisted equity investment at fair value	196,000	Market approach	Discount on lack of marketability ("DLOM")	26.70%	10% increase/decrease in DLOM would result in decrease/increase in fair value by approximately RMB6,540,000
			Price-to-book ratio ("P/B ratio")	2.66	10% increase/decrease in P/B ratio would result in increase/decrease in fair value by approximately RMB18,240,000
	170,913	Market approach *(note)*	P/B ratio	1.31	10% increase/decrease in P/B ratio would result in increase/decrease in fair value by approximately RMB17,043,000
	69,950	Recent transaction price	N/A	N/A	N/A
	436,863				

As at 31 December 2024

	Fair Value	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
	RMB'000				
Financial assets at FVTOCI					
– Unlisted equity investment at fair value	181,510	Market approach	DLOM	27.35%	10% increase/decrease in DLOM would result in decrease/increase in fair value by approximately RMB6,200,000
			P/B ratio	1.34	10% increase/decrease in P/B ratio would result in increase/decrease in fair value by approximately RMB18,340,000
	161,471	Cost approach (Net asset method) (*note*)	Net assets value	N/A	10% increase/decrease in net assets value would result in increase/decrease in fair value by 10%
	69,950	Recent transaction price	N/A	N/A	N/A
	412,931				

As at 31 December 2025

	Fair Value	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
	RMB'000				
Financial assets at FVTOCI					
– Unlisted equity investment at fair value	236,940	Market approach	DLOM	28.70%	10% increase/decrease in DLOM would result in decrease/increase in fair value by approximately RMB9,330,000
			P/B ratio	1.53	10% increase/decrease in P/B ratio would result in increase/decrease in fair value by approximately RMB23,470,000
	332,520	Recent transaction price	N/A	N/A	N/A
	569,460				

Note: As at 31 December 2023, the Group had an unlisted equity investment under financial assets at FVTOCI measured using level 3 fair value hierarchy. Its fair value is determined using market approach. In 2024, the directors of the Company, having considered the market conditions that the comparable listed companies in active market could no longer best reflect the changes in fair value of that financial asset, decided to change the valuation technique to net asset method. In 2025, the directors of the Company considered that the change in valuation technique with respect to certain recent observable market transactions is appropriate as the valuation technique used is based on the recent market transaction price of that financial asset, and shall equally reflect the fair value as compared to the net asset method.

44.8 Fair values of financial assets and liabilities

The management consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost approximate to their fair values due to their short-term maturities.

45. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. As part of this review, the management considers cost of capital and the risks associated with the issued share capital. The Group may, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The asset-liability ratio as at the end of each of the Relevant Period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total assets	23,976,871	23,953,390	26,926,734
Total liabilities	10,397,216	10,628,819	8,890,558
Asset-liability ratio	43.36%	44.37%	33.02%

46. CONTINGENT LIABILITIES

As of 31 December 2023, 2024 and 2025, the Group did not have any material contingent liabilities.

47. EVENTS AFTER THE REPORTING PERIOD

On 6 March 2026, the Board of Directors of the Company proposed the final dividends of RMB2.00 per 10 shares (tax inclusive) in respect of the year ended 31 December 2025 and special dividends of RMB1.00 per 10 shares (tax inclusive), totaling approximately RMB405,079,000 and RMB202,540,000, respectively, which are subject to the approval of the shareholders of the Company at the forthcoming 2025 Annual General Meeting of the Company. The aforementioned final dividends and special dividends proposed after 31 December 2025 have not been recognised as a liability as at 31 December 2025.

The Group has evaluated the events after the reporting date through the date of these Historical Financial Information. The Group is not aware of any significant events after the reporting date that would require recognition or disclosure in the Historical Financial Information except as disclosed above.

48. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025 and up to the date of this report.

The following information does not form part of the Accountants' Report from the Company's reporting accountants, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, as set out in Appendix I to this document, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set out in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the [**REDACTED**] as if it had taken place on 31 December 2025 and based on the audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2025 as derived from the Accountants' Report, the text of which is set out in Appendix I to this document, and adjusted as described below.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the [**REDACTED**] been completed as at 31 December 2025 or any future dates:

	Audited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2025	**Estimated net proceeds from the [REDACTED]**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2025**	**Unaudited pro forma adjusted consolidated net tangible assets per Share**	
	RMB'000 *(Note 1)*	*RMB'000* *(Note 2)*	*RMB'000*	*RMB* *(Note 3)*	*HK$* *(Note 4)*
Based on the [**REDACTED**] of HK$[**REDACTED**] per H Share	17,560,861	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on the [**REDACTED**] of HK$[**REDACTED**] per H Share	17,560,861	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2025 is extracted from the Accountants' Report as set out in Appendix I to this document, which is based on the audited consolidated net assets of the Group attributable to the equity holders of the Company of approximately RMB17,851,651,000 with an adjustment for the goodwill and intangible assets attributed to the equity holders of the Company as at 31 December 2025 of approximately RMB200,402,000 and RMB90,388,000, respectively.

(2) The estimated net proceeds from the [**REDACTED**] are based on [**REDACTED**] H Shares and the indicative [**REDACTED**] of HK$[**REDACTED**] (equivalent to RMB[**REDACTED**]) and HK$[**REDACTED**] (equivalent to RMB[**REDACTED**]) per H Share respectively, after deduction of the estimated [**REDACTED**] fee and other estimated listing-related expenses incurred or to be incurred by the Group subsequent to 31 December 2025, other than those expenses which had been recognised in profit or loss prior to 31 December 2025, and takes no account of any H Shares which may be allotted and issued by the Company pursuant to the exercise of the [**REDACTED**], any Shares that may be issued by the Company pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time under the restricted share incentive scheme, share option incentive scheme and employee share ownership scheme or any Shares which may be issued or repurchased by the Company after the Latest Practicable Date.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that [**REDACTED**] Shares (representing 2,033,891,587 Shares in issue as at 31 December 2025, excluding 8,495,760 treasury shares and 5,478,000 Shares held under employee share ownership scheme as at 31 December 2025, adding [**REDACTED**]) were in issue, assuming that the [**REDACTED**] had been completed on 31 December 2025 but does not take into account of any Shares which may be allotted and issued by the Company pursuant to the exercise of the [**REDACTED**], any Shares that may be issued by the Company pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time under the Share Schemes or any Shares which may be issued or repurchased by the Company after the Latest Practicable Date.

(4) For the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets per H Share, the balances stated in Renminbi are converted into Hong Kong dollars at the rate of HK$1.00 to RMB0.87918. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that date.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2025 to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2025.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the report received from the reporting accountants, [**REDACTED**]*, Certified Public Accountants, Hong Kong for the purpose of incorporation in this document.*

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

TAX ON SECURITY HOLDERS

The income tax and capital value-added tax payable on holders of H shares are governed by the laws and practices of the PRC and the jurisdiction in which a holder of H shares resides or as to which a holder of H shares is otherwise subject to taxation. The following summaries of certain relevant tax provisions are based on current law and practice and are not intended to take into account anticipated changes or amendments to relevant laws and policies and are not intended as advice or suggestions. The discussions do not cover all the possible tax consequences associated with the treatment of the relevant H shares investment, nor do they take into account the particular circumstances of any individual investor, some of which may be subject to special rules. You should, therefore, seek advice from your tax adviser as to the tax consequences of the H shares investment. The discussions are based on laws and relevant interpretations in force as at the latest practicable date which are subject to change, possibly retrospectively.

No reference is made to any tax issues in the PRC other than income tax, value added tax, stamp duty and estate tax. Prospective investors are advised to consult their tax adviser regarding the tax consequences in the PRC and elsewhere with respect to the ownership and sale of H shares.

TAX IN CHINA

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the People's Republic of China (the "**Individual Income Tax Law**") last revised by the Standing Committee of the National People's Congress on August 31, 2018 and effective as of January 1, 2019, and the Implementation Regulations for the Individual Income Tax Law of the People's Republic of China last revised by the State Council on December 18, 2018 and effective as of January 1, 2019, dividends distributed by domestic companies to individual investors shall be subject to withholding tax at a flat rate of 20%. Meanwhile, according to the Circular on Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on September 7, 2015 and effective as of September 8, 2015, dividends and bonuses of shares of listed companies obtained by individuals from the public offering and transfer market and held for more than one year shall be temporarily exempted from individual income tax. For shares of listed companies obtained by individuals from the public offering and transfer market and held for less than one month (including one month), the dividends and bonuses thereof shall be fully included into the individual's taxable income; for shares held for more than one month but not more than one year (including one year), 50% of the dividends and bonuses thereof shall be temporarily included into the individual's taxable income. The above income shall be uniformly subject to individual income tax at the rate of 20%.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed by Mainland China and Hong Kong on August 21, 2006, the government can impose tax on dividends paid by a PRC domestic companies to Hong Kong residents (including natural persons and legal entities), but the tax amount shall not exceed 10% of the total payable dividends. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC domestic company, and such Hong Kong resident is the beneficial owner of the dividends and satisfies other conditions, the amount of such tax shall not exceed 5% of the total payable dividends of the PRC domestic company. The Fifth Protocol of the State Administration of Taxation on the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "**Fifth Protocol**"), which was promulgated by the State

Administration of Taxation and became effective on December 6, 2019, provides that such provisions shall not apply to any arrangement or transaction made for one of the main purposes thereof to obtain such tax preference.

Corporate Investors

According to the Corporate Income Tax Law of the People's Republic of China (the "**Corporate Income Tax Law**") last revised by the Standing Committee of the National People's Congress on December 29, 2018 and entered into force on the same day and the Implementing Regulations of the Corporate Income Tax Law of the People's Republic of China (the "**Implementing Regulations of the Corporate Income Tax Law**") last revised by the State Council on April 23, 2019 and entered into force on the same day, non- resident enterprises ("**Non-resident enterprises**") which do not have a branch or offices in China, or even if they have a branch or offices in China but their China-sourced income is not effectively connected with their branch or offices, shall pay a 10% EIT on their China-sourced income (including dividends paid by Chinese resident enterprises whose shares are issued and listed in Hong Kong). The above-mentioned income tax payable by non- resident enterprises shall be withheld at source, with the payer as the withholding agent and the tax payable shall be withheld from the payable amount by the withholding agent. Such withholding tax may be reduced or exempted under the applicable treaty on the avoidance of double taxation.

The State Administration of Taxation (SAT) released on November 6, 2008 and took effect on the same day the Circular on Issues Related to the Withholding of the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-Resident Enterprises. Under the Circular, when Chinese Resident Enterprises pay the dividends of 2008 and subsequent years to their overseas H-share Non- Resident Enterprises, they must withhold the enterprise income tax (EIT) at a flat tax rate of 10%. Under the Reply on Issues Concerning the Enterprise Income Tax on Dividends of Such Shares as B Shares Obtained by Non- resident Enterprises, which was released by the SAT on July 24, 2009 and became effective on the same day, all Chinese resident enterprises with public offering and listing of shares in and out of China must withhold the enterprise income tax (EIT) at a flat rate of 10% when they distribute, to the non-resident enterprises, the dividends of 2008 and afterwards. The above tax rates are subject to further changes according to, if applicable, tax treaties or agreements between the PRC government and the relevant country or region.

In accordance with the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the PRC government may impose tax on dividends paid by a PRC Domestic Company to Hong Kong residents (including natural persons and legal entities), provided that such tax shall not exceed 10% of the aggregate amount of the dividends payable by the PRC Domestic Company. Where a Hong Kong resident directly holds 25% or more of the equity interests in a PRC Domestic Company, and such Hong Kong resident is the beneficial owner of the dividends and satisfies the other conditions, the amount of such tax shall not exceed 5% of the aggregate amount of the dividends payable by such PRC Domestic Company. The Fifth Protocol provides that such provision shall not apply to any arrangement or transaction entered into with one of the primary purposes of obtaining such tax preference.

In accordance with applicable regulations, we intend to withhold the tax at the tax rate of 10% from dividends paid to non-PRC resident enterprise holders of H-share (including their HKSCC agent). Non-PRC resident enterprises, which are entitled to enjoy tax reduction or exemption pursuant to the applicable income tax treaty, need to apply to the tax authorities in China for refund of the amount of withheld tax exceeding the conventional tax rate, and the tax refund should be verified by the tax authorities in China.

Taxes on Share Transfers

Individual Investor

According to the Individual Income Tax Law of the People's Republic of China and its implementation rules, gains realized on the sale of equity interests in the PRC resident enterprises shall be levied individual income tax at a rate of 20%. According to the Circular on the Continued Exemption of Individual Income Tax on Gains from the Sale of Shares by Individuals promulgated by the Ministry of Finance and the State Administration of Taxation on March 30, 1998 and came into force on the same day, individual income tax on gains of individuals from the sale of shares of a listed company shall continue to be exempted from the individual income tax starting from January 1, 1997. The SAT did not explicitly specify in the newly revised Enterprise Income Tax Law of the People's Republic of China and its implementation rules whether the individual income tax on gains of individuals from the sale of shares of a listed company shall continue to be exempted.

Corporate Investor

In accordance with the Enterprise Income Tax Law and its implementing rules, non- Chinese resident enterprises that have not set up institutions or offices in China, or have set up institutions or offices but the incomes obtained by the enterprises have no actual connection with the set up institutions or offices, shall pay enterprise income tax (EIT) in relation to their incomes generated in China subject to EIT at the rate of 10%, including gains from the sale of equity interests in the PRC resident enterprises. The aforesaid payable income tax on non-PRC resident enterprises shall be withheld at the source, with the payer as the withholding agent. The EIT for each payment made or due shall be withheld by the withholding agent from the amount paid or payable. The withholding tax can be reduced or exempted pursuant to the relevant tax treaty or agreement on avoidance of double taxation.

Tax Policies of Shanghai-Hong Kong Stock Connect

According to the Circular on Tax Policies relating to the Pilot Program of Shanghai-Hong Kong Stock Connect promulgated by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on October 31, 2014 and came into force on November 17, 2014, gains as a result of the transfer price difference from investments by PRC domestic enterprises in stocks listed on the SEHK through the Shanghai-Hong Kong Stock Connect will be included in their total revenues subject to EIT in accordance with the law.

According to the Announcement on Continued Implementation of Individual Income Tax Policies relating to Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect and Mainland-Hong Kong Mutual Recognition of Funds promulgated by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on August 21, 2023 and came into force on the same day, individual income tax will continue to be exempted on gains as a result of the transfer price difference from investments by mainland individual investors in stocks listed on the SEHK through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect from January 1, 2023 to December 31, 2027.

According to the Circular on Tax Policies for the Pilot Program of Shanghai-Hong Kong Stock Market Trading Interconnection Mechanism, for dividends and bonuses of H shares listed on the Stock Exchange of Hong Kong (SEHK) invested by PRC domestic individual investors through the Shanghai-Hong Kong Stock Interconnection Mechanism, H share companies shall apply to China Securities Depository and Clearing Corporation Limited (CSDCC), which will provide them with a register of domestic individual investors and the H-share companies will withhold the individual income tax at the tax rate of 20%. Gains from dividends and bonuses from investments by PRC domestic enterprise investors in stocks listed on the SEHK through the Shanghai-Hong Kong Stock Connect will be included in their total revenues subject to enterprise income tax in accordance with the law. Specifically, gains from dividends and bonuses derived by a Chinese resident enterprise for

holding H shares for 12 consecutive months will be exempted from enterprise income tax in accordance with the law. H-share companies listed on the Stock Exchange of Hong Kong shall file applications with CSDCC, which shall provide them with a register of mainland corporate investors. H-share companies do not withhold income tax on dividends and bonuses for mainland corporate investors and the tax payable shall be declared and paid by the enterprises themselves.

Tax Policies of Shenzhen-Hong Kong Stock Connect

According to the Circular on Tax Policies relating to the Pilot Program of Shenzhen-Hong Kong Stock Connect promulgated by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on November 5, 2016 and came into force on December 5, 2016, gains as a result of the transfer price difference from investments by PRC domestic enterprise investors in stocks listed on the SEHK through the Shenzhen-Hong Kong Stock Connect will be included in their total revenues subject to enterprise income tax in accordance with the law.

According to the Announcement on Continued Implementation of Individual Income Tax Policies relating to Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect and Mainland-Hong Kong Mutual Recognition of Funds promulgated by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on August 21, 2023 and came into force on the same day, individual income tax will continue to be exempted on gains as a result of the transfer price difference from investments by PRC domestic individual investors in stocks listed on the SEHK through the Shenzhen-Hong Kong Stock Connect from January 1, 2023 to December 31, 2027.

According to the Circular on Tax Policies relating to the Pilot Program of Shenzhen-Hong Kong Stock Connect, for dividends and bonuses of H shares listed on the Stock Exchange of Hong Kong ("**SEHK**") invested by Chinese individual investors through the Shenzhen-Hong Kong Stock Connect, H share companies shall apply to CSDCC, which will provide them with a register of mainland individual investors and the H share companies will withhold the individual income tax at the rate of 20%. Gains from dividends and bonuses from investments by PRC domestic enterprise investors in stocks listed on the SEHK through the Shenzhen-Hong Kong Stock Connect will be included in their total revenues subject to enterprise income tax in accordance with the law. Specifically, dividends and bonuses derived by a Chinese resident enterprise for holding H shares for 12 consecutive months will be exempted from enterprise income tax in accordance with the law. H-share companies listed on the Stock Exchange of Hong Kong shall file applications with CSDCC, which shall provide a register of corporate investors in mainland China to them. H-share companies do not withhold income tax on dividends and bonuses for corporate investors in China and the tax payable shall be declared and paid by the enterprises themselves.

STAMP TAX

According to the Stamp Tax Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and entered into force on July 1, 2022, purchase and disposal of H shares outside China by non-PRC domestic investors will not be subject to the Stamp Tax Law of the People's Republic of China.

INHERITANCE TAX

Currently, inheritance tax is not levied in China according to Chinese laws.

MAJOR TAX OF THE COMPANY IN CHINA

Corporate income tax

According to the Corporate Income Tax Law of the People's Republic of China last revised on December 29, 2018 and effective on the same day by the Standing Committee of the National People's Congress, as well as the Regulations for the Implementation of the Corporate Income Tax

Law of the People's Republic of China last revised on December 6, 2024 and effective on January 20, 2025 by the State Council, resident enterprises refer to enterprises that are legally incorporated in China, or enterprises that are incorporated in accordance with the laws of foreign countries (regions) but have actual management institutions in China. Resident enterprises shall pay corporate income tax for their income derived from sources inside and outside China, at a tax rate of 25%. The State grants preferential corporate income tax to key industries and projects supported and encouraged by the State.

Pursuant to the Corporate Income Tax Law of the People's Republic of China, the Regulations for the Implementation of the Corporate Income Tax Law of the People's Republic of China, the Administrative Measures for the Accreditation of High-tech Enterprises jointly promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation, the Announcement of the State Administration of Taxation on Issues concerning Implementation of Corporate Income Tax Preferential Policies for High-tech Enterprises promulgated by the State Administration of Taxation, and other relevant corporate income tax laws and regulations, qualified high-tech enterprises are entitled to a preferential corporate income tax rate of 15%.

Value-added tax

According to the Value Added Tax Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on December 25, 2024 and effective on January 1, 2026, unless otherwise provided, taxpayers who sell goods, provide processing, repair and replacement services, lease services of tangible movables, or import goods within the territory of China, shall be subject to a value-added tax (VAT) rate of 13%, unless otherwise provided; taxpayers who sell transportation, postal services, basic telecommunications, construction, or lease services of real property, or sell or import goods and other goods, shall be subject to a value-added tax (VAT) rate of 9%, unless otherwise provided; taxpayers who sell services or intangible assets, shall be subject to a value-added tax (VAT) rate of 6%, unless otherwise provided; taxpayers who export goods, shall be subject to a zero VAT rate, unless otherwise provided by the State Council; domestic entities and individuals who sell services or intangible assets within the scope specified by the State Council across borders shall be subject to a zero VAT rate.

FOREIGN EXCHANGE CONTROL

The legal currency in China is Renminbi (RMB). The State Administration of Foreign Exchange is authorized by the People's Bank of China to be responsible for the administration of all matters related to foreign exchange, including the implementation of foreign exchange regulations.

According to the Foreign Exchange Control Regulations of the People's Republic of China last revised on August 5, 2008 and effective on the same day by the State Council, all international payment and transfer are classified into current account and capital account. There are no restrictions on current international payment and transfer in China. Foreign exchange receipts under current account of domestic companies in China may be retained or sold to financial institutions engaged in foreign exchange settlement and sale businesses pursuant to the relevant provisions of the State. Foreign exchange receipts under capital account to be retained or sold to financial institutions engaged in foreign exchange settlement and sale businesses shall be subject to approval by the foreign exchange administrative authority, except where the State stipulates that no approval is required.

According to the Administrative Provisions on Foreign Exchange Settlement, Sales and Payment promulgated by the People's Bank of China on June 20, 1996 and effective on July 1, 1996, other restrictions on foreign exchange convertibility under current account are cancelled, but the existing restrictions on foreign exchange transactions under capital account remain are retained.

Pursuant to relevant PRC laws and regulations on foreign exchange and a series of guidelines, domestic companies in China which need foreign exchange for current account transactions may produce valid receipts and transaction vouchers to make payments from their foreign exchange accounts at designated foreign exchange banks, without the need of approval by the SAFE. FIEs which need to use foreign exchange to distribute profits to shareholders and Chinese-funded enterprises which need to use foreign exchange to pay fixed dividends pursuant to relevant provisions shall produce the board resolutions on profit distribution to make payments from their foreign exchange accounts or convert foreign exchange at designated foreign exchange banks.

According to the Decision of the State Council on Matters relating to Cancelling and Adjusting A Number of Administrative Examination and Approval Items promulgated by the State Council on October 23, 2014 and effective on the same day, the administrative examination and approval by the SAFE and its branches for the repatriation and settlement of funds raised through overseas listing were cancelled.

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Administration of Overseas Listing promulgated by the State Administration of Foreign Exchange on December 26, 2014 and effective on the same day, the relevant foreign exchange administration rules for overseas listed domestic companies incorporated by shares (the "**Domestic Company**") are as follows: (i) The SAFE and its branches and foreign exchange administrative departments (the "**SAFE**") shall supervise, regulate and examine the registration of business activities, account opening and use, cross-border receipts and payments, exchange of funds and other activities in relation to overseas listing of Domestic Company. (ii) A Domestic Company shall, within 15 working days upon initial public offering of its overseas listing, handle registration of overseas listing with the forex bureau at the place of its registration upon the strength of relevant materials. (iii) A Domestic Company (excluding banking financial institutions) shall, upon the strength of its overseas listing registration certificate, open a special overseas listing foreign exchange account with a domestic bank for its initial public offering (or issuance of additional shares) or buy-back to handle the funds remittance, conversion and transfer for relevant business.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies for the Administration of Foreign Exchange in Direct Investment promulgated by the State Administration of Foreign Exchange on February 13, 2015 and effective on June 1, 2015, the SAFE cancels the requirement for the foreign exchange registration approval for domestic direct investment and the foreign exchange registration approval for overseas direct investment. Instead, the banks are directly responsible for the review and handling of foreign exchange registration for domestic direct investment and foreign exchange registration for overseas direct investment, and the SAFE and its branches exercise indirect supervision over foreign exchange registration for direct investment via the banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement under Capital Accounts promulgated by the State Administration of Foreign Exchange on June 9, 2016 and effective on the same day, domestic institutions can settle their foreign exchange receipts under capital accounts (including repatriated funds raised through overseas listing) at their discretion with banks according to their actual business needs. Domestic institutions may, at their discretion, settle up to 100% of their foreign exchange receipts under capital accounts for the time being. The SAFE may adjust the aforesaid proportion where appropriate based on balance of payment status.

This Appendix outlines briefly certain aspects of the laws and regulations in China that are relevant to the operation and business of the Company. Laws and regulations regarding taxation in China are discussed elsewhere in this document (Exhibit III – Taxes and Foreign Exchange). This Appendix also contains a summary of the legal and regulatory provisions of the Company Law. The primary purpose of this summary is to provide a potential investor with an overview of the principal legal and regulatory provisions that are applicable to the Company. It is not intended to cover all the material that is important to a potential investor. For a discussion of the laws and regulations that are relevant to the business of the Company, please refer to the Regulatory Overview in this document.

LEGAL SYSTEM IN CHINA

The legal system within China is based on the Constitution of the People's Republic of China (the "Constitution"), and is composed of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments under the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, laws of special administrative regions, and international treaties and other regulatory documents signed by the Chinese government. Court decisions do not constitute binding precedents, but can be used as judicial reference and guidance.

According to the Constitution and the PRC Legislative Law (the "Legislative Law"), which was last amended on March 13, 2023 and entered into force on March 15, 2023, the National People's Congress and its Standing Committee have the authority to exercise State legislative authority. The National People's Congress has the authority to enact and amend basic laws that relate to criminal and civil matters, State institutions and other matters. The Standing Committee of the National People's Congress has the authority to enact and amend laws other than those that should be enacted by the National People's Congress, and to supplement and amend in part the laws enacted by the National People's Congress when the National People's Congress is not in session. However, the basic principles of such laws are not contravened. The National People's Congress may authorize the Standing Committee of the National People's Congress to enact relevant laws.

The State Council is the highest State administrative authority and has the authority to enact administrative regulations in accordance with the Constitution and laws. The people's congresses and their standing committees of the provinces, autonomous regions and municipalities directly under the Central Government may, in light of the specific conditions and actual needs of their respective administrative areas, enact local regulations, provided that such regulations do not contravene the Constitution, the laws and administrative regulations. The people's congresses and their standing committees of the cities divided into districts may, in light of the specific local conditions and actual needs of their respective cities, enact local regulations regarding urban and rural development and management, ecological civilization construction, historical and cultural protection, and grassroots governance, provided that such local regulations do not contravene the Constitution, the laws, administrative regulations, and the local regulations of their respective provinces or autonomous regions. Where there are other legal provisions on the enactment of local regulations by the cities divided into districts, such provisions shall prevail. Local regulations of the cities divided into districts shall be submitted to the standing committees of the people's congresses of the provinces or autonomous regions for approval before implementation. The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of the local regulations submitted for approval, and shall approve such regulations within four months if they believe that such regulations do not contravene the Constitution, laws, administrative regulations, and the local regulations of their respective provinces or autonomous regions. If, in the course of reviewing the local regulations of cities with districts submitted for approval, the standing committee of the people's congress of the province or autonomous region finds that the said regulations are in conflict with the rules of the people's government of the province or autonomous region where such city is located, it shall decide how to handle such

situation. The people's congresses of national autonomous areas have the power to enact regulations on the exercise of autonomy and separate regulations in the light of the political, economic and cultural characteristics of the nationality or nationalities in the areas concerned. The regulations on the exercise of autonomy and separate regulations of autonomous regions shall be submitted to the Standing Committee of the National People's Congress for approval before they go into effect. An autonomous regulation or special regulation of an autonomous prefecture or county shall go into effect only after it is approved by the standing committee of the people's congress of the relevant province, autonomous region, or municipality directly under the Central Government.

All ministries and commissions of the State Council, the People's Bank of China, the National Audit Office, and public institutions with administrative functions directly under the State Council may, in accordance with laws and administrative regulations, decisions and rulings of the State Council, formulate rules within the scope of their respective functions and powers.

The Constitution is of the highest legal force, and no law, administrative regulation, local regulation, autonomous regulation and special regulation and rules may contravene the Constitution. A law is of higher legal force than an administrative regulation, local regulation and rules. An administrative regulation is of higher legal force than a local regulations and rules. A local regulation is of higher legal force than a rule of the local government at or below the corresponding level. The rules formulated by the people's government of a province or autonomous region are of higher legal force than the rules formulated by the people's government of a city or autonomous prefecture divided into districts within the administrative area of the province or autonomous region.

The National People's Congress has the power to amend or withdraw any inappropriate laws formulated by its Standing Committee, as well as any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the provisions of the Constitution or the Legislation Law. The Standing Committee of the National People's Congress has the power to withdraw any administrative regulations which contravene the Constitution or laws, any local regulations which contravene the Constitution, laws or administrative regulations, and any autonomous regulations or separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government but which contravene the provisions of the Constitution or the Legislation Law.

The State Council has the power to amend or withdraw any inappropriate departmental rules or local rules. The people's congress of a province, autonomous region or municipality directly under the Central Government has the power to amend or withdraw any inappropriate local regulations formulated or approved by its standing committee. The standing committee of a local people's congress has the power to withdraw any inappropriate rules formulated by the people's government at the same level. The people's government of a province or autonomous region has the power to amend or withdraw any inappropriate rules formulated by people's governments at the next lower level. The authorising organ has the power to withdraw any regulations that have been formulated by the authorised organ acting beyond its ambit of authority or in contradiction with the objective of the authorisation, and where necessary, the authorisation may be revoked if necessary.

In accordance with the Constitution and the Legislation Law, the power of legal interpretation belongs to the Standing Committee of the National People's Congress. According to the Resolution of the Standing Committee of the National People's Congress on Strengthening the Interpretation of Laws, adopted by the Standing Committee of the National People's Congress on June 10, 1981 and effective on the same day, any provisions of laws and decrees requiring further clarification or supplementary provisions shall be interpreted by the Standing Committee of the National People's Congress or stipulated in decrees or decrees. Interpretation of all questions of specific application of laws and decrees in court judicial work shall be given by the Supreme People's Court.

Interpretation of all questions of specific application of laws and decrees in procuratorial work shall be given by the Supreme People's Procuratorate. If there is any difference in principle in the interpretation between the Supreme People's Court and the Supreme People's Procuratorate, the matter shall be reported to the Standing Committee of the National People's Congress for interpretation or decision. Interpretation of other laws and decrees that do not apply to judicial or procuratorial work shall be given by the State Council and the competent departments. Any provisions of local regulations that need further definition or supplementary provisions shall be interpreted or stipulated by the standing committees of the people's congresses of the provinces, autonomous regions and centrally-administered municipalities that have formulated such regulations. The competent departments of the people's governments of provinces, autonomous regions and centrally-administered municipalities shall be responsible for the interpretation of local regulations on the specific application thereof.

JUDICIAL SYSTEM WITHIN CHINESE TERRITORY

According to the Constitution and the Organic Law of People's Courts of the People's Republic of China last revised by the Standing Committee of the National People's Congress on October 26, 2018 and effective January 1, 2019, people's courts are composed of the Supreme People's Court, local people's courts at various levels and special people's courts. Local people's courts at various levels are divided into three levels, that is, primary people's courts, intermediate people's courts and higher people's courts. A primary people's court may set up a number of people's tribunals according to the conditions of the locality, population and cases. The Supreme People's Court is the highest judicial organ. The Supreme People's Court supervises the administration of justice by local people's courts at various levels and by the special people's courts. People's courts at higher levels supervise the administration of justice by those at lower levels.

According to the Constitution and the Organic Law of People's Procuratorates of the People's Republic of China last revised by the Standing Committee of the National People's Congress on October 26, 2018 and effective January 1, 2019, people's procuratorates are state organs for legal supervision. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate directs the work of people's procuratorates at various local levels and of the special people's procuratorates. People's procuratorates at higher levels direct the work of those at lower levels.

According to the Civil Procedure Law of the People's Republic of China (the "Civil Procedure Law") last revised by the Standing Committee of the National People's Congress on September 1, 2023 and effective January 1, 2024, people's courts shall, in hearing civil cases, implement the system whereby the second instance is final according to the law. The judgments and rulings of people's courts of second instance shall be final. If a party refuses to accept a judgment of first instance of a local people's court, the party shall have the right to file an appeal with the people's court at the next higher level within 15 days of the service of the written judgment. If a party refuses to accept a ruling of first instance of a local people's court, the party shall have the right to file an appeal with the people's court at the next higher level within 10 days of the service of the written ruling. If the president of a people's court at any level finds any definite error in a legally effective judgment, ruling or mediation statement made by his court, or if the Supreme People's Court finds any definite error in a legally effective judgment, ruling or mediation statement made by a local people's court at any level, or if a higher-level people's court finds any definite error in a legally effective judgment, ruling or mediation statement made by a lower-level people's court, a retrial procedure may be initiated. If a local people's procuratorate at any level considers that there is definite error in a judgment or ruling of first instance made by a people's court at the same level, it shall present a protest to the people's court at the next higher level. If the Supreme People's Procuratorate finds that a legally effective judgment or ruling made by a local people's court at any level involves any of the circumstances specified in Article 211 of the Civil Procedure Law, or finds

that the mediation statement harms national or social public interests, or if a higher-level people's procuratorate finds that a legally effective judgment or ruling made by a lower-level people's court involves any of the circumstances specified in Article 211 of the Civil Procedure Law or finds that the mediation statement harms national or social public interests, a protest procedure shall be initiated.

The Civil Procedure Law stipulates the requirements for initiating civil proceedings, the jurisdiction of people's courts, the procedures for civil litigation and the enforcement procedures for civil judgments. All parties to civil proceedings within the territory of China must abide by the Civil Procedure Law. Civil cases shall generally be heard by the court at the domicile of the defendant. The parties to a contract dispute or other property rights dispute may agree in writing on selection of the People's Court at the domicile of the defendant, the place of performance of contract, the place of execution of contract, the domicile of the plaintiff, the location of the subject matter, etc or a venue which has actual connection with the dispute to be the court which has jurisdiction, but shall not violate the provisions of the Civil Procedure Law on grade jurisdiction and exclusive jurisdiction.

Foreigners, stateless persons, foreign enterprises and organisations filing a lawsuit or responding a lawsuit in a people's court shall have equal litigation rights and obligations as Chinese citizens, legal persons and other organisations. Where a court of a foreign country imposes restrictions on the civil litigation rights of Chinese citizens, legal persons and other organisations, people's courts shall adopt the principle of reciprocity for civil litigation rights of citizens, enterprises and organisations of that country. Foreigners, stateless persons, foreign enterprises and organisations filing a lawsuit or responding a lawsuit with a people's court that are required to entrust a lawyer to participate in proceedings shall entrust a lawyer in China. Pursuant to the international treaties concluded or participated by China or in accordance with the principle of reciprocity, a people's court and a foreign court may request each other to carry out service of documents on behalf, investigation and collection of evidence and any other litigation acts. Where a request by a foreign court for assistance is prejudicial to the sovereignty, security or social public interest of China, the people's court shall refuse to enforce.

The parties concerned must perform the civil judgment or ruling which has come into legal effect. Where one party refuses to perform, the counterparty may apply to the people's court for enforcement, the other party may apply to the people's court for enforcement within two years. The provisions of applicable laws on suspension and termination of the limitation period for litigation shall apply to the suspension and termination of the limitation period for applications for enforcement. Where a party applies for enforcement of a legally effective judgment or ruling made by a people's court, and the opposite party or its property is not within the territory of China, the applicant may directly apply for recognition and enforcement to the foreign court which has jurisdiction, or the people's court may, pursuant to the provisions of the international treaties concluded or participated by China or in accordance with the principle of reciprocity, request the foreign court to recognize and enforce the judgment or ruling. Where a legally effective judgment or ruling made by a foreign court requires recognition and enforcement by a people's court, the applicant may directly apply for recognition and enforcement to the intermediate people's court which has jurisdiction, or the foreign court may, pursuant to the provisions of the international treaties concluded or participated by the foreign country and China or in accordance with the principle of reciprocity, request the people's court to recognize and enforce the judgment or ruling. In the case of an application or request for recognition and enforcement of a legally effective judgment or ruling of a foreign court, a people's court shall review the judgment or ruling pursuant to the international treaties concluded or participated by China or in accordance with the principle of reciprocity; where the people's court concludes that the application or request neither violates the basic principles of Chinese law nor harms State sovereignty, security and social public interest, it shall rule to recognize the validity of the judgment or ruling; where enforcement is necessary, it shall issue an order of enforcement and implement the same pursuant to the relevant provisions of the Civil Procedure Law.

ARBITRATION AND ENFORCEMENT OF ARBITRATION AWARDS

According to the Arbitration Law of the People's Republic of China (the "Arbitration Law") last revised by the Standing Committee of the National People's Congress on September 1, 2017 and entered into force on January 1, 2018, contractual disputes and other property right disputes among citizens, legal persons and other organizations of equal status may be arbitrated. Where the parties settle disputes through arbitration, both parties shall do so voluntarily and shall reach an arbitration agreement. An arbitration commission shall not accept an application for arbitration submitted by only one party without an arbitration agreement. Where the parties have reached an arbitration agreement and one party initiates legal proceedings in a people's court, the people's court shall not accept it, except in case the arbitration agreement is invalid.

According to the Arbitration Law, the system of final and binding arbitral awards shall be implemented in arbitration. Where a party reapplies for arbitration or initiates legal proceedings in a people's court upon the same dispute after an arbitration award is rendered, the arbitration commission or people's court shall not accept it. Where a people's court renders an arbitration award cancelled or it is not enforced, the parties may, having reached a new mutual arbitration agreement, apply for arbitration, or initiate legal proceedings in a people's court. The parties shall implement the arbitration award. Where one party fails to do so, the other party may apply for enforcement to a people's court in accordance with the relevant provisions of the Civil Procedure Law. The people's court applied to shall enforce the arbitration award.

According to the Civil Procedure Law, after an arbitration award has been rendered by a Chinese foreign-related arbitration institution, the parties shall not initiate legal proceedings in a people's court. Where one party fails to implement the arbitration award, the other party may apply for enforcement to an intermediate people's court of the place where the respondent resides or where the property of the respondent is located.

The people's court may, after examination and verification, rule not to enforce the arbitration award rendered by a Chinese foreign-related arbitration institution if the respondent provides evidence proving that the arbitration award involves any of the following circumstances: the parties have not had an arbitration clause in the contract or have not subsequently reached a written arbitration agreement; the respondent was not given notice for the appointment of an arbitrator or for the arbitration proceedings, or the respondent was unable to state his case due to reasons for which he is not responsible; the composition of the arbitration tribunal or the arbitration proceedings were not in conformity with the rules of arbitration; the matters dealt with by the arbitration award are not within the scope of the arbitration agreement or the jurisdiction of the arbitration institution.

Where a party applies for enforcement of a legally effective arbitral award made within the territory of China according to law, and the party subject to enforcement or its property is not within the territory of the PRC, the applicant may directly apply for recognition and enforcement to the foreign court which has jurisdiction. Similarly, where a legally effective judgment or ruling made by a foreign court requires recognition and enforcement by a people's court, the party may directly apply for recognition and enforcement to an intermediate people's court which has jurisdiction. The foreign court may also, pursuant to the provisions of an international treaty concluded between or acceded to by the foreign state and China or in accordance with the principle of reciprocity, request the people's court to recognize and enforce the judgment or ruling.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitration Awards between the Mainland and the Hong Kong Special Administrative Region promulgated by the Supreme People's Court on January 24, 2000 and came into force on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitration Awards between the Mainland and the Hong Kong Special

Administrative Region promulgated by the Supreme People's Court on November 26, 2020 and coming into force on November 27, 2020 and May 19, 2021, an arbitral award rendered by a PRC domestic arbitration institution may be applied for enforcement in Hong Kong, and a Hong Kong arbitral award may also be applied for enforcement in China.

COMPANY LAW, TRIAL MEASURES FOR ADMINISTRATION OF OVERSEAS ISSUANCE AND LISTING OF SECURITIES BY DOMESTIC ENTERPRISES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A company limited by shares registered and established in China that intends to be listed on the Stock Exchange of Hong Kong shall mainly abide by the following laws and regulations in China.

The latest amendment to the Company Law is made on December 29, 2023 and entered into force on July 1, 2024.

The Trial Measures for Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises and the related explanatory guidelines promulgated by the China Securities Regulatory Commission on February 17, 2023 and coming into force on March 31, 2023 apply to direct or indirect overseas issuance of securities by Chinese domestic companies or the overseas listing and trading of their securities.

Pursuant to the Trial Measures for Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises and the explanatory guidelines, where a domestic company directly issues securities and is listed overseas, it shall formulate its articles of association in accordance with the Guidelines for Articles of Association of Listed Companies promulgated by the CSRC and revised from time to time, and the Essential Clauses of Articles of Association of Companies Listed Overseas cease to apply from March 31, 2023.

The following is a summary of the main clauses of the Company Law, the Trial Measures for Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises and the Guidance on Articles of Association that are applicable to the Company.

General Provisions

A company limited by shares is a corporate legal person established in accordance with the Company Law, and its registered capital is divided into shares of equal par value. Shareholders shall assume liability to the extent of their shareholding, while a company shall be liable for its debts to the extent of all its assets.

When engaging in business activities, a company shall comply with laws and regulations, observe social morality and business ethics, act in good faith and accept supervision of the government and the public.

A company may invest in other enterprises. Where the law provides that a company shall not become a capital contributory which bears joint and several liability for the debts of an investee enterprise, such provisions shall prevail.

Registration and Establishment

A company limited by shares may be established by way of promotion or share float. To establish a company limited by shares, there shall be not less than one but not more than 200 promoters, and half or more of the promoters shall have a domicile within the territory of China. Where a company limited by shares is established by way of promotion, the promoters shall

subscribe for the shares to be issued at the time of establishment as stipulated by the articles of association of the company. Where a company limited by shares is established by way of share float, the shares subscribed for by the promoters shall not be less than 35% of the total shares to be issued at the time of establishment as stipulated by the articles of association of the company; where the laws and administrative regulations provide otherwise, such provisions shall prevail.

Where a company limited by shares is established by way of share float, the promoters shall convene an incorporation meeting within 30 days from the date on which the shares to be issued at the time of establishment of the company are fully paid up. The promoters shall give notice to all subscribers 15 days in advance of the date of the incorporation meeting or make an announcement of the date of such meeting. The quorum of the incorporation meeting shall be subscribers holding more than half of the voting rights. Where a company limited by shares is established by way of promotion, the convening and voting procedures of the incorporation meeting shall be stipulated by the articles of association of the company or the promoters' agreement. The incorporation meeting may deliberate the report of the promoters on the preparatory status of the company, adopt the articles of association of the company, elect directors, examine the establishment expenses etc.

The board of directors shall authorise a representative to apply to the company registration authorities for incorporation and registration within 30 days from conclusion of the incorporation meeting. A company incorporated pursuant to the law shall be issued a company business licence by the company registration authorities. The date of issue of a company business licence shall be the date of incorporation of the company.

Registered Shares

Pursuant to the Company Law, shareholders may make capital contributions in the form of currency, in kind, intellectual property rights, land use rights, equities, creditor's rights and other non-currency properties that can be valuated in currency and transferred pursuant to the law, with the exception of properties prohibited by laws and administrative regulations to be used as capital contributions.

Pursuant to the provisions of the Trial Measures for Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, overseas issuance and listing of securities by domestic enterprises may raise funds in foreign currency or Renminbi and make bonus and dividend distribution.

Pursuant to the Company Law, a company limited by shares shall prepare a register of shareholders and keep it in the company. The register of shareholders shall include the following items: (i) the name and address of the shareholders; (ii) the type and number of shares subscribed for by each shareholder; (iii) where paper share certificates are issued, the serial numbers of the share certificates; (iv) the date on which each shareholder acquired his shares.

Allotment and Issuance of Shares

The issuance of shares shall comply with the principle of fairness and impartiality. Shares of the same class shall have the same rights and benefits. Shares of the same class issued at the same time shall be issued on the same terms and at the same price. Subscribers shall pay the same price for each share subscribed for. Shares of par value may be issued at or above the par value, but not below the par value.

Domestic enterprises intending to issue and list shares overseas shall file with the CSRC pursuant to the provisions of the Trial Measures for Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, submit filing reports, legal opinions and other relevant materials, and provide truthful, accurate and complete information pertaining to shareholders, etc. Where domestic enterprises directly issue and list shares overseas, the issuers shall file with the CSRC for record.

Increase of Share Capital

Pursuant to the Company Law, when a company limited by shares issues new shares, a shareholders' meeting shall decide on the type and amount of the new shares, the issue price of the new shares, the commencement and cessation dates of the new share issue and the type and amount of new shares (if any) proposed to be issued to existing shareholders. Where shares without par value are to be issued, a decision shall be made on the amount of proceeds from the new share issue to be included in the registered capital. In addition, when a company intends to offer shares to the public, it shall register with the securities regulatory authorities of the State Council and publish its prospectus.

Reduction of Share Capital

According to the Company Law, the Company may reduce its registered capital by the following procedures: (i) to prepare a balance sheet and a list of assets; (ii) to resolve to reduce the registered capital at the shareholders' meeting of the Company; (iii) within ten days of such resolution of reducing registered capital being adopted at a shareholders' meeting, the Company shall notify its creditors, and shall make an announcement on a newspaper or the National Enterprise Credit Information Publicity System within 30 days of such resolution being adopted; (iv) the creditors, within 30 days of receipt of the relevant notice, or within 45 days of the announcement for those who have not received the relevant notice, shall have the right to require the Company to repay its debts in full or to provide corresponding security for such debts; (v) when the Company reduces its registered capital, the changes shall be registered with the company registration authorities in accordance with the law.

Unless otherwise provided by the law, agreed upon by all the shareholders of a limited liability company, or the articles of association of a company limited by shares, the Company shall reduce the capital contribution or shares accordingly in proportion to the shareholders' capital contribution or shares held by them.

Repurchase of Shares

According to the Company Law, the Company shall not acquire its own shares, except in any of the following circumstances:

(i) Reduction of the Company's registered capital; (ii) Merger of the Company with another company holding shares of the Company; (iii) Use of shares for employee stock ownership plans or equity incentives; (iv) Shareholders who vote against the merger or division of the Company as adopted by the shareholders' meeting shall have the right to require the Company to purchase the shares held by them; (v) Use of shares to convert convertible corporate bonds issued by a listed company; (vi) It is necessary to maintain the value of the Company and its shareholders' equity.

Any purchase of the Company's shares pursuant to the reasons set forth in items (i) to (ii) above shall be approved by the shareholders' meeting. Any purchase of the Company's shares pursuant to the reasons set forth in item (iii), (v) or (vi) above shall be approved by the board meeting with the attendance by no less than two thirds of directors, according to the authorization set forth in the articles of association of the Company or the shareholders' meeting.

If the Company acquires the Company's shares in accordance with the above provisions, those shares shall be cancelled within ten days of the date of acquisition under the circumstance set forth in item (i) above. If the Company acquires the Company's shares in accordance with the above provisions under the circumstances set forth in item (ii) or (vi) above, the shares shall be transferred or cancelled within six months. If the Company acquires the Company's shares in accordance with

the above provisions under any of the circumstances set forth in item (iii), (v) or (vi) above, the shares held by the Company in total shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or cancelled within three years.

Transfer of Shares

According to the Company Law, shareholders may transfer their shares in accordance with the laws. Transfer of shares by shareholders of a joint stock limited company shall be carried out at a lawfully established stock exchange or by any other means as prescribed by the State Council. The transfer of shares shall be carried out by means of endorsement by shareholders or by any other means as prescribed by laws or administrative regulations. The Company shall record the name and domicile of the transferee in the register of shareholders after the transfer. The register of shareholders shall not be modified within 20 days prior to the convening of a shareholders' meeting or within 5 days prior to the reference date as determined by the Company for the distribution of dividends. Where laws, administrative regulations or the provisions of the securities regulatory authority under the State Council provide otherwise for modification of the register of shareholders of listed companies, such provisions shall prevail.

Pursuant to the Company Law, shares issued by a company before the public offering shall not be transferred within one year of the date on which the company's shares are listed and traded on a stock exchange. The directors, supervisors and senior managers of a Company shall declare to the Company the shares they hold in this Company and any changes therein. The shares transferred each year during the term of office determined when they take up their posts shall not exceed 25% of the total shares they hold in this Company. The shares held in this Company shall not be transferred within one year of the date on which the company's shares are listed and traded on a stock exchange. The aforesaid persons shall not transfer the shares they hold in this Company within half a year after they leave their posts. The Articles of Association of the Company may have other restrictive provisions on the transfer of shares of the Company held by the directors, supervisors and senior managers.

Where the shares are pledged within the transfer restriction period stipulated by laws or administrative regulations, the pledgee shall not exercise the pledge rights within the transfer restriction period.

Shareholders

According to the Company Law and the Guidelines for Articles of Association of Listed Companies, the rights of the shareholders of the Company include: (i) to receive dividends and other forms of interest distribution according to the number of shares they held; (ii) to lawfully request to convene, convene and hold shareholders' meetings, attend or appoint proxies to attend shareholders' meetings, and to exercise the corresponding voting rights; (iii) to supervise the operation of the Company and to make suggestions or inquiries; (iv) to transfer, donate or pledge the shares held by them in accordance with laws, administrative regulations and the Articles of Association; (v) to review and reproduce the Articles of Association, register of shareholders, minutes of shareholders' meetings, resolutions of board of directors, and financial accounting reports; shareholders complying with the relevant provisions may review the accounting books and accounting vouchers of the Company; (vi) to participate in the distribution of the remaining assets of the Company according to the number of shares they held in the Company upon termination or liquidation of the Company; (vii) to request the Company to repurchase the shares held by any shareholder who raises objection to the merger or division of the Company resolved by the shareholders' meeting; (viii) other rights stipulated by laws, administrative regulations, departmental regulations, and the Articles of Association.

Obligations of shareholders of the Company include: (i) to abide by laws, administrative regulations, and the Articles of Association; (ii) to pay the subscription money according to the number of shares subscribed for and the method of subscription; (iii) not to withdraw the share capital except as provided under laws and regulations; (iv) not to abuse the shareholder's rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liabilities of the shareholders to damage the interests of the creditors of the Company; and (v) other obligations stipulated by laws, administrative regulations, and the Articles of Association.

Shareholders' Meeting

According to the Company Law, shareholders' meeting of a company limited by shares consists of all shareholders. The shareholders' meeting is the organ of authority of the Company and shall exercise the following functions: (i) to elect and replace directors and supervisors, and to decide on matters concerning the remuneration of the directors and supervisors; (ii) to review and approve reports of the board of directors; (iii) to review and approve reports of the supervisory board; (iv) to review and approve profit distribution plans and plans for making up losses of the Company; (v) to decide on any increase or decrease of the registered capital of the Company; (vi) to decide on the issuance of corporate bonds; (vii) to decide on matters such as the merger, division, dissolution, liquidation, or change of the corporate form of the Company; (viii) to amend the Articles of Association of the Company; and (viii) other functions as stipulated by the Articles of Association.

According to the Company Law, an annual shareholders' meeting shall be convened annually. An interim shareholders' meeting shall be convened within 2 months if any of the following situations occurs: (i) The number of directors is less than two- thirds of the quorum as prescribed in this Law or specified in the Articles of Association; (ii) The Company's losses that have not been made up account for one-third of the total share capital; (iii) Upon request by shareholders who individually or together hold 10% or more of the Company's shares; (iv) The board of directors deems necessary to convene the meeting; (v) The supervisory board proposes to convene the meeting; or (vi) Other situations as specified in the Articles of Association.

The shareholders' meeting shall be convened by the Board and presided over by the Chairman. If the chairman of the board of directors is unable or fails to carry out his duties, the vice-chairman shall preside over the shareholders' meeting. If the vice-chairman of the board of directors is unable or fails to carry out his duties, more than half of the directors shall nominate a director to preside over the shareholders' meeting.

If the board of directors is unable or fails to perform its duty to convene the shareholders' meeting, the supervisory board shall convene and preside over the meeting in a timely manner. If the supervisory board does not convene and preside over the meeting, the shareholders who individually or together hold more than 10% of the shares of the Company for more than 90 consecutive days may convene and preside over the meeting by themselves.

If the shareholders who individually or together hold more than 10% of the shares of the Company request to convene an interim shareholders' meeting, the board of directors and supervisory board shall decide whether to convene an interim shareholders' meeting within 10 days as of the receipt of such request, and reply to the shareholders in writing.

When a shareholders' meeting is to be convened, the date and place of the meeting as well as the matters to be discussed shall be notified to every shareholder 20 days in advance. For an interim shareholders' meeting, the shareholders shall be notified 15 days in advance.

Shareholders who individually or together hold more than 10% of the shares of the Company may submit interim resolutions to the board of directors in writing 10 days before the holding of the shareholders' meeting. Interim resolutions shall have a clear topic and specific resolution items. The board of directors shall inform the other shareholders within 2 days of receipt of such resolutions, and submit the interim resolutions to the shareholders' meeting for consideration, except where the interim resolutions violate the provisions of laws, administrative regulations, or the Articles of Association, or where the interim resolutions do not fall within the scope of authority of the shareholders' meeting. The Company cannot increase the shareholding ratio of the shareholder who makes the interim resolutions.

According to the Company Law, a shareholder appointing a proxy to attend a shareholders' meeting should clearly specify the matters, authority, and period of agency of that proxy. The proxy shall submit to the Company the power of attorney issued by the shareholder, and shall exercise his voting rights within the scope of authorization.

According to the Company Law, each share held by shareholders attending a shareholders' meeting shall carry one voting right, except shareholders holding other classes of shares. The Company's own shares held by the Company have no voting rights.

A shareholders' meeting can adopt, in accordance with the provisions of the Articles of Association or resolutions of shareholders' meetings, a cumulative voting system in the election of directors and supervisors. Cumulative voting system refers to when a shareholders' meeting elects directors or supervisors, each share shall carry the voting rights equivalent to the number of candidates for directors or supervisors, and the shareholder can cumulatively use his voting rights.

According to the Company Law and the Guidelines for Articles of Association of Listed Companies, when a shareholders' meeting makes a resolution, it shall be adopted by more than half of the voting rights held by the shareholders attending the meeting.

When a shareholders' meeting makes a resolution to amend the Articles of Association, to increase or decrease the registered capital, as well as to merge, divide, wind up or change the form of the Company, such a resolution shall be adopted by shareholders attending the meeting, representing more than two thirds of the voting rights.

Directors

According to the Company Law, a company limited by shares should set up a board of directors, which should consist of more than 3 members. The term of office of the directors is stipulated by the Articles of Association, but each term of offices shall not exceed 3 years. When a director's term of office expires, he can be reelected.

The board of directors will convene at least twice a year. Every meeting should be notified to all directors and supervisors 10 days in advance. Shareholders representing more than 1/10 of the voting rights, or more than 1/3 of the directors, or the supervisory board can propose to convene an interim board meeting. The chairman of the board of directors shall, within 10 days of receipt of such proposal, convene and hold a board of directors' meeting. The board of directors may separately decide the method and time limit of notification for convening an interim board meeting.

The board of directors is entitled to: (i) convene shareholders' meeting and report to the shareholders' meeting; (ii) implement resolutions passed by the shareholders' meeting; (iii) decide on the business plan and investment plan of the Company; (iv) formulate profit distribution plan and plan to cover losses of the Company; (v) formulate plans on the increase or decrease of the registered capital and issuance of corporate bonds; (vi) formulate plans on the merger, division, dissolution or change of the form of the Company; (vii) decide on the establishment of the

Company's internal management; (viii) decide on the appointment or dismissal of the manager of the Company and his remuneration, and, according to the recommendation of the manager, decide on the appointment or dismissal of deputy manager (s) and financial officer of the Company and their remuneration; (ix) formulate the basic management system of the Company; and (x) other powers stipulated by the Articles of Association or authorized by the shareholders' meeting.

A board meeting shall be held only if more than half of the directors are present. Resolutions made by the board of directors shall be passed by more than half of the total number of directors. Directors shall attend meetings of the board of directors in person. If a director is unable to attend a meeting for any reason, he can entrust another director in writing to attend the meeting on his behalf, and the power of attorney shall state the scope of authorization. Directors shall be responsible for resolutions made by the board of directors. If a resolution of the board of directors is in violation of laws, administrative regulations, the Articles of Association or resolutions of the shareholders' meeting, and causes any material loss to the Company, the directors who participated in the adoption of such resolution shall be liable to compensate the Company. If a director can prove that he or she raised an objection to such resolution, and that such objection was recorded in the minutes of the meeting, the director may be exempted from such liability.

In accordance with the Company Law, none of the following persons may serve as a director of the Company: (i) a person without civil capacity or with restricted civil capacity; (ii) a person who was sentenced to criminal penalties due to corruption, bribery, infringement of property, misappropriation of property or disrupting the economic order of the socialist market, or a person who has been deprived of his or her political rights due to a criminal offence, and not more than five years have elapsed since the completion of the execution of the penalty period, or a suspension of sentence has been granted for such offence, and not more than two years have elapsed since the completion date of the suspension period; (iii) a person who served as a director, factory director, or manager of a company or enterprise which has been bankrupt or liquidated, and who was personally responsible for the bankruptcy of such company or enterprise, and not more than three years have elapsed since the completion date of the bankruptcy or liquidation of such company or enterprise; (iv) a person who served as the legal representative of a company or enterprise which had its business license revoked due to the violation of the law and had been closed down by order, and who was personally responsible for the revocation, and not more than three years have elapsed since the date of the revocation of the business license or the order; and (v) a person was listed as a dishonest person by the people's court due to his failure to pay off a relatively large amount of due and unpaid personal debt.

The board of directors shall have one chairman and may have a vice-chairman. The chairman and vice-chairman shall be elected by the directors with affirmative votes of more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to): (i) to preside over shareholders' meetings and to convene and preside over meetings of the board of directors; (ii) to supervise, urge and monitor the implementation of resolutions of the board of directors; and (iii) to exercise other functions and powers granted by the board of directors.

Audit Committee

A joint stock limited company may, in accordance with the articles of association of the company, establish an audit committee composed of directors within the board of directors. Such audit committee shall exercise the functions and powers of the board of supervisors as provided herein. It shall not have a board of supervisors or supervisors.

The audit committee shall have at least three members, and the majority of the members shall not hold any position in the company other than as directors and shall not have any relationship with the company that could affect their independent and objective judgment. Employees'

representatives among the members of the board of directors may become members of the audit committee. Resolutions made by the audit committee shall be adopted by more than half of the members of the audit committee. When voting on resolutions of the audit committee, each member shall have one vote.

The rules of procedure and voting procedures of the audit committee shall be provided for in the articles of association of the company, unless otherwise provided for in the Company Law.

Managers and Senior Management

In accordance with the Company Law, a joint stock limited company shall have a manager, who shall be appointed or dismissed by the board of directors. The manager shall be responsible to the board of directors and shall exercise his functions and powers in accordance with the articles of association of the company or the authorization of the board of directors. The manager shall attend meetings of the board of directors as a non-voting member.

In accordance with the Company Law, senior management personnel shall refer to the manager, deputy manager and chief financial officer of a company, and in the case of a listed company, the secretary of the board of directors and any other personnel specified in the articles of association of the company.

Obligations of Directors and Senior Management Personnel

In accordance with the Company Law, directors and senior management personnel owe a duty of loyalty to the company. They shall take measures to avoid conflicts of interests between themselves and the company, and shall not seek improper interests by taking advantage of their powers. Directors and senior management personnel shall fulfill a duty of due diligence to the company. They shall, for the best interests of the company, exercise reasonable care as a manager shall exercise.

Directors and senior management personnel shall not conduct any of the following acts: (i) embezzle company assets or misappropriate company funds; (ii) deposit company funds in an account opened in their own name or in the name of any other individual; (iii) take bribery or other illegal income by taking advantage of their powers; (iv) accept commissions on transactions between the company and any other person and pocket the same; (v) disclose confidential information of the company without authorization; or (vi) act contrary to their duty of loyalty to the company.

Directors and senior management personnel, in directly or indirectly entering into contracts or transactions with the company, shall report to the board of directors or shareholders' meeting on matters relating to the contracts or transactions, and such matters shall be resolved by the board of directors or shareholders' meeting in accordance with the articles of association of the company.

Where a close relative of a director or senior officer, an enterprise directly or indirectly controlled by a director or senior officer or any of his close relatives, or an affiliated party having any other connected relationship with a director or senior officer, concludes a contract or engages in a transaction with the company, the provisions of the preceding paragraph shall apply.

Directors and senior management personnel shall not take advantage of their powers to seek business opportunities that belong to the company for themselves or any other persons. However, such business opportunities shall be excluded in either of the following circumstances: (i) The report is made to the board of directors or shareholders' meeting and such business opportunities

are approved by the board of directors or shareholders' meeting in accordance with the articles of association of the company; (ii) The company is unable to make use of such business opportunities in accordance with the provisions of laws, administrative regulations or the articles of association of the company.

Directors and senior management personnel shall not engage in similar business for themselves or for any other person as that of the company without making a report to the board of directors or shareholders' meeting and obtaining approval by a resolution of the board of directors or shareholders' meeting in accordance with the articles of association of the company.

Directors and senior management personnel shall be liable for compensation if they violate laws, administrative regulations or the articles of association of the company in performing their powers and duties, thereby causing losses to the company.

Financial Affairs and Accounting

According to the Company Law, the company shall, in accordance with the provisions of laws, administrative regulations and rules of the Ministry of Finance under the State Council, establish their financial and accounting systems. The company shall, at the end of each fiscal year, prepare a financial and accounting report, which shall be audited by an accounting firm according to law. The financial and accounting report shall be prepared in accordance with the provisions of laws, administrative regulations and rules of the Ministry of Finance under the State Council.

The financial and accounting report of a joint stock limited company shall be available for inspection by shareholders at least 20 days prior to the annual shareholders' meeting. A joint stock limited company publicly offering shares shall publish its financial and accounting report.

When a company distributes its after-tax profits of the current year, it shall allocate 10% of its profits as its statutory reserve fund. No further allocation may be made if the aggregate amount of the statutory reserve fund exceeds 50% of the registered capital of the company. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous year, the current year profits shall be used to make up for the losses before any allocation is made to the statutory reserve fund in accordance with the aforesaid provisions.

After a company has allocated the statutory reserve fund from its after-tax profits, it may, upon a resolution made by the shareholders' meeting, allocate a discretionary reserve fund from its after-tax profits.

The premium income from issuing shares of a joint stock limited company at a price above the par value of the shares, the income from issuing shares without par value which has not been included in the registered capital, and other items which are required to be allocated to the capital reserve fund by the Ministry of Finance under the State Council shall be allocated to the capital reserve fund of the company.

The statutory reserve fund of the company shall be used to make up for the losses of the company, expand the business and production of the company or increase the registered capital of the company by means of conversion. When the statutory reserve fund is used to make up for the losses of the company, the discretionary reserve fund and statutory reserve fund shall be used first; where the said losses cannot be made up, the capital reserve fund may be used according to the relevant provisions. Where the statutory reserve fund is converted to increase the registered capital of the company, the remainder of the statutory reserve fund shall not be less than 25% of the registered capital of the company before the conversion is conducted.

The company shall not establish separate accounting books other than the statutory ones. No account may be opened in the name of any individual for the deposit of the company's funds.

Appointment and Dismissal of Accounting Firms

According to the Company Law, the appointment or dismissal of accounting firms undertaking audit of a company shall be decided by the shareholders' meeting, the board of directors or the board of supervisors according to the articles of association of the company. When the shareholders' meeting, the board of directors or the board of supervisors conducts voting on the dismissal of the accounting firms, the accounting firms shall be allowed to express their opinions. The company shall provide to the accounting firm appointed truthful and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials, and shall not refuse to provide, hide or falsely report such materials.

According to the Guidelines for Articles of Association of Listed Companies, the company guarantees to provide to the accounting firm appointed true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials, and shall not refuse to provide, hide or falsely report such materials. The audit fee of the accounting firm shall be decided by the shareholders' meeting.

Profit Distribution

According to the Company Law, a joint stock limited company shall distribute its profits in proportion to the number of shares held by the shareholders, unless its articles of association provide that distribution of profits is not in proportion to the number of shares held by the shareholders. No profit may be distributed for the shares held by that company.

According to the Company Law, if a company distributes profits to its shareholders in violation of the Company Law, the shareholders concerned shall return such distributed profits to the company. If any loss is caused to the company, the shareholders and the responsible directors, supervisors and senior management shall undertake liability for compensation.

Dissolution and Liquidation

According to the Company Law, a company may be dissolved if: (i) the business term as specified in the articles of association expires or any dissolution event occurs as specified in the articles of association; (ii) the shareholders' meeting resolves to dissolve the company; (iii) the company is required to be dissolved due to merger or division of the company; (iv) the business license of the company is revoked, or the company is ordered to be closed or cancelled in accordance with law; or (v) there is a serious difficulty in the operation and management of the company, the interest of the shareholders will suffer heavy loss as a result of its continuation, which cannot be resolved by any other means, shareholders holding ten percent or more of the voting rights of all the shareholders may petition a people's court to dissolve the company.

If any of the aforementioned events of dissolution occurs, the Company shall announce such event to the public within ten days through the National Enterprise Credit Information Publicity System.

A company dissolved pursuant to item (i) or (ii) above that has not distributed any assets to shareholders may continue to exist by amending its articles of association, or by adopting a resolution at a shareholders' meeting, which shall require the affirmative votes of no less than two-thirds of the voting rights held by the shareholders present at the meeting.

A company dissolved pursuant to item (i), (ii), (iv) or (v) above shall undergo liquidation. The directors shall be the liquidation obligors of the Company, and shall form a liquidation group to liquidate the Company within 15 days of occurrence of any event leading to dissolution. The liquidation group shall be composed of the directors, except as otherwise provided in the articles of association or as otherwise elected by the resolution of the shareholders' meeting. Where the liquidation obligors fail to perform their liquidation obligations in a timely manner, thereby causing losses to the Company or the creditors, they shall be liable for compensation.

Where the liquidation group fails to be established within the time limit or fails to conduct liquidation after its establishment, interested parties may apply to the people's court for appointing relevant personnel to form a liquidation group and conduct liquidation. The people's court shall accept such application, and form a liquidation group in a timely manner to conduct liquidation.

The liquidation group shall exercise the following functions and powers during the liquidation period: (i) liquidate the Company's assets, and prepare a balance sheet and a list of assets, respectively; (ii) notify creditors by notice or announcement; (iii) handle and liquidate relevant unfinished business of the Company; (iv) pay all outstanding taxes in full as well as taxes arising during the liquidation period; (v) clear the claims and debts; (vi) distribute the Company's remaining assets after paying off all debts; and (vii) participate in civil litigation activities on behalf of the Company.

The liquidation group shall, within ten days of its establishment, notify the Company's creditors, and make an announcement on the newspapers or the National Enterprise Credit Information Publicity System within 60 days. The creditors shall, within thirty days of receipt of the notice, or within forty-five days of the announcement if the creditors have not received such notice, declare their claims to the liquidation group.

After paying off the liquidation expenses, employees' wages, social insurance premiums, statutory compensation, outstanding taxes and company debts, the remaining assets of the Company shall be distributed in proportion to the shareholdings of the shareholders. During the liquidation period, the Company shall continue to exist, but shall not carry out any business activities unrelated to the liquidation. The Company's assets shall not be distributed to shareholders unless and until the aforesaid assets have been repaid.

Upon the liquidation of the Company's assets and preparation of the balance sheet and a list of assets, if the liquidation group discovers that the Company's assets are insufficient to repay its debts, it shall apply to the people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator appointed by the people's court.

Upon the completion of the liquidation, the liquidation group shall prepare a liquidation report, and submit it to the shareholders' meeting or the people's court for ratification, and submit it to the company registration authority for de-registration.

The liquidation group members shall perform their duties faithfully and diligently. If any member of the liquidation group fails to perform his duties, he shall be liable for compensation for losses suffered by the Company as a result thereof, or shall be liable for compensation for losses suffered by creditors intentionally or through gross negligence.

Overseas Listing

According to the Trial Measures for Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, an issuer who intends to launch an overseas initial public offering or listing shall file with the CSRC within three working days upon the submission of

overseas issuance and listing application documents. If an issuer issues securities in the same overseas market after its overseas issuance and listing, it shall file with the CSRC within three working days upon completion of the issuance. If an issuer issues and lists securities in other overseas markets after its overseas issuance and listing, it shall be filed in accordance with the Trial Measures for Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises. In addition, if the filing materials are complete and compliant, the CSRC shall, within 20 working days upon receipt of the materials, complete the filing process and publicize the filing information on its website. If the filing materials are incomplete or non-compliant, the CSRC shall, within five working days upon receipt of the materials, notify the issuer of the supplementary materials to be submitted. The issuer shall, within thirty working days, submit the supplementary materials.

Loss of Share Certificates

According to the Company Law, if the share certificate is stolen, lost or destroyed, the shareholder may request the people's court to declare the share certificate invalid in accordance with the public notice procedure as stipulated in the Civil Procedure Law. After the people's court has declared the share certificate invalid, the shareholder may apply for a replacement of the share certificate.

Suspension and Termination of Listing

The Company Law has deleted provisions regarding suspension and termination of listing. And the Securities Law of the People's Republic of China has deleted provisions regarding suspension of listing. If the listed securities are subject to the delisting circumstance as stipulated by the stock exchange, the stock exchange shall terminate the listing and trading of such securities in accordance with the relevant business rules. The Company shall comply with the provisions on suspension and termination of listing of A shares in the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange.

According to the Trial Measures for Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, if an issuer terminates its listing voluntarily or compulsorily, it shall report the detailed information to the CSRC within three working days upon the occurrence and the public announcement of the relevant event.

SECURITIES LAWS AND REGULATIONS

In October 1992, the State Council established the Securities Commission and the CSRC. The Securities Commission shall be responsible for the coordination and drafting of securities regulations, formulation of securities related policies, planning of the development of the securities market, direction, coordination and supervision of all securities related institutions in China, and administration of the CSRC. The CSRC is the regulatory executive organ of the Securities Commission, and shall be responsible for drafting regulatory provisions for the securities market, supervising securities companies, regulating the public issuance of securities by Chinese domestic companies both at home and abroad, regulating securities trading, compiling securities related statistical information, and conducting related research and analysis. The State Council merged the above two authorities and reorganized the CSRC on March 29, 1998.

The Provisional Regulations on the Administration of Issuing and Trading of Stocks, promulgated by the State Council on April 22, 1993 and effective on the same day, regulate the application and examination and approval procedures for public issuance of stocks, the trading of stocks, the acquisition of listed companies, the custody, liquidation and transfer of listed stocks, the information disclosure, investigation and punishment of listed companies and arbitration of disputes.

The Provisions of the State Council on Domestically-listed Foreign Capital Stock of Joint Stock Limited Companies, promulgated by the State Council on December 25, 1995 and effective on the same day, mainly regulate the issuance, subscription, trading and dividend payment of domestically listed foreign capital stock, as well as the information disclosure of domestically listed foreign capital stock by joint stock limited companies.

The Securities Law of the People's Republic of China, last revised by the Standing Committee of the National People's Congress on December 28, 2019 and effective as of March 1, 2020, contains provisions on the issuance and trading of securities within the territory of China, acquisition of listed companies, and the duties and responsibilities of stock exchanges, securities companies and the securities regulatory authority of the State Council, and comprehensively regulates the securities market activities within the territory of China.

According to the Securities Law of the People's Republic of China, any domestic enterprise that directly or indirectly issues securities overseas or lists its securities for trading overseas shall comply with the relevant provisions of the State Council. Currently, the overseas issuance and trading of securities are mainly regulated by the rules and regulations promulgated by the State Council and the CSRC.

This Addendum is mainly intended to provide an overview of the articles of association of the Company for a potential investor. Since the following information is only an outline, it does not record all information that may be material to a potential investor.

ISSUANCE OF SHARES

The Company's shares shall be issued based on the principle of fairness and impartiality. Shares of the same class shall rank pari passu.

For shares issued at the same time of the same class, the conditions of issuance and prices of each share shall be the same. The price of each share subscribed for by any organization or individual shall be the same.

SHARE INCREASE, DECREASE AND BUYBACK

The Company may, based on its operational and development needs, in accordance with laws and regulations and upon resolutions respectively adopted at the shareholders' meeting, adopt any of the following methods to increase its capital:

(i) Public issuance of shares subject to approval by the relevant regulatory authorities;

(ii) Non-public issuance of shares;

(iii) Distribution of bonus shares to existing shareholders;

(iv) Conversion of capital reserve into capital stock; or

(v) Other methods prescribed by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or approved by the relevant regulatory authorities.

The Company may decrease its registered capital in accordance with its articles of association. The Company may decrease its registered capital in accordance with the procedures prescribed in the Company Law, the Hong Kong Listing Rules, other relevant regulations, and its articles of association.

The Company shall not acquire its own shares. However, it shall not acquire shares in any of the following circumstances:

(i) Decrease of the Company's registered capital;

(ii) Merger with another company which holds the shares of the Company;

(iii) Use of shares for the purpose of employee stock ownership plans or equity incentives;

(iv) Request by any shareholders of the Company to acquire their shares due to their objection to the resolution of the shareholders' meeting on the merger or division of the Company;

(v) Use of shares for the conversion of the corporate bonds issued by the Company which are convertible into shares of the Company; or

(vi) It is necessary for the Company to maintain the value of the Company and its shareholders' rights and interests.

The Company may acquire its own shares through public centralized trading or other methods as prescribed by laws and regulations, the securities regulatory rules of the place where the Company's shares are listed or recognized by the CSRC and the Hong Kong Stock Exchange.

If the Company acquires its own shares due to circumstances described in item (iii), (v) or (vi) above, such acquisition shall be conducted through public centralized trading.

If the Company acquires its own shares due to circumstances described in item (i) or (ii) above, a resolution shall be adopted at the shareholders' meeting. Where the acquisition of the shares of the Company is under any of the circumstances described in items (iii), (v), or (vi) above, subject to the applicable regulatory rules for securities of the place where the shares of the Company are listed, and where there are separate provisions in the regulatory rules for securities of the place where the shares of the Company are listed upon a resolution of the board of directors made by more than two thirds of the directors attending the meeting, such provisions shall prevail.

Subject to the applicable securities regulatory rules of the place where the shares of the Company are listed, after the Company acquires its own shares in accordance with the foregoing provisions, such shares shall be cancelled within ten days from the acquisition date under the circumstance as described in item (i) above, such shares shall be transferred or cancelled within six months under the circumstance as described in item (ii) or (iv) above, and the shares held by the Company in the aggregate under the circumstance as described in item (iii), (v) or (vi) above, shall not exceed ten percent of the total issued shares of the Company and shall be transferred or cancelled within three years. Where there are separate provisions in the securities regulatory rules of the place where the shares of the Company are listed, such provisions shall prevail.

TRANSFER OF SHARES

The Company's shares may be transferred in accordance with the laws. Shares issued prior to the public offering of A shares by the Company shall not be transferred within one year from the date on which the Company's shares are listed and traded on the Shenzhen Stock Exchange. The directors and senior executives of the Company shall declare to the Company their holding of shares (including preference shares) in the Company and the changes thereof, and shall not transfer more than 25% of the total number of shares held by them in the Company each year during their term of appointment; the Company's shares held by them shall not be transferred within one year from the date on which the Company's shares are listed and traded on the market. The aforesaid persons shall not transfer the shares they hold in this Company within half a year after they leave their posts.

Where the laws, administrative regulations or the listing rules of the place where the Company's shares are listed stipulate otherwise in respect of the restrictions on the transfer of shares of the Company, such provisions shall prevail.

Where the directors, senior executives of the Company or the shareholders who hold 5% or more of the Company's shares sell the Company's shares or other securities with the nature of equity held by them within six months from the date of purchase or repurchase the shares or securities with the nature of equity sold by them within six months from the date of sale, the proceeds thereof shall belong to the Company, and the Board of Directors of the Company shall call back such proceeds. Except where the securities company holds 5% or more of the Company's shares due to purchase of any remaining shares in a best efforts package, or under any other circumstances stipulated by the securities regulatory authorities at the place where the Company's shares are listed. Where the shares are pledged within the transfer restriction period stipulated by laws or administrative regulations, the pledgee shall not exercise the pledge rights within the transfer restriction period.

Shares or other securities with the nature of equity held by the aforesaid directors, senior executives and natural person shareholders include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other's accounts.

Where the board of directors fails to comply with the foregoing provisions, the shareholders are entitled to require the board to do so within 30 days. Where the board fails to comply within the aforesaid period, the shareholders are entitled to file a lawsuit directly at the People's Court in their own names for the interest of the Company.

FINANCIAL ASSISTANCE TO BUY SHARES OF THE COMPANY

The Company or its subsidiaries (including its affiliated enterprises) shall not, by means of donation, advancement, guarantee, compensation, loan, etc., provide any person who purchases or intends to purchase the Company's shares with financial assistance in any way, except in the case that the Company implements employee stock ownership plans. Unless otherwise provided by the securities regulatory rules at the place where the Company's shares are listed, the Company may, for the interest of the Company, upon resolution of the shareholders' meeting or resolution made by the board of directors in accordance with the Company's Articles of Association or the authorization of the shareholders' meeting, provide financial assistance to other persons for acquiring shares in the Company or its parent company, provided that the aggregate amount of such financial assistance shall not exceed 10% of the total issued capital stock. Any resolution made by the board of directors shall be passed by more than two-thirds of all the directors.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Shareholders

The Company's shareholders shall be the persons who legally hold the Company's shares. Shareholders shall enjoy the rights and assume the obligations according to the class of shares held; and the holders of the same class of shares shall enjoy the same rights and assume the same obligations.

The Company shall establish a register of shareholders in accordance with the evidence from the securities registration authority. The register of shareholders shall be the sufficient evidence to verify the shares held by the shareholders in the Company. The original H share register of shareholders shall be kept in Hong Kong for inspection by shareholders. However, the Company can suspend registration of shareholders in accordance with applicable laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed. Any shareholder registered in the register of H share holders or any person who requests its name to be registered in the register of H share holders may apply to the Company for issuance of a new share certificate if its share certificate is lost. If a holder of H shares applies for issuance of a new share certificate due to loss of a share certificate, such application may be handled in accordance with the law where the original register of H share holders is kept, rules of the stock exchange and other regulations.

The Company's shareholders shall have the following rights:

(i) Receive dividends and other forms of distribution according to the number of shares held by them in the Company;

(ii) Request, convene, preside over shareholders' meeting, attend shareholders' meeting in person or by proxy, and exercise the corresponding voting rights in accordance with the laws;

(iii) Monitor, and raise suggestions or inquiries in relation to the Company's operation;

(iv) Assign, donate or pledge the shares held by them in accordance with the law, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Company's articles of association;

(v) Access the Company's articles of association, register of shareholders, counterfoils of corporate bonds, minutes of shareholders' meetings, resolutions passed at meetings of the board of directors and financial and accounting reports;

(vi) Participate in the distribution of the remaining assets of the Company according to the number of shares held by them in the event of the Company's termination or liquidation;

(vii) Require the Company to purchase shares held by shareholders who raise objection to the resolution on the merger or division of the Company as adopted by the shareholders' meeting;

(viii) Enjoy the right to be informed of and to participate in the Company's material matters as specified by the law, administrative regulations and the Company's articles of association;

(ix) Other rights as provided by the law, administrative regulations, department regulations and securities regulatory rules of the place where the Company's shares are listed and the Company's articles of association.

If any shareholder requests access to the above information or materials, he shall provide the Company with written documents evidencing the type and number of shares held by him in the Company. The Company shall provide the shareholder with the required information upon verification of his status as shareholder.

The shareholder shall have the right to protect his legal rights and interests through civil lawsuits or other legal means according to the law and administrative regulations. If any resolution of the shareholders' meeting or the board of directors violates the law or administrative regulation, the shareholders shall have the right to request the people's court to invalidate the resolution. If the convening procedure or voting method of the shareholders' meeting or the board of directors meeting violates the law, administrative regulation or the Company's articles of association, or if the contents of the resolution contravene the Company's articles of association, the shareholders shall have the right to request the People's Court to cancel the resolution, within 60 days of the resolution being made. However, this does not apply if there is only minor defect in the convening procedure or voting method of the shareholders' meeting or board of directors meeting that has no substantial impact on the resolution.

If the directors and the senior management personnel other than the audit committee members violate the law, administrative regulation or the Company's articles of association in the performance of their duties, causing losses to the Company, the shareholders individually or collectively holding 1% or more of shares for 180 consecutive days may request the audit committee in writing to start litigation in the People's Court. If the audit committee violates the law, administrative regulation or the Company's articles of association in the performance of its duties, causing losses to the Company, the shareholders may request the board of directors in writing to start litigation in the People's Court.

If the audit committee or the board of directors refuses to start litigation after the receipt of the shareholder's written request as mentioned above, or does not start litigation within 30 days of receiving the request, or the situation is so urgent that failure to immediately start litigation will cause irreparable losses to the interests of the Company, the shareholder (s) as mentioned above may have the right to start litigation directly in the People's Court in his or their own name for the interest of the Company.

If any person infringes the lawful interests of the Company, causing losses to the Company, the aforesaid shareholder (s) may start litigation in the People's Court in accordance with the provisions above.

If any director or senior management personnel violates the law, administrative regulation, or the articles of association and damages the shareholders' interests, the shareholders may start litigation in the People's Court.

The shareholders of the Company shall assume the following obligations:

(i) Comply with the law, administrative regulation, and the Company's articles of association;

(ii) Pay capital contribution in accordance with the shares subscribed for and the method of subscription;

(iii) Cannot give up those shares unless prescribed by the law or administrative regulation;

(iv) Cannot abuse his shareholders' rights to damage the Company's or other shareholders' interests; cannot abuse the legal personality of the Company and the limited liabilities of the shareholders to damage the interests of creditors of the Company.

If the shareholders abuse their shareholders' rights and cause losses to the Company and other shareholders, they shall be liable for compensation according to the law.

If the shareholders abuse the legal personality of the Company and the limited liabilities of shareholders in order to evade payment of debts and seriously damage the interests of creditors of the Company, they shall be jointly and severally liable for the debts of the Company.

(i) Other obligations provided by the law, administrative regulation, securities regulatory rules where the Company's shares are listed and the Company's articles of association.

If the shareholders holding more than 5% of the Company's shares with voting rights provide security using those shares, they should report to the Company in writing on the day of such occurrence.

The controlling shareholder or the actual controller of the Company cannot use his/her associated relationship to damage the Company's interests. If this provision is contravened, thereby causing losses to the Company, he/she should be liable to compensate.

The controlling shareholder and the actual controller of the Company owe a duty of good faith to the Company and the other shareholders thereof. The controlling shareholder should strictly and legally exercise his rights as a capital contributor. The controlling shareholder and the actual controller cannot use associated transactions, distributions of profits, restructuring of assets, external investment, misappropriation of assets, borrowing, or providing guarantee, etc. to damage the legal interests of the Company and the other shareholders thereof, nor can they use their controlling position to damage the legal interests of the Company and the other shareholders thereof.

When exercising his voting right, the controlling shareholder cannot make any decision which damages the legal interests of the Company and the other shareholders.

General Provisions on the Shareholders' Meeting

The shareholders' meeting is the organ of authority of the Company and shall exercise the following powers in accordance with the law:

(i) Determine the operational policy and investment plan of the Company;

(ii) Elect and replace the directors who are not the representatives of the staff and workers, and determine the remuneration of the directors;

(iii) Review and approve the reports of board of directors;

(iv) Review and approve the Company's proposed annual financial budgets and final accounts;

(v) Review and approve the Company's profit distribution plans and loss compensation plans;

(vi) Decide on the increase or decrease of the Company's registered capital;

(vii) Decide on the Company's merger, division, dissolution, liquidation, or change in the Company's corporate form;

(viii) Decide on the issuance of corporate bonds;

(ix) Amend the Company's articles of association;

(x) Decide on the Company's hiring and dismissal of the accounting firm;

(11) Review and approve the guarantees provided under Article 43 of the Company's articles of association;

(12) Review purchases and sales of significant assets within one year exceeding 30% of the most recently audited total assets of the Company;

(13) Review and approve changes in usage of raised funds;

(14) Review share incentive plans and employee stock ownership plans;

(15) Review purchases of the Company's shares that should be resolved by the shareholders' meeting in accordance with the Company's articles of association;

(16) Review other matters required to be decided by the shareholders' meeting in accordance with laws, administrative regulations, departmental regulations, rules of the stock exchange where the Company's shares are listed, securities regulatory rules of the place where the Company's shares are listed, or its articles of association.

Unless otherwise provided by laws, administrative regulations and provisions of the CSRC, or the securities regulatory rules of the place where the Company's shares are listed, the powers of the aforesaid shareholders' meeting shall not be exercised by the board of directors or any other institution or individual upon authorization.

The following external guarantee provided by the Company shall be reviewed and approved by the shareholders' meeting.

(i) any external guarantee provided by the Company or its subsidiary in which it has controlling interest, the total amount of which is equal to or more than 50% of the Company's audited net assets for the most recent period;

(ii) any external guarantee provided by the Company, the total amount of which is equal to or more than 30% of the Company's audited total assets for the most recent period;

(iii) any annual guarantee provided by the Company, the total amount of which is more than 30% of the Company's audited total assets for the most recent period;

(iv) any guarantee provided for any entity whose liability to equity ratio is more than 70%;

(v) any single guarantee, the amount of which is more than 10% of the Company's audited net assets for the most recent period;

(vi) any guarantee provided for the Shareholders, actual controller and its affiliate (s);

(vii) any other guarantee circumstances that shall be considered by the shareholders' meeting in accordance with laws, regulations, securities regulatory rules of the place where the Company's shares are listed, or its articles of association.

When the shareholders' meeting considers a proposal on providing guarantee for a Shareholder, actual controller and its affiliate (s), the Shareholder or the Shareholder(s) controlled by the actual controller shall not participate in the voting on such proposal. Such proposal shall require the approval of more than half of the voting rights held by the other Shareholders in attendance at the shareholders' meeting. In particular, if the guarantee as referred to in item (ii) above involves the provision of guarantee for a Shareholder, actual controller and its affiliate (s) is to be considered by the shareholders' meeting, the approval of more than two-thirds of the voting rights held by the other Shareholders in attendance at the shareholders' meeting shall be required.

The shareholders' meeting is divided into annual shareholders' meeting and interim shareholders' meeting. Annual shareholders' meeting shall be convened once a year and shall be held within 6 months after the end of the previous accounting year.

The Company shall convene an interim shareholders' meeting within 2 months upon occurrence of any of the following events:

(i) The number of directors is less than two- thirds of the number prescribed in the Company Law or the articles of association;

(ii) The unrecovered losses of the Company reach 1/3 of the total amount of its paid up capital;

(iii) Upon request by the shareholders, who individually or together hold more than 10% of the shares of the Company;

(iv) The board of directors considers necessary;

(v) The audit committee proposes to convene;

(vi) Other events provided by law, administrative regulations, departmental regulations and securities regulatory rules of the place (s) where the Company's shares are listed, or the articles of association of the Company.

If an interim shareholders' meeting is convened pursuant to the securities regulatory rules of the place (s) where the Company's shares are listed, the actual date of the interim shareholders' meeting can be adjusted according to the securities regulatory rules of the place (s) where the Company's shares are listed.

Convening of Shareholders' Meeting

Independent directors may propose to the board of directors to convene an interim shareholders' meeting. In respect of such proposal, the board of directors shall, pursuant to the law, administrative regulations, securities regulatory rules of the place (s) where the Company's shares are listed, and the articles of association of the Company, provide feedback in writing on whether to convene an interim shareholders' meeting within 10 days upon receipt of such proposal.

If the board of directors approves to convene an interim shareholders' meeting, it will issue a notice thereof within 5 days upon decision of the board of directors. If the board of directors disapproves to convene an interim shareholders' meeting, it will state the reasons and publicly announce.

The audit committee may have the right to propose to the board of directors to convene an interim shareholders' meeting, and should be presented to the board of directors in writing. The board of directors shall, pursuant to the law, administrative regulations, securities regulatory rules of the place (s) where the Company's shares are listed, and the articles of association of the Company, provide feedback in writing on whether to convene an interim shareholders' meeting within 10 days upon receipt of such proposal.

If the board of directors approves to convene an interim shareholders' meeting, it will issue a notice thereof within 5 days upon decision of the board of directors. Any change to the original proposal in the notice shall obtain the approval of the audit committee.

If the board of directors disapproves to convene an interim shareholders' meeting, or fails to provide feedback within 10 days upon receipt of such proposal, it shall be deemed to be unable or fail to perform the duty of convening shareholders' meetings, and the audit committee may convene and preside over an interim shareholders' meeting by itself.

The shareholders holding more than ten percent of the Company's shares, individually or in the aggregate, have the right to propose to the board of directors to convene an interim shareholders' meeting, and should be presented to the board of directors in writing. The board of directors shall, pursuant to the law, administrative regulations, securities regulatory rules of the place (s) where the Company's shares are listed, and the articles of association of the Company, provide feedback in writing on whether to convene an interim shareholders' meeting within 10 days upon receipt of such proposal.

If the board of directors approves to convene an interim shareholders' meeting, it will issue a notice thereof within 5 days upon decision of the board of directors. Any change to the original proposal in the notice shall obtain the approval of the relevant shareholders.

If the board of directors disapproves to convene an interim shareholders' meeting, or fails to provide feedback within 10 days upon receipt of such proposal, the shareholders holding more than ten percent of the Company's shares, individually or in the aggregate, have the right to propose to the audit committee to convene an interim shareholders' meeting, and should be presented to the audit committee in writing.

If the audit committee approves to convene an interim shareholders' meeting, it will issue a notice thereof within 5 days upon receipt of such proposal. Any change to the original proposal in the notice shall obtain the approval of the relevant shareholders.

If the audit committee fails to issue the notice of shareholders' meeting within the prescribed time limit, it shall be deemed that the audit committee will not convene and preside over the shareholders' meeting, and the shareholders holding more than ten percent of the Company's shares, individually or in the aggregate, for more than 90 consecutive days may convene and preside over the shareholders' meeting on their own.

Proposal and notice of shareholders' meeting

The contents of a proposal to be raised shall be within the scope of authority of the shareholders' meeting, have a clear topic for discussion and detailed resolution matters, and comply with the relevant provision of the law, administrative regulations, securities regulatory rules of the place (s) where the Company's shares are listed, and the Company's articles of association.

If the Company convenes a shareholders' meeting, the board of directors, the audit committee and shareholders holding more than 1% of the Company's shares, individually or in the aggregate, shall have the right to propose proposals to the Company.

Shareholders, individually or in the aggregate, holding more than 1% of the Company's shares, can submit an interim resolution in writing to the convener, 10 days before the shareholders' meeting is held. The convener shall issue a supplementary shareholders' notice within 2 days upon receipt of such proposal, and the notice shall attach the content of the interim resolution, and publicly announce the content of the interim resolution.

Except as provided above, after the convener publicly announces the notice of the shareholders' meeting, he shall not change any resolution or add any new resolution in the notice.

The shareholders' meeting shall not vote or pass any resolution with respect to any resolution not specified in the notice of shareholders' meeting or inconsistent with the provisions of the Company's articles of association.

The convener shall notify all shareholders in writing (including public announcement) 21 days prior to the annual shareholders' meeting, and notify all shareholders in writing (including public announcement) 15 days prior to the interim shareholders' meeting. Where a supplementary notice of shareholders' meeting is required to be postponed pursuant to the securities regulatory rules of the place (s) where the Company's shares are listed, the convening of shareholders' meeting shall be postponed pursuant to the securities regulatory rules of the place (s) where the Company's shares are listed. When calculating the commencement date of a period, the day on which the meeting is held shall not be included.

The notice of a shareholders' meeting shall include the following:

(i) Time, place, and duration of the meeting;

(ii) Matters and any proposals to be submitted to the meeting for review;

(iii) Clear words specifying that all shareholders shall have the right to attend the shareholders' meeting, and that they may appoint a proxy in writing to attend the meeting and vote on their behalf. The proxy is not necessarily a shareholder of the Company;

(iv) The date of registration of shareholding of the shareholders entitled to attend the shareholders' meeting;

(v) Name and telephone number of the regular contact person concerning meeting matters; and

(vi) Time and procedure of voting by internet or other means.

Once the notice of shareholders' meeting is issued, the shareholders' meeting shall not be postponed or cancelled without any justifiable reasons, and the proposals specified in the notice of shareholders' meeting shall not be cancelled. In the case of a postponement or cancellation of a shareholders' meeting, the convener shall publicly announce and state the reasons within 2 working days at least prior to the original date of the shareholders' meeting. Where there are special provisions in the securities regulatory rules of the place (s) where the Company's shares are listed with respect to the procedures for the postponement or cancellation of shareholders' meeting, such provisions shall prevail, to the extent not violating the regulatory requirements of the place (s) of incorporation of the Company.

Convening of shareholders' meeting

All shareholders, or their proxies, whose names appear on the register of the Company on the date of registration of shareholding, shall have the right to attend the shareholders' meeting, and speak and exercise their voting rights at such shareholders' meeting in accordance with applicable laws, regulations, the securities regulatory rules of the place (s) where the Company's shares are listed and the Articles of Association of the Company (except that some shareholders are required by the securities regulatory rules of the place (s) where the Company's shares are listed to waive their voting rights with respect to certain matters).

A Shareholder may attend the shareholders' meeting personally or appoint a proxy to attend and vote on his behalf. Each Shareholder shall have the right to appoint a representative, who need not be a shareholder of the Company; provided that a corporate Shareholder may appoint a representative to attend and vote at any shareholders' meeting of the Company, and such corporate Shareholder shall be deemed to be present in person if it has appointed a representative to attend any meeting. A corporate Shareholder may prepare the form appointing a representative signed by its duly authorized officer. Shareholders shall have the right to (i) speak at shareholders' meetings and (ii) vote at shareholders' meetings, except that some shareholders are required by the securities regulatory rules of the place (s) where the shares are listed to waive their voting rights with respect to certain matters.

Upon request by the shareholders' meeting, the directors or the senior management personnel shall attend the shareholders' meeting and shall answer the inquiries of the shareholders.

The chairman of the board of directors shall preside over the shareholders' meeting. If the chairman of the board of directors is unable or fails to perform his duties, the vice chairman of the board of directors shall preside over the meeting. If the vice chairman of the board of directors is unable or fails to perform his duties, more than half of the directors shall nominate a director to preside over the meeting.

The convener of the audit committee shall preside over the shareholders' meeting convened by the audit committee by itself. If the convener of the audit committee is unable or fails to perform his duties, more than half of the audit committee members shall nominate a member of the audit committee to preside over the meeting. In the case of a shareholders' meeting convened by the shareholders themselves, the convener shall nominate a representative to preside over the meeting.

When a shareholders' meeting is held, if the presider of the meeting contravenes the rules of procedure and makes the shareholders' meeting unable to continue, the shareholders' meeting can nominate one person to serve as the presider of the meeting so as to continue the meeting with the consent of more than half of the voting shareholders and attending the meeting.

The Company shall formulate the rules of procedure of the shareholders' meeting, which will specify in detail the procedures for convening and voting at the shareholders' meeting, including notices, registration, examination of proposals, voting, counting of votes, announcement of voting

results, formation of meeting resolutions, minutes of the meetings and their signing, as well as principles of authorizations to the board of directors by the shareholders' meeting, and the contents of authorization shall be clear and concise. The rules of procedure of the shareholders' meeting, which shall be appended to the articles of association, shall be drafted by the board of directors and approved by the shareholders' meeting.

The convener shall ensure that the contents of the meeting minutes are true, accurate and complete. The directors, secretary of the board of directors, conveners and their proxies and the presider of the meeting attending the meeting shall sign their names on the minutes of the meeting. The minutes of the meeting, together with the signature book of the attending shareholders, power of attorney for proxies and valid information on the voting, shall be kept for 10 years.

Voting and Resolutions of the Shareholders' Meeting

Resolutions adopted at the shareholders' meeting include ordinary resolutions and special resolutions. The ordinary resolutions adopted at the shareholders' meeting shall require the approval by over half of the attending voting shareholders (including their proxies). The special resolutions adopted at the shareholders' meeting shall require the approval by over two thirds of the attending voting shareholders (including their proxies).

The following matters shall be decided by the shareholders' meeting in the form of ordinary resolution:

(i) Work report of the board of directors;

(ii) Profit distribution plans and loss compensation plans proposed by the board of directors;

(iii) Appointment or removal of the members of the board of directors, and their remuneration and payment method;

(iv) The Company's annual budget plans and final accounts plans;

(v) Annual report of the Company;

(vi) Matters other than those which should be decided by special resolution as provided by law, administrative regulation, securities regulatory rules where the Company's shares are listed or the Articles of Association of the Company.

The following matters shall be decided by the shareholders' meeting in the form of special resolution:

(i) Increase or decrease of the Company's registered capital;

(ii) Merger, division, winding up, or change of the form of the Company;

(iii) Amendment of the Company's Articles of Association and its appendix;

(iv) Spin-off listing of its subsidiary companies;

(v) Purchase or sale of significant assets or guarantee of which the amount exceeds 30% of the most recently audited total assets by the Company within one year;

(vi) Issuance of shares, convertible corporate bonds, preference shares and other securities types approved by the CSRC;

(vii) Repurchase of shares for the purpose of decrease of the registered capital;

(viii) Significant assets restructuring;

(ix) Share incentive schemes;

(10) The shareholders' meeting of the Company resolves to voluntarily withdraw the shares being listed and traded on the stock exchange, and decides that the shares shall not be traded on the stock exchange, or shall apply for trading or transfer on other stock exchange;

(11) Other matters regulated in accordance with law, administrative regulation, securities regulatory rules where the Company's shares are listed, or the Articles of Association of the Company and which are confirmed by ordinary resolutions at the shareholders' meeting as having a significant influence on the Company and requiring special resolution.

When a shareholder (including a proxy) exercises his voting rights according to the number of voting shares he represents, each share shall have one voting right. When voting by vote, a shareholder (including a proxy) with two or more voting rights need not cast all of his voting rights as affirmative or negative votes or abstention. If the securities regulatory rules where the Company's shares are listed provide otherwise, such provisions shall prevail.

When the shareholders' meeting considers major issues affecting the interest of small and medium-sized investors, it shall separately count the votes of such investors. The results of separate counting shall be publicly disclosed timely.

The Company's shares held by itself have no voting right, and such shares shall not be included in the total number of shares with voting rights present at the shareholders' meeting.

If the relevant laws, regulations and the securities regulatory rules where the Company's shares are listed require any shareholder to give up his voting right on a certain resolution, or restrict any shareholder to vote for or against a certain resolution, the votes cast by such shareholder or his proxy in violation of the relevant provisions or restrictions shall not be included in the voting results. The board of directors, independent directors, shareholders who hold more than 1% of the Company's voting shares or investor protection institutions established in accordance with law, administrative regulation, securities regulatory rules where the Company's shares are listed, or CSRC provisions may solicit shareholders' voting rights. When soliciting shareholders' voting rights, specific voting intention and other information shall be fully disclosed to shareholders whose voting rights are solicited. It is prohibited to solicit shareholders' voting rights by giving compensation or disguised compensation. Except for the statutory conditions, the Company and its shareholders' meeting convener shall not set minimum shareholding ratio restriction for solicitation of shareholders' voting rights. Where the public solicitation of shareholders' rights violates law, administrative regulation, securities regulatory rules where the Company's shares are listed, or CSRC provisions, causing the Company or its shareholders to suffer losses, compensation liability shall be borne pursuant to the law.

When the shareholders' meeting considers associated transactions, the associated shareholders shall not participate in voting on those associated transactions, and the number of voting shares held by such associated shareholders will not be counted as part of the total number of valid voting shares. The public announcement of shareholders' decision should fully disclose the voting of the non-associated shareholders.

Resolution of shareholders' meeting should be announced as soon as possible. The announcement should specify the number shareholders and proxies attending the meeting, the total number of voting shares held by them and their proportion to the total voting shares of the Company, voting method (s), voting result of each resolution, and details of each resolution passed. If a resolution is not passed, or if the shareholders' meeting changes the resolution of a previous shareholders' meeting, this should be specially noted in the public announcement of resolution of the shareholders' meeting.

BOARD OF DIRECTORS

Directors

The Company's directors are natural persons. Directors should possess all necessary knowledge, skill, and quality to perform their duties. They should also ensure that they have adequate time and energy to perform their duties. Directors should actively participate in relevant training to understand the rights, duties, and responsibilities of a director, to familiarize themselves with relevant laws and regulations, and to master relevant knowledge to be acquired as directors.

A person may not serve as a company's director in any of the following situations:

(i) A person without civil capacity or with restricted civil capacity;

(ii) A person who was sentenced for corruption, bribery, embezzlement of property, misappropriation of property, or disruption of socialist market economic order and not more than five years has elapsed; or a person who was deprived of his political rights due to a criminal offence and not more than five years has elapsed since the expiry date of the deprivation of political rights, and is granted a suspension of sentence, and not more than two years has elapsed since the expiry date of the suspension period;

(iii) A person who served as a director, factory manager, or general manager of a company or an enterprise which has been declared bankrupt and liquidated and who was personally accountable for the bankruptcy of such company or enterprise, and not more than three years has elapsed since the completion of the bankruptcy and liquidation of such company or enterprise;

(iv) A person who was the legal representative of a company or an enterprise which had its business license revoked, or was ordered to close down, and who was personally accountable for the revocation, and not more than three years has elapsed since the revocation of the business license of such company or enterprise;

(v) A person who has a relatively large amount of outstanding personal debt, and is listed as a person subject to enforcement in bad faith by the People's Court;

(vi) A person who is banned by the CSRC from entering into the securities market and the ban period has not expired;

(vii) A person who is publicly deemed by the CSRC to be inappropriate to serve as a director or senior management staff in a listed company and the ban period has not expired; or

(viii) Other persons as prescribed in laws, administrative regulations, departmental rules, or securities regulatory rules at the place where the shares of the Company are listed.

If the election or appointment of director is in violation of the aforesaid provisions, such election, appointment or employment shall be invalid. If any of the aforesaid circumstances occurs to any director during his term of office, such director shall be dismissed by the Company.

Directors who are not the representatives of staff and workers shall be elected or replaced by the shareholders' meeting, and dismissed by the shareholders' meeting prior to the expiration of their term of office. The term of office of the directors shall be three years. The directors may serve consecutive terms if reappointed. If the relevant securities regulatory rules at the place where the shares of the Company are listed provide otherwise for the consecutive term of directors, such provisions shall prevail.

The term of office of the directors shall be calculated from the day following the date on which the resolution is adopted by the shareholders' meeting until the expiration of the term of office of the current board of directors. Where a director fails to effect re-election upon expiration of his term of office, the original director (s) shall, before the newly elected director (s) take office, continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules, securities regulatory rules at the place where the Company's shares are listed and these Articles of Association. Subject to any applicable laws, regulations and regulatory rules of Hong Kong, any person appointed as a Director by the Board to fill a casual vacancy in the Board or to increase the number of Directors on the Board shall hold office only until the first Annual Shareholders' meeting following his appointment and shall then be eligible for re-election.

The general manager or any other senior management staff can concurrently serve as a director; however, the aggregate number of the directors concurrently serving as the general manager or other senior management staff, plus the number of directors that are staff representatives, may not exceed 1/2 of the total number of the directors.

The directors of the Company shall perform the following duties of loyalty and diligence:

(i) they shall treat all shareholders equally;

(ii) they shall protect the safety and integrity of the Company's assets, and shall not use their positions to damage the Company's interests for the benefit of the de facto controller, shareholders, employees, themselves or any other third parties;

(iii) they shall not seek business opportunities belonging to the Listed Company for themselves or their close family members, and shall not operate or entrust others to operate the same type of business as the Listed Company without the consent of the shareholders' meeting;

(iv) they shall keep confidential trade secrets, shall not divulge undisclosed material information of the Company, shall not use insider information to obtain improper interests, and shall perform non-competition obligations agreed with the Company after leaving office;

(v) they shall ensure that they have sufficient time and energy to participate in the affairs of the Listed Company, and shall in principle attend the board of directors meetings in person; however, if they are unable to attend the board of directors in person for reasons, shall prudently select a proxy, shall be specific in the authorized matters and decision-making intentions, and shall not be given full power to the proxy;

(vi) they shall prudently judge the risks and benefits that may arise from the matters being deliberated at the board of directors, and express clear opinions on the matters being deliberated; they shall explicitly disclose the reasons and basis for voting against or abstain from voting at the board of directors, and suggestions or measures for improvement of the voting intention;

(vii) they shall carefully read the operation and financial reports of the Listed Company as well as any rumours about the Company, promptly understand and pay continuous attention to the operation and management status of the Company's business, as well as any material matters that have occurred or may occur in the Company as well as their impact, and promptly report to the board of directors about the issues existing in the Company's operation, and shall not shirk their responsibilities on the ground that they are not directly engaged in the operation or management or do not know or are not familiar with the operation or management;

(viii) they shall pay attention to whether there are encroachments of the Company's interests such as appropriation of funds by related parties or potential related parties, and promptly report to the board of directors on the discovery of any unusual circumstances and adopt the corresponding measures;

(ix) they shall carefully read the Company's financial and accounting reports, pay attention to whether there are material errors or omissions in the preparation of the financial and accounting reports, whether there are significant fluctuations in the key accounting data and financial indicators, and whether the explanations of such fluctuations are reasonable; and take the initiative to investigate or request the board of directors to supplement and supply the required materials or information in the event of any doubt over the financial and accounting reports;

(x) they shall actively promote the compliant operation of the Company, supervise the Company in its performance of information disclosure obligations in accordance with the laws and regulations, promptly rectify and report any irregularities of the Company, and support the Company in its performance of social responsibilities; and

(11) other duties of loyalty and diligence as required by the laws, regulations, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Company's articles of association.

Where a director neither attends in person nor authorizes other directors to attend two consecutive Board meetings, he/she shall be deemed unable to perform his/her duties, and the board of directors shall propose to the shareholders' meeting to replace him/her.

A director may resign prior to the expiration of his/her term. A resigning director shall submit a written resignation report to the board of directors. The Company shall disclose the relevant information within the time limit required by the regulatory rules of the place where the Company's shares are listed.

Where the resignation of a director will cause the number of directors to fall below the quorum, or the resignation of an independent director will cause the ratio of independent directors in the board of directors or a special committee to be inconsistent with the laws, regulations or the Company's articles of association, or where there is no professional with accounting or financial management expertise among the independent directors as required by the securities regulatory rules of the place where the Company's shares are listed, the original director shall, prior to the appointment of a new director, continue to perform his/her duties in accordance with the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and the Company's articles of association.

Except for the circumstances set out in the aforesaid paragraph, the resignation of a director shall come into effect upon receipt of the resignation report by the board of directors.

Unless provided in the Company's articles of association or legally authorised by the board of directors, no director shall represent the Company or the board of directors in his/her own name. When a director acts in his/her own name, where a third party will reasonably assume that the director is representing the Company or the board of directors, the director shall state his/her stand and identity in advance.

Where a director violates the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the provisions of the Company's articles of association in the course of performance of duties, causing the Company to suffer losses, he/she shall be liable for compensation.

The Company shall have independent directors. Independent directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the Company's shares are listed.

Independent directors shall act in good faith and with due diligence towards the Company and all its shareholders. Independent directors shall, in accordance with the relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Company's articles of association, conscientiously perform their duties, play a role in decision-making, supervision and checks and balances, and professional consulting on the board of directors, safeguard the Company's overall interests, and protect the lawful rights and interests of minority shareholders. Independent directors shall perform their duties independently, and shall not be influenced by the Company's principal shareholders, actual controllers, and other entities or individuals that have an interest in the Company.

Independent directors shall maintain their independence. The following persons shall not hold the position of Independent Director:

(i) persons who hold a position in the Company or one of its subsidiaries, and their spouses, parents, children and major social relations;

(ii) natural person shareholders who directly or indirectly hold more than 1% of the Company's outstanding shares or who rank in the top ten shareholders of the Company, and their spouses, parents and children;

(iii) persons who hold a position in the Company's shareholders who directly or indirectly hold more than 5% of the Company's outstanding shares or who rank in the top five shareholders of the Company, and their spouses, parents and children;

(iv) persons who hold a position in a subsidiary of the Company's controlling shareholder or actual controller, and their spouses, parents and children;

(v) persons who have significant business relationship with the Company or its controlling shareholder, actual controller, or their respective subsidiaries, or persons who hold positions in the entities that have significant business relationship with the Company or its controlling shareholder or actual controller;

(vi) persons who provide financial, legal, consulting and sponsor services to the Company or its controlling shareholder, actual controller, or their respective subsidiaries, including but not limited to all project members of the intermediaries providing such services, reviewers at various levels, persons who sign on the report, partners, directors, senior management personnel and key persons of the intermediaries who provide such services;

(vii) persons who have been under the circumstances listed in above items (i) to items (vi) in the last 12 months;

(viii) other persons who are not qualified for independence in accordance with the law, administrative regulations, provisions of CSRC, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

Board of Directors

The Company shall establish a board of directors, which is responsible to the shareholders' meeting.

The board of directors shall consist of nine directors, including four independent directors and one chairman and one vice chairman. The directors of the Company may include executive director, non- executive director and independent director. The term "non- executive director" means the director who does not hold a managerial position in the Company.

The board of directors shall exercise the following functions:

(i) Convene shareholders' meeting, and report on its work to the shareholders' meeting;

(ii) Implement resolutions issued by the shareholders' meeting;

(iii) Determine the operational plans and investment programs of the Company;

(iv) Prepare annual financial budget plans and final accounts plans of the Company;

(v) Prepare profit distribution plans and loss compensation plans of the Company;

(vi) Prepare plans for the Company's increase or reduction of registered capital, issuance of stocks, bonds, or other securities as well as the listing of the Company;

(vii) Prepare plans for the Company's significant buy-out, buy-out of the Company's shares pursuant to items (1), (ii) in paragraph 1 under Article 25, merger, division, dissolution or change of the Company's corporate form;

(viii) Decide, within the scope authorized by the shareholders' meeting, the Company's external investment, purchase and sale of assets, offering of assets as security, external guarantee, entrusted management of wealth, associated transactions and external donations;

(ix) Decide on the establishment of Company's internal management structure;

(x) Decide on the appointment or dismissal of the Company's general manager, board secretary and other senior management personnel, and decide on the matters relating to their remuneration, reward and punishment; according to the general manager's nomination, decide on the appointment or dismissal of deputy general manager (s), chief financial officer and other senior management personnel, and decide on the matters relating to their remuneration, reward and punishment; prepare and submit to the shareholders' meeting a plan regarding the amount and method of remuneration for directors;

(11) Formulate the Company's basic management system;

(12) Formulate plans on any amendment of the Company's Articles of Association;

(13) Manage the disclosure of information by the Company;

(14) Propose to the shareholders' meeting on the appointment or replacement of the accounting firm which provides audit services to the Company;

(15) Hear the general manager's work report and inspect the work performance of the general manager;

(16) Decide on the buy-back of the Company's shares pursuant to items (iii), (v), (vii) in paragraph 1 under Article 25 of the Company's Articles of Association;

(17) Other functions as stipulated by law, administrative regulations, department regulations and securities regulatory rules in the place where the Company's shares are listed, or the Company's articles of association.

The board of directors shall, in accordance with laws, regulations and requirements of relevant governing authorities, formulate the rules of procedure of the board of directors in order to ensure the board of directors' implementation of the resolutions of the shareholders' meeting, improve work efficiency, and guarantee scientific decision making. These rules of procedure shall specify the procedure of holding and voting at the board of directors meetings. The rules of procedure of the board should be incorporated in or attached as an appendix to the Company's Articles of Association. They should be drafted by the board of directors and approved by the shareholders' meeting.

The board of directors shall have one chairman and one vice-chairman. The chairman and vice-chairman must be held by the Company's director and are elected or removed by exceeding half of all the directors.

The board of directors shall convene at least four meetings per year. The meeting is convened by the chairman. Written notice shall be sent to all directors 14 days in advance.

Shareholders representing above 1/10 voting rights, or above 1/3 of the directors, or above half of the independent directors, or the audit committee can propose to convene an interim meeting of the board of directors. The chairman of the board of directors shall, within 10 days of receipt of such proposal, convene and hold a board of directors' meeting.

A board meeting can be held if exceeding half of the directors attends. When a board of directors makes a resolution, it must be passed by exceeding half of all the directors. However, if an external guarantee is approved by the board of directors, a resolution of the board of directors must be approved by exceeding 2/3 of the directors attending the board meeting, and approved by exceeding 2/3 of all the independent directors.

If a director has an associated relationship with an enterprise which is involved in a resolution to be decided at a board meeting, he/she must not vote on that resolution, nor can he vote on behalf of other directors. That board meeting can be held if exceeding half of the unrelated directors attends. Resolutions made by the board of directors must be passed by exceeding half of the unrelated directors. If the number of unrelated directors is less than three attending the board meeting, the matter should be submitted to the shareholders' meeting for discussion. If the law, regulation and securities regulatory rules of the place where the Company's shares are listed impose any additional restrictions on the Directors' participation in board meetings and their voting, it shall be followed.

The board of directors shall prepare minutes of the meeting on all matters discussed at the meeting. The directors, secretary of the board of directors and the recorder attending the meeting should sign on the minutes. The secretary of the board of directors shall carefully organize the minutes and arrange the matters discussed at the meeting. The minutes should be true, accurate and complete. The directors attending the meetings have the right to request to make certain explanatory notes in relation to their speeches made in the minutes. The secretary of the board of directors shall keep the minutes of the board of directors meetings as a company file for a period of 10 years.

Special Committees under the Board of Directors

The board of directors of the Company shall establish an audit committee. The audit committee exercises the functions and powers of the board of supervisors as specified by the Company Law, with cancellation of the board of supervisors.

The audit committee shall have three members. Among the audit committee, there shall be two independent directors. The chairman of the audit committee shall be a professional among the independent directors with accounting or financial management expertise as specified in the securities regulatory rules of the place where the Company's shares are listed.

The board of directors of the Company will establish strategy, nomination, remuneration and examination and other special committees, which will carry out their duties in accordance with the Articles of Association and the authorization of the board of directors. The proposals of the special committees should be submitted to the board of directors for review and decision. The working regulations of the special committees should be prepared by the board of directors. In the nomination committee and the remuneration and examination committee, the number of independent directors must exceed half, and an independent director should be the chairman of each committee. The nomination committee should also have at least one director of different gender.

GENERAL MANAGER AND OTHER SENIOR MANAGEMENT PERSONNEL

General Manager and Deputy General Manager

The Company shall have one general manager, who is appointed or removed by the board of directors. The Company shall have several deputy general managers, who are appointed or removed by the board of directors in accordance with the nomination of the general manager. The general manager, deputy general managers, chief financial officer and secretary to the board of directors of the Company are the senior management personnel of the Company.

The provisions of the articles of association regarding disqualification for serving as a director also apply to senior management personnel. The provisions of the articles of association regarding directors' duty of loyalty and duty of due diligence also apply to senior management personnel. A person holding an administrative position, other than a director or supervisor, in the organization of the controlling shareholder or the actual controller of the Company, cannot hold the position of senior management personnel of the Company. The salary of senior management personnel is not paid by the controlling shareholder on behalf of the Company, but only by the Company.

The general manager is responsible to the board of directors and has the following functions:

(i) Be in charge of the production, operation and management of the Company; implement resolutions of the board of directors and report his work to the board of directors;

(ii) Implement the annual business plans and investment plans of the Company;

(iii) Draw out the plan of the establishment of internal management structure of the Company;

(iv) Draw out the basic management system of the Company;

(v) Formulate the specific rules and regulations of the Company;

(vi) Propose to the board of directors the appointment or removal of the deputy general manager (s) and the chief financial officer of the Company;

(vii) Determine the appointment and removal of management personnel other than those who should be appointed and removed by the board of directors;

(viii) Formulate the salary, welfare, rewards and punishment for the staff and workers of the Company; determine the appointment and removal of the staff and workers of the Company;

(ix) Review and approve the purchase of fixed assets and sale or mortgage of assets within a fiscal year involving an amount of less than 5% of the latest audited net assets of the Company in a single transaction or in the aggregate;

(x) Review and approve any loan within a fiscal year involving an amount of less than 5% of the latest audited net assets of the Company in a single transaction or in the aggregate; and

(11) Other functions as granted by the articles of association of the Company or the board of directors.

The term of office for the general manager and deputy general managers shall be three years. They may serve consecutive terms if reappointed. The general manager may resign office prior to the expiration of his or her term of office. The specific procedures and method for the resignation of the general manager shall be specified in the employment contract entered into by the general manager and the Company.

Senior management personnel shall sign confirmation opinions on the securities issuance documents and periodic reports in writing. If any senior management personnel cannot ensure the authenticity, accuracy, and completeness of the securities issuance documents or periodic reports, or has any objection to, such senior management personnel shall state his opinions and reasons in the written confirmation opinions. The issuer shall also disclose. If the issuer does not disclose, the senior management personnel can directly apply for disclosure. If any senior management personnel violates any law, administrative regulation, departmental rule, securities regulatory rule where the Company's shares are listed, or the provisions of the Articles of Association of the Company in the performance of his duties, he shall be liable for compensation if he causes losses to the Company.

Secretary of the Board of Directors

The Company shall have a secretary of the board of directors, who shall be responsible for the preparation of the shareholders' meetings and meetings of the board of directors, the maintenance of documents, the management of the shareholders' information, the disclosure of information, and the relationship with investors, etc.

The secretary of the board of directors shall be nominated by the chairman of the board of directors and shall be appointed or removed by the board of directors. Where a director concurrently serves as the secretary of the board of directors, if a certain activity requires to be carried out by a director and the secretary of the board of directors separately, such director concurrently serving as the secretary shall not carry out such activity in his/her dual capacity.

The Company shall appoint a secretary of the board of directors within three months after the resignation of the original secretary. If the position of the secretary of the board of directors is vacant, the board of directors shall designate a director or senior management personnel to perform the duties of the secretary of the board of directors, and be subject to filing with Shenzhen Stock Exchange, and determine a new secretary of the board of directors as soon as possible. Before the Company designates another person to perform the duties of the secretary of the board of directors, the Chairman of the Board shall perform the duties of the secretary of the board of directors. If the position of the secretary of the board of directors is vacant for over three months, the Chairman of the Board shall perform the duties of the secretary of the board of directors, and complete the appointment of a secretary of the board of directors within six months.

When appointing a secretary of the board of directors, the Company shall also appoint a securities affairs representative to assist the secretary in performing his/her duties. The securities affairs representative shall obtain a training qualification certificate for the secretary of the board of directors issued by the Shenzhen Stock Exchange. When the secretary of the board of directors cannot perform his/her duties, the securities affairs representative shall exercise his/her rights and perform his/her duties. During this period, the secretary of the board of directors shall not be exempted from his/her duties of information disclosure.

The Company shall dismiss the secretary of the board of directors with good reason, and shall not dismiss him/her without cause.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDITION

Financial and Accounting System

The Company shall lay down its financial and accounting system according to laws, administrative regulations and requirements of relevant government departments.

The Company shall submit and disclose its annual report to the CSRC and the stock exchange where the Company's shares are listed (if necessary) within four months after the end of each fiscal year. An interim report shall be submitted to the CSRC Guangdong Regulatory Bureau and the stock exchange where the Company's shares are listed (if necessary) within two months after the end of the first half of each fiscal year. The aforesaid annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations and provisions of the CSRC and the stock exchange where the Company's shares are listed.

Other than the statutory accounting books, the Company shall not establish another accounting book. The Company's assets shall not be deposited under any personal accounts.

Profit Distribution

When a company distributes its after-tax profits of the current year, it shall allocate 10% of its profits as its statutory reserve fund. No further allocation may be made if the aggregate amount of the statutory reserve fund exceeds 50% of the registered capital of the company. If the Company's statutory reserve fund is not sufficient to cover the Company's losses in the previous year, the current year profits shall be used to make up for the losses before any allocation is made to the statutory reserve fund in accordance with the aforesaid provisions. After a company has allocated the statutory reserve fund from its after-tax profits, it may, upon a resolution made by the shareholders' meeting, allocate a discretionary reserve fund from its after-tax profits. After the Company has made up its losses and set aside its reserves, the balance of the after-tax profits shall be distributed to the shareholders in proportion to their respective shareholdings, unless the Articles

of Association provides otherwise. If the shareholders' meeting violates the above provisions by distributing the profits of the Company to its shareholders before the Company has made up its losses and set aside its reserves, such distributed profits must be returned to the Company.

Shares held by the Company itself shall not participate in the profit distribution. The Company shall appoint one or more collection agents in Hong Kong for each holder of H Shares. The collection agent shall receive and keep dividends and other payables in respect of the H shares on the behalf of the relevant holder of H shares to be paid to such holder of H shares. Any collection agent appointed by the Company shall comply with the requirements of laws, regulations, and securities regulatory rules of the jurisdiction (s) where the Company's shares are listed.

After the shareholders' meeting of the Company has resolved on the profit distribution plan, the Board of the Company shall complete the distribution of dividends (or issuance of bonus shares) within two months of the convening of the shareholders' meeting.

The profit distribution plan of the Company shall be formulated and approved by the Board of Directors, and then submitted to the shareholders' meeting for approval. The Board of Directors shall take into account of the opinions of independent directors and public investors when formulating the profit distribution plan.

The Company implements the policy of continuous and steady profit distribution. Profits of the Company shall focus on the reasonable investment returns to investors and the sustainable development of the Company during the profit distribution. The Company may distribute its profits in cash, stocks or a combination of cash and stocks with priority being given to cash form for profit distribution; Subject to the satisfaction of fund demand for raw materials, anticipated material investment plan or material cash expenditure, the Board of Directors of the Company may declare interim dividend distribution based on the current operating profit and cash flow of the Company. The specific dividend distribution shall be reviewed and approved by the Board of Directors and then submitted to the shareholders' meeting of the Company for approval. The Company shall declare cash dividend if it makes profits in the previous accounting year and has no unrecovered losses.

Internal Audit

The Company shall implement an internal audit system. It shall be staffed with full-time auditors to conduct internal audit and monitoring on the financial income and expenditure as well as economic activities of the Company.

The internal audit system of the Company and the duties of the audit staff shall be implemented after being approved by the board of directors. The internal audit department shall be responsible to and report its work to the audit committee.

Appointment of Accounting Firm

The Company shall appoint an accounting firm which complies with the regulations of the Securities Law to audit the financial statements, examine the net assets of the Company and conduct other relevant consultancy services. The term of office of an accounting firm is one year which may be extended.

The appointment of the accounting firm shall be determined by the shareholders' meeting. The board of directors shall not appoint any accounting firm before the decision is made by the shareholders' meeting.

The Company shall ensure to provide to the accounting firm appointed true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and shall not refuse to provide the required information, hide any information or provide any false information.

The audit fee of the accounting firm shall be decided by the shareholders' meeting.

The resolution on the dismissal or continuance of appointment of the accounting firm shall be made at the shareholders' meeting.

In case the Company dismisses or dis-continues to appoint the accounting firm, it shall notify the accounting firm 30 working days in advance. The accounting firm shall be permitted to make representations when the shareholders' meeting of the Company votes on the dismissal of the accounting firm. When the accounting firm resigns, it shall state to the shareholders' meeting whether there is any improper circumstance in the Company.

Notices and Public Announcement

Notices of the Company shall be issued in the following methods:

(i) By hand;

(ii) By mail;

(iii) By public announcement on the Company's website, the website designated by the Shenzhen Stock Exchange or the website designated by the Hong Kong Stock Exchange, subject to applicable laws, administrative regulations, departmental rules, regulatory documents, securities regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association of the Company; in respect of the manner in which the Company is required to provide and/or distribute corporate communications to holders of H shares in accordance with the securities regulatory rules of the jurisdiction where the Company's shares are listed, subject to the securities regulatory rules of the jurisdiction where the Company's shares are listed, the Company may send or provide a corporate communication to holders of H shares in electronic form or by posting such information on the Company's website or the website of the stock exchange where the Company's shares are listed, in lieu of delivery in person or by prepaid mail to holders of H shares; and

(iv) By facsimile or other means required by the applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules or the Articles of Association.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL DECREASE, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Decrease

The merger of the Company may take the form of a merger by absorption or a merger by new establishment. In the case of a merger by absorption, a company absorbs another company and the absorbed company shall be dissolved. In the case of a merger by new establishment, two or more companies merge together for the establishment of a new company and the companies to the merger shall be dissolved.

In the case of a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and a list of assets. The company shall notify its creditors within ten days from the date of the resolution on the merger and publish an announcement on the newspapers within 30 days. The creditors may, within 30 days from receipt of the notification (or within 45 days for those creditors who did not receive the notification), demand the company to settle the debts or provide the corresponding guarantee.

The surviving company or the newly established company of a merger will assume the claims and debts of the parties to the merger.

In the case of a division, the assets of the company shall be divided correspondingly. In the case of a division, a balance sheet and a list of assets shall be prepared. The company shall notify its creditors within ten days from the date of resolution on the division and publish an announcement on the newspapers within 30 days.

The surviving company of the division shall bear joint and several liability for the debts of a company prior to its division. Unless the written agreement between the company and its creditors on debt settlement prior to the division stipulates otherwise.

A company which proposes to reduce its registered capital shall prepare a balance sheet and a list of assets. The company shall notify its creditors within ten days from the date of resolution on reduction in registered capital and publish an announcement on the newspapers within 30 days. The creditors may, within 30 days from receipt of the notification (or within 45 days for those creditors who did not receive the notification), have the right to demand the company to settle the debts or provide the corresponding guarantee. The registered capital after capital reduction of the Company shall not be lower than the minimum requirement by law.

Where a company merges or divides, and the registered details change, the company shall amend its registration with the company registration authority in accordance with the law. Where a company is dissolved, it shall cancel its registration in accordance with the law. Where a new company is established, it shall register the establishment in accordance with the law. Where a company increases or reduces its registered capital, it shall amend its registration with the company registration authority in accordance with the law.

Dissolution and Liquidation

A company may be dissolved due to the following reasons:

(i) expiry of the company's term of operation as stipulated in the articles of association or occurrence of any of the matters for dissolution as stipulated in the articles of association;

(ii) a resolution for the dissolution is made by a shareholders' meeting;

(iii) the company is dissolved as a result of merger or division;

(iv) the business license of the company is revoked, or the company is ordered to be closed down or to be dissolved in accordance with the law;

(v) a great difficulty arises in the operation and management of the Company, the continued existence of which will lead to significant losses of the interests of the shareholders, and the difficulty cannot be resolved by other means. Shareholders holding ten percent or more of the voting rights of all the shareholders of the Company may file a petition to the People's Court to dissolve the Company.

Where a company is dissolved pursuant to the provisions of the above items (i), (ii), (iv) or (v), a liquidation group shall be established within fifteen days of the occurrence of the event of dissolution, and liquidation shall be carried out. The liquidation group shall be composed of persons designated by the directors or the shareholders' meeting. Where the liquidation group is not established to commence liquidation within the prescribed time limit, the creditors may apply to the People's Court to designate related persons to form the liquidation group to commence liquidation.

The liquidation group shall notify the creditors within ten days of its establishment and publish an announcement on newspapers within 60 days of its establishment. The creditors shall declare their creditors' rights to the liquidation group within thirty days of receipt of the notice or within forty-five days of the announcement if the creditors do not receive the notice. When declaring their creditors' rights, the creditors shall provide details of the creditors' rights and supporting documents. The liquidation group shall register the creditors' rights. During the declaration period, the liquidation group shall not repay any creditors' rights.

Upon examination of the company's assets and preparation of the balance sheet and list of assets by the liquidation group, a liquidation plan shall be formulated and submitted to the shareholders' meeting or the People's Court for confirmation. The company's assets shall be used for payment of the liquidation expenses, employees' wages, social insurance premiums and statutory compensation premiums, and payment of outstanding taxes and debts, and the remaining assets shall be distributed to the shareholders in proportion to their shareholding. During the liquidation period, the Company shall continue to exist, but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders prior to the repayment of the aforesaid liabilities.

Where the liquidation group discovers upon examination of the company's assets and preparation of the balance sheet and list of assets that the company's assets are insufficient to repay its debts, an application shall be made to the People's Court to declare the company bankrupt in according to the law. Once the company has been declared bankrupt by the People's Court, the liquidation group shall transfer the liquidation task to the People's Court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report and submit the report to the shareholders' meeting or the People's Court for confirmation, apply to the company registration authority for de-registration, and make a public announcement of the company's termination.

Members of the liquidation group shall faithfully perform their duties and liquidation obligations in accordance with the law. Members of the liquidation group shall not abuse their authority by accepting bribes or other illegal income, and shall not misappropriate the company's assets. Members of the liquidation group who intentionally cause losses to the company or its creditors or cause losses due to their gross negligence shall be liable for compensation.

Where the company is declared bankrupt in accordance with the law, bankruptcy liquidation shall be conducted in accordance with the law relating to enterprise bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The company shall amend its Articles of Association in any of the following circumstances:

(i) following amendment of the Company Law or relevant laws, administrative regulations and securities regulatory rules of the place where the company's shares are listed, the provisions of the articles of association contradict with the relevant provisions of the laws, administrative regulations and securities regulatory rules of the place where the company's shares are listed;

(ii) changes to the Company's circumstances, to the extent that they are inconsistent with the provisions of the Articles of Association; or

(iii) a shareholders' meeting resolves to amend the Articles of Association.

Where any amendment to the Articles of Association resolved by the shareholders' meeting is subject to examination and approval by the competent authority, such amendment shall be submitted to the original competent authority for approval; where any amendment to the Articles of Association involves the company's registration, the company's registration shall be amended in accordance with the law.

The board of directors shall amend the Articles of Association in accordance with the resolution of the shareholders' meeting on amendment to the Articles of Association and the examination opinion of the competent authority.

Where the amendment to the Articles of Association belongs to the information that is required to be disclosed by the laws, regulations or securities regulatory rules of the place where the company's shares are listed, an announcement shall be made in accordance with the relevant provisions.

(A) FURTHER INFORMATION ABOUT OUR GROUP

1 Establishment

Our Company was established as a limited liability company under the laws of the PRC on June 6, 2000, and was converted into a joint stock limited company on November 23, 2007. Our Company completed the listing of our A Shares on the Small and Medium-sized Enterprises Board of the Shenzhen Stock Exchange (which was merged into the Main Board of the Shenzhen Stock Exchange in February 2021) under the stock code 002709 in January 2014, and merged into the Main Board of the Shenzhen Stock Exchange in February 2021.

Our Company has established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wan Chai, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on September 2, 2025. Ms. Jian Xuegen (簡雪艮) has been appointed as our agent for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As the Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendix IV and V to this document, respectively.

2 Changes in Share Capital of our Company

Save as disclosed below and in "History and Corporate Structure" in this document, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

Pursuant to the 2022 Convertible Bonds issued by our Company in October 2022 and listed on the Main Board of the Shenzhen Stock Exchange under the bond code 127073, the period for conversion by way of our Company issuing new A Shares commenced on March 29, 2023. See "History and Corporate Structure — Major Changes of Our Company — Issuance of 2022 Convertible Bonds".

As considered and approved by the Board on March 22, 2024 and by the Shareholders on April 16, 2024, 5,333,377 A Shares repurchased by our Company under the repurchase mandate for the 2021 Share Incentive Plan and 2022 Share Incentive Plan were cancelled on May 10, 2024. The total registered capital of our Company was as a result decreased by RMB5,333,377.00.

Between January 1, 2024 to December 31, 2024, a total of 1,688 A Shares were issued pursuant to the conversion of the 2022 Convertible Bonds. As such, our Company's registered share capital was increased by RMB1,688.00.

As considered and approved by the Board on January 6, 2025 and by the Shareholders on January 23, 2025, 4,481,289 A Shares repurchased by our Company under the repurchase mandate for the 2021 Share Incentive Plan and 2022 Share Incentive Plan were cancelled on February 12, 2025. The total registered capital of our Company was as a result decreased by RMB4,481,289.00.

Between January 1, 2025 to June 30, 2025, a total of 384 A Shares were issued pursuant to the conversion of the 2022 Convertible Bonds. As such, our Company's registered share capital was increased by RMB384.00.

Between July 1, 2025 to December 31, 2025, a total of 119,547,441 A Shares were issued pursuant to the conversion of the 2022 Convertible Bonds. As such, our Company's registered share capital was increased by RMB119,547,441.00.

3 Changes in Share Capital of our Subsidiaries

On May 7, 2025, the registered capital of TINCI Research was increased from RMB5,000,000 to RMB13,000,000.

On August 4, 2025, the registered capital of TINCI Jorf Lasfar was increased from Moroccan Dirhams 10,000 to Moroccan Dirhams 72,227,600.

On November 28, 2025, the registered capital of Jiangxi Tianyi Engineering Technology Co., Ltd. (江西天億工程技術有限公司) was increased from RMB6,000,000 to RMB15,000,000.

On February 28, 2026, the registered capital of Guangzhou Tinci Special Material Technology Co., Ltd. (廣州天賜特種材料科技有限公司) was increased from RMB10,000,000 to RMB25,000,000.

Save as disclosed above, there has been no alteration in the share capital of our Subsidiaries within the two years immediately preceding the date of this document.

4 Resolutions Passed by Our Shareholders' General Meeting in Relation to the [REDACTED]

At the extraordinary general meeting of the Shareholders held on July 23, 2025, the following resolutions, among other things, were duly passed:

(a) the issue by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be listed on the Hong Kong Stock Exchange;

(b) the number of H shares to be issued before the exercise of the [**REDACTED**] shall not exceed [**REDACTED**]% of the enlarged share capital of our Company upon completion of the [**REDACTED**] and granting the [**REDACTED**] the [**REDACTED**] of no more than [**REDACTED**]% of the above number of H shares to be issued;

(c) subject to the completion of the [**REDACTED**], the Articles of Association has been approved and adopted, which shall only become effective on the Listing Date, and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and

(d) authorizing our Board and its authorized persons to handle all relevant matters relating to, among other things, the [**REDACTED**], the issue of H Shares and the Listing.

(B) FURTHER INFORMATION ABOUT OUR BUSINESS

1 Summary of Material Contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

(a) [**REDACTED**].

2 Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No	Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date
1 . . .		Our Company	PRC	3	80590169	May 20, 2035
2 . . .		Our Company	PRC	3	76821569	February 20, 2035
3 . . .		Our Company	PRC	35	70174126	January 13, 2034
4 . . .		Our Company	PRC	9	70162667	October 27, 2034
5 . . .		Our Company	PRC	42	70189657	January 27, 2035
6 . . .		Our Company	PRC	42	67659160	June 27, 2033
7 . . .		Our Company	PRC	1	67657528	October 6, 2034
8 . . .		Our Company	PRC	17	67168274	July 6, 2033
9 . . .		Our Company	PRC	9	67176709	July 6, 2033
10. . .		Our Company	PRC	35	67167037	July 6, 2033
11. . .		Our Company	PRC	42	62421618	October 13, 2032
12. . .		Our Company	PRC	35	62424748	March 27, 2034
13. . .		Our Company	PRC	17	62425734	October 6, 2032
14. . .		Our Company	PRC	1	62443092	November 6, 2032
15. . .		Our Company	PRC	3	62435166	July 20, 2032
16. . .		Our Company	PRC	42	62432508	July 20, 2032
17. . .		Our Company	PRC	17	62443077	July 20, 2032

No	Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date
18. . .		Our Company	PRC	1	62426061	July 20, 2032
19. . .		Our Company	PRC	9	62430121	September 20, 2032
20. . .		Our Company	PRC	9	62428088	December 13, 2033

(b) Patents

As of the Latest Practicable Date, we had registered the following patents in the PRC which we consider to be or may be material to our business:

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
1 .	Battery formation method, battery (電池的化成方法、電池)	Our Company	PRC	2024114979641	Invention patent	October 25, 2044
2 .	Battery (電池)	Our Company	PRC	2024112913870	Invention patent	September 14, 2044
3 .	Battery (電池)	Our Company	PRC	2024112835462	Invention patent	September 13, 2044
4 .	An electrolyte and battery comprising the electrolyte (一種電解液和包括該電解液的電池)	Our Company	PRC	202411110414X	Invention patent	August 14, 2044
5 .	An electrolyte and secondary battery (一種電解液和二次電池)	Our Company	PRC	2024110913433	Invention patent	August 9, 2044
6 .	A lithium-ion battery (一種鋰離子電池)	Our Company	PRC	202411026312X	Invention patent	July 30, 2044
7 .	A method and apparatus for preparing phosphorus pentafluoride (一種五氟化磷的制備方法及其裝置)	Our Company	PRC	2024109759410	Invention patent	July 19, 2044
8 .	An additive composition, electrolyte, and battery (一種添加劑組合物、電解液和電池)	Our Company, TINCI Jiujiang	PRC	2024109618037	Invention patent	July 18, 2044
9 . .	An electrolyte additive, electrolyte, and electrochemical device (一種電解液添加劑、電解液及電化學裝置)	Our Company	PRC	2024109101961	Invention patent	July 9, 2044
10 .	Electrolyte, battery, and electrical device (電解液、電池和用電裝置)	Our Company	PRC	2024108465462	Invention patent	June 27, 2044

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
11 .	Polycyclic compound and its preparation method, uses, electrolyte, and battery (多環化合物及其制備方法、用途、電解液和電池)	Our Company, TIANSHUO Zhejiang	PRC	2024107579610	Invention patent	June 13, 2044
12 .	Electrolyte additive, electrolyte, and battery (電解液添加劑、電解液以及電池)	Our Company	PRC	2024107201895	Invention patent	June 5, 2044
13 .	Electrolyte additive, electrolyte, and battery (電解液添加劑、電解液和電池)	Our Company	PRC	2024105223743	Invention patent	April 28, 2044
14 .	A method and a system for crushing, sorting, and recycling waste lithium-ion batteries (一種廢舊鋰離子電池破碎分選回收方法和系統)	Our Company	PRC	2023116552684	Invention patent	December 5, 2043
15 .	An electrolyte and its application (一種電解液及其應用)	Our Company, TINCI Jiujiang	PRC	2023112905634	Invention patent	October 8, 2043
16 .	A wide temperature range high-voltage lithium-ion battery electrolyte and its preparation method (一種寬溫域的高電壓鋰電池電解液及其制備方法)	Our Company	PRC	2023111209857	Invention patent	September 1, 2043
17 .	A lithium-ion secondary battery electrolyte and lithium-ion secondary battery (一種鋰離子二次電池電解液及鋰離子二次電池)	Our Company, TINCI Jiujiang	PRC	2023107179191	Invention patent	June 16, 2043
18 .	An electrolyte and its application (一種電解液及其應用)	Our Company, TINCI Jiujiang	PRC	2023106987745	Invention patent	June 14, 2043
19 .	New uses for nitrogen-containing compounds, electrolyte additive compositions, and battery electrolytes (含氮化合物的新用途、電解液添加劑組合物以及電池電解液)	Our Company, TINCI Jiujiang	PRC	2023106993888	Invention patent	June 14, 2043

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
20 .	A synthesis method for high-purity lithium difluoro(oxalato)borate for lithium-ion battery electrolytes (一種鋰電池電解液用高純度雙氟草酸硼酸鋰的合成方法)	Our Company, TINCI Jiujiang	PRC	2023106460633	Invention patent	June 2, 2043
21 .	Preparation method, system, application, electrolyte, and secondary battery for tetrafluorooxalate phosphate (四氟草酸磷酸鹽的制備方法、系統、應用、電解液、二次電池)	Our Company, TINCI Jiujiang	PRC	2023106434573	Invention patent	June 1, 2043
22 .	One-pot co-production method for hexafluorophosphate and difluorophosphate (一鍋法聯產六氟磷酸鹽和二氟磷酸鹽的方法)	Our Company, TINCI Jiujiang	PRC	202310536768X	Invention patent	May 12, 2043
23 .	A preparation method of amphiphilic fluoroether molecules and their application in lithium-ion batteries (一種雙親性氟代醚分子的制備方法及其在鋰電池中的應用)	Our Company	PRC	2022113768771	Invention patent	November 4, 2042
24 .	A wet crushing recycling method and apparatus for waste lithium-ion batteries (一種廢舊鋰離子電池濕法破碎回收方法及裝置)	Our Company	PRC	2022112761455	Invention patent	October 19, 2042
25 .	Preparation method for lithium salts or cathode materials in lithium-ion batteries, lithium-ion battery (鋰離子電池鋰鹽或正極材料的制備方法、鋰離子電池)	Our Company	PRC	2022112357974	Invention patent	October 10, 2042
26 .	Method for recycling high-purity hexafluorophosphate and lithium carbonate from waste lithium-ion battery electrolytes (廢舊鋰離子電池電解液中回收高純度六氟磷酸鹽和碳酸鋰的方法)	Our Company	PRC	202211196578X	Invention patent	September 29, 2042

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
27 .	Adhesive for semiconductor processing and method for improving semiconductor processing performance (半導體加工用粘合劑及提高半導體加工性能的方法)	Our Company	PRC	2022111063850	Invention patent	September 11, 2042
28 .	A synthesis method for anionic and zwitterionic composite surfactants (一種陰離子和兩性離子複合表面活性劑的合成方法)	Our Company	PRC	2022109711130	Invention patent	August 11, 2042
29 .	An electrolyte additive, electrolyte, and lithium secondary battery (一種電解液添加劑、電解液和鋰二次電池)	Our Company	PRC	2022109248844	Invention patent	August 11, 2042
30 .	A recycling method and apparatus for electrolytes from waste lithium-ion batteries (一種廢舊鋰離子電池電解液回收方法及裝置)	Our Company	PRC	2022105472022	Invention patent	August 3, 2042
31 .	A high-voltage lithium-ion battery electrolyte and lithium-ion battery (一種高電壓鋰離子電池電解液及鋰離子電池)	Our Company, TINCI Jiujiang	PRC	2021116312380	Invention patent	May 20, 2042
32 .	A high-packing-density acrylic thickener, its preparation method, and application (一種高堆積密度的丙烯酸增稠劑及其制備方法和應用)	Our Company	PRC	2021112909477	Invention patent	December 28, 2041
33 .	A novel phosphorus-containing high-safety electrolyte and lithium-ion battery (一種新型含磷高安全電解液及鋰離子電池)	Our Company	PRC	2021109685076	Invention patent	November 2, 2041
34 .	A high-temperature lithium-ion battery electrolyte and lithium-ion battery (一種高溫型鋰離子電池電解液及鋰離子電池)	Our Company, TINCI Jiujiang	PRC	2021109496765	Invention patent	August 23, 2041

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
35 .	A preparation method and application of rhamnolipid composite surfactants (一種鼠李糖脂複合表面活性劑的制備方法和應用)	Our Company, TINCI Jiujiang	PRC	2021109073703	Invention patent	August 18, 2041
36 .	A fluorinated cyclic phosphorus-containing molecule and its application (一種氟代環狀含磷分子及其應用)	Our Company	PRC	2021106327318	Invention patent	August 9, 2041
37 .	New uses for substituted silyl phosphate esters and their electrolyte, lithium-ion battery (取代硅基磷酸酯類化合物的新用途及電解液、鋰離子電池)	Our Company, TINCI Jiujiang	PRC	2021104322979	Invention patent	June 7, 2041
38 .	A method for recycling waste lithium ferro phosphate cathode powder (廢舊磷酸鐵鋰正極粉料的回收利用方法)	TINCI Jiujiang, Our Company	PRC	2020116404320	Invention patent	April 21, 2041
39 .	A surfactant composition containing twin quaternary ammonium salts (一種含有雙子季銨鹽的表面活性劑組合物)	Our Company	PRC	2020115545849	Invention patent	December 31, 2040
40 .	Electrolyte additive, electrolyte, and lithium-ion secondary battery (電解液添加劑、電解液及鋰離子二次電池)	Our Company, TINCI Jiujiang	PRC	2020115095584	Invention patent	December 24, 2040
41 .	Electrolyte additive, electrolyte, and lithium-ion secondary battery (電解液添加劑、電解液及鋰離子二次電池)	Our Company	PRC	2020115112109	Invention patent	December 18, 2040
42 .	A high-temperature resistant, high-compatibility trapezoidal silicone resin, its preparation method, and application (一種耐高溫高相容性梯形硅樹脂及其制備方法和應用)	Our Company	PRC	2020113549120	Invention patent	December 18, 2040
43 .	Electrolyte additive, electrolyte, and energy storage device (電解液添加劑、電解液及儲能裝置)	Our Company	PRC	2020111317167	Invention patent	November 27, 2040

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
44 .	Fluorosulfonate-containing electrolyte additive, electrolyte containing the additive, and lithium-ion battery (一種含氟磺酸酯電解液添加劑和含有該添加劑的電解液及鋰離子電池)	Our Company	PRC	2020111054316	Invention patent	October 21, 2040
45 .	A low-cost, high-performance oxide solid electrolyte, its preparation method, and application (一種低成本、高性能氧化物固態電解質及其制備方法和用途)	Our Company	PRC	2020101066783	Invention patent	October 15, 2040
46 .	A solid polymer electrolyte membrane, its preparation method and application (一種固態聚合物電解質膜、其制備方法和用途)	Our Company, TINCI Jiujiang	PRC	2020101066586	Invention patent	February 21, 2040
47 .	A lithium-ion battery electrolyte and battery balancing high and low temperature performance (一種兼顧高低溫性能的鋰離子電池電解液及電池)	Our Company	PRC	2019112165953	Invention patent	February 21, 2040
48 .	A high-voltage lithium-ion battery electrolyte and lithium-ion battery (一種高電壓鋰離子電池電解液及鋰離子電池)	Our Company	PRC	2019110851031	Invention patent	December 3, 2039
49 .	A method for direct preparation of battery-grade lithium carbonate (一種直接制備電池級碳酸鋰的方法)	Our Company	PRC	2019109161641	Invention patent	November 8, 2039
50 .	An oxynitride solid-state electrolyte, its preparation method, and application (一種氧氮化物固態電解質及其制備方法和用途)	Our Company	PRC	2019106417482	Invention patent	September 26, 2039
51 .	A sulfide solid-state electrolyte, its preparation method, and application (一種硫化物固態電解質及其制備方法和用途)	Our Company	PRC	2019106417641	Invention patent	July 16, 2039

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
52 .	A lithium secondary battery electrolyte for reducing battery impedance and its lithium secondary battery (一種降低電池阻抗的鋰二次電池電解液及其鋰二次電池)	Our Company	PRC	2019105082231	Invention patent	July 16, 2039
53 .	A water-based binder for lithium-ion battery anode, its preparation method, and anode materials (一種鋰離子電池負極水性粘結劑及其制備方法、負極材料)	Our Company	PRC	2019100497784	Invention patent	June 12, 2039
54 .	A cationic reverse emulsion thickener and its preparation method (一種陽離子反相乳液增稠劑及其制備方法)	Our Company	PRC	2018115097652	Invention patent	January 18, 2039
55 .	An amino acid self-thickening composition, system, and application (一種氨基酸自增稠組合物、體系和應用)	Our Company	PRC	2018108002658	Invention patent	December 11, 2038
56 .	Lithium secondary battery cathode slurry, its preparation method, and application (鋰二次電池正極漿料及其制備方法和應用)	Our Company	PRC	2018105631499	Invention patent	July 20, 2038
57 .	Preparation method and application of a Si-O-C type polyether-based organosilicon elastomer gel (一種Si-O-C型聚醚基有機硅彈性體凝膠的制備方法和應用)	Our Company	PRC	2017111208473	Invention patent	June 4, 2038
58 .	An electrolyte for 5V high-voltage lithium secondary battery and lithium secondary battery containing the electrolyte (一種5V高電壓鋰二次電池用電解液及含有該電解液的鋰二次電池)	Our Company	PRC	2017110128490	Invention patent	November 14, 2037
59 .	A highly thickening silicone gel and its preparation method (一種高增稠性有機硅凝膠及其制備方法)	Our Company	PRC	2017108974284	Invention patent	October 26, 2037

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
60 .	A temperature-sensitive polymer electrolyte, its preparation method, and application (一種溫度敏感型聚合物電解質及其制備方法和應用)	Sun Yat-sen University, Our Company	PRC	2017108415209	Invention patent	September 28, 2037
61 .	A fluoroalkyl sulfonylimide additive promoting graphite carbon anode film formation and electrolyte containing the additive (一種促進石墨碳負極成膜的氟代烷基磺酰亞胺類添加劑及含該添加劑的電解液)	South China Normal University, Our Company	PRC	2017107326091	Invention patent	September 18, 2037
62 .	Preparation method of $FePO_4$ and the resulting $FePO_4$, preparation method of lithium ferro phosphate and the resulting lithium ferro phosphate, and lithium-ion battery (磷酸鐵的制備方法及其制備的磷酸鐵、磷酸鐵鋰的制備方法及其制備的磷酸鐵鋰以及鋰電池)	Our Company	PRC	201710733758X	Invention patent	August 24, 2037
63 .	A heat recycling $FePO_4$ production system and preparation method of $FePO_4$ (一種熱量循環利用的磷酸鐵生產系統及其制備磷酸鐵方法)	Our Company	PRC	201710727957X	Invention patent	August 24, 2037
64 .	UV-responsive amino acid surfactant and its preparation method (紫外響應氨基酸表面活性劑及其制備方法)	Our Company	PRC	2017106707749	Invention patent	August 23, 2037
65 .	Preparation and application of a polycyclic polyether-siloxane copolymer (一種多環狀聚醚硅氧烷共聚物的制備與應用)	Our Company	PRC	2017104693243	Invention patent	August 8, 2037
66 .	Azide mesoporous silicon dioxide nanoparticles and their preparation method (疊氮化介孔二氧化硅納米顆粒及其制備方法)	Sun Yat-sen University, Our Company	PRC	2017103933659	Invention patent	June 20, 2037

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
67 .	A medical acrylic thickener and its preparation method (一種醫用丙烯酸類增稠劑及其制備方法)	Our Company	PRC	2017102565452	Invention patent	May 27, 2037
68 .	A titanium siloxane catalyst and preparation method of Si-O-C type polyether silicone wax therefrom (一種鈦酸酯硅氧烷催化劑及由其制備Si-O-C型聚醚硅蠟的方法)	Our Company	PRC	2017102540667	Invention patent	April 19, 2037
69 .	A reactive group-capped modified polysiloxane, its preparation method, and application (一種活性基團封端的改性聚硅氧烷及其制備方法和應用)	Our Company	PRC	2017102126402	Invention patent	April 18, 2037
70 .	Method for detecting impurities in lithium hexafluorophosphate (六氟磷酸鋰中雜質的檢測方法)	Our Company	PRC	2017101977205	Invention patent	April 1, 2037
71 .	A preparation method of siloxane quaternary ammonium salt (一種硅氧烷季銨鹽的制備方法)	Our Company	PRC	2017100826918	Invention patent	March 29, 2037
72 .	Softener composition (柔順劑組合物)	Our Company	PRC	201710078407X	Invention patent	February 16, 2037
73 .	A non-aqueous electrolyte and lithium secondary battery using the electrolyte (一種非水電解液和使用該電解液的鋰二次電池)	Our Company	PRC	2016111746560	Invention patent	February 14, 2037
74 .	Method for detecting accumulated double-bond compounds in lithium hexafluorophosphate electrolyte solution (一種六氟磷酸鋰電解質溶液中聚積態雙鍵化合物的檢測方法)	Our Company	PRC	2016111492935	Invention patent	December 19, 2036
75 .	An acrylic thickener and its preparation method (一種丙烯酸類增稠劑及其制備方法)	Our Company	PRC	2016110121675	Invention patent	December 14, 2036
76 .	A lithium titanate secondary battery (一種鈦酸鋰二次電池)	Our Company	PRC	2016109477867	Invention patent	November 17, 2036

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
77 .	A preparation method of fatty acid amide propyl tertiary amine (一種脂肪酸酰胺丙基叔胺的制備方法)	Our Company	PRC	2016106706830	Invention patent	October 26, 2036
78 .	Method for detecting lithium salt content in lithium-ion battery electrolyte (鋰離子電池電解液中鋰鹽含量的檢測方法)	Our Company	PRC	2016102947240	Invention patent	August 15, 2036
79 .	A freeze-thaw stable acrylate polymer emulsion and its preparation method (一種凍融穩定型丙烯酸酯聚合物乳液及其制備方法)	Our Company	PRC	2016101727898	Invention patent	May 4, 2036
80 .	A high-voltage electrolyte containing cyclopentadienyl dicyanide and lithium-ion battery using the electrolyte (一種含有環戊烯二腈的高電壓電解液及使用該電解液的鋰離子電池)	Our Company	PRC	2016101559924	Invention patent	March 23, 2036
81 .	An electrolyte containing fluorinated sulfite compounds and lithium-ion secondary battery using the electrolyte (一種含有含氟亞硫酸酯類化合物的電解液及含有該電解液的鋰離子二次電池)	Our Company	PRC	2016100083535	Invention patent	March 18, 2036
82 .	A high-voltage electrolyte and lithium-ion battery using the electrolyte (一種高電壓電解液及使用該電解液的鋰離子電池)	Our Company	PRC	2015106797731	Invention patent	January 4, 2036
83 .	Preparation method of high-purity difluorophosphate (高純度二氟磷酸鹽的制備方法)	Our Company, TINCI Jiujiang	PRC	2015106397349	Invention patent	October 19, 2035
84 .	A method for separating magnesium and enriching lithium from low-lithium brine to produce lithium carbonate (一種從低鋰鹵水中分離鎂和富集鋰生產碳酸鋰的方法)	Our Company	PRC	2015106212003	Invention patent	September 28, 2035

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
85 .	A lithium-ion battery electrolyte for high-voltage ternary cathode material system (一種高電壓三元正極材料體系鋰離子電池電解液)	Our Company	PRC	201510451737X	Invention patent	September 18, 2035
86 .	A preparation method of phosphonylfluoroalkylsulfonimide alkali metal salts (一種磷腈氟烷基磺酰亞胺鹼金屬鹽的制備方法)	Our Company	PRC	2015104506322	Invention patent	July 28, 2035
87 .	Water-soluble zwitterionic polymer and its preparation method (水溶性兩性離子聚合物及其制備方法)	Our Company, TINCI Jiujiang	PRC	2015103796332	Invention patent	July 28, 2035
88 .	A cationic quaternary ammonium salt and its preparation method (一種陽離子季銨鹽及其制備方法)	Our Company	PRC	2015103427075	Invention patent	June 30, 2035
89 .	An antibacterial organosilicon elastomer emulsion, its preparation method, and application (一種抗菌有機硅彈性體乳液及其制備方法與應用)	Our Company, TINCI Jiujiang	PRC	2015102267897	Invention patent	June 17, 2035
90 .	Preparation method of alkaline battery anode gel agent and alkaline battery anode gel agent (鹼性電池負極凝膠劑的制備方法以及鹼性電池負極凝膠劑)	Our Company	PRC	2015102020150	Invention patent	May 6, 2035
91 .	MOFs-supported catalyst, its preparation method, and application in olefin silane addition reactions (一種MOFs負載型催化劑及其制備方法與在烯烴硅氫加成反應中的應用)	Our Company	PRC	2015101922561	Invention patent	April 23, 2035
92 .	An electrolyte containing cyanoethylamine and a lithium secondary battery (一種含有腈乙基胺的電解液及一種鋰二次電池)	Our Company	PRC	2015100351750	Invention patent	April 21, 2035

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
93 .	Cationic starch with conditioning and setting effects and its preparation method (具有調理定型作用的陽離子澱粉及其制備方法)	Our Company, TINCI Jiujiang	PRC	2014107100710	Invention patent	January 23, 2035
94 .	Preparation method for high-purity 4,5-dicyano-2-trifluoromethylimidazole and its salts (高純度4, 5-二氰基-2-三氟甲基咪唑及其鹽的制備方法)	Our Company, TINCI Jiujiang	PRC	2014107101535	Invention patent	November 27, 2034
95 .	A preparation method of a Bola-type betaine surfactant (一種Bola型甜菜鹼表面活性劑的制備方法)	Our Company	PRC	2014106757231	Invention patent	November 27, 2034
96 .	An electrolyte containing cyanoethyl hydrofluoroether and a lithium secondary battery (一種含有腈乙基氫氟醚的電解液及一種鋰二次電池)	Our Company	PRC	2014106377942	Invention patent	November 21, 2034
97 .	Cationic starch, its preparation method, and application (陽離子澱粉及其制備方法和應用)	Our Company, TINCI Jiujiang	PRC	2014104539035	Invention patent	November 12, 2034
98 .	An acrylic polymer prepared under low-temperature conditions and its preparation method (一種低溫條件下制備的丙烯酸類聚合物及其制備方法)	Our Company, TINCI Jiujiang	PRC	201410371133X	Invention patent	September 5, 2034
99 .	A polysiloxane-modified cationic polysaccharide compound, its preparation method, and application (一種聚硅氧烷改性陽離子多糖化合物及其制備方法與應用)	Our Company, TINCI Jiujiang	PRC	2014103676745	Invention patent	July 30, 2034
100.	A preparation method of polymer electrolyte materials for lithium-ion batteries and their application (一種鋰電池用聚合物電解質材料制備方法及應用)	Our Company, Sun Yat-sen University, TINCI Jiujiang	PRC	2014103386348	Invention patent	July 29, 2034

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
101.	A borane electrolyte, its preparation method, and a lithium-ion battery (一種硼烷電解液及其制備方法以及一種鋰離子電池)	Our Company	PRC	2014102870818	Invention patent	July 16, 2034
102.	A preparation method of fluorinated ethylene carbonate (一種氟代碳酸乙烯酯的制備方法)	Our Company	PRC	2013105350948	Invention patent	June 24, 2034
103.	A preparation method of metal salts of difluoro (oxalato) borate (二氟草酸硼酸金屬鹽的制備方法)	Our Company, Fok Ying Tung Research Institute of Hong Kong University of Science and Technology, Guangzhou (廣州市香港科大霍英東研究院)	PRC	2013104243741	Invention patent	October 31, 2033
104.	A preparation method of high-purity trisilyl borate (一種高純度三硅烷基硼酸酯的制備方法)	Our Company, TINCI Jiujiang	PRC	2013102683253	Invention patent	September 17, 2033
105.	An overcharge-safe non-aqueous electrolyte for lithium-ion batteries (一種鋰離子電池用過充安全型非水電解液)	Our Company, TINCI Jiujiang	PRC	2012104066278	Invention patent	July 1, 2033
106.	An electrolyte and lithium-ion battery exhibiting high flame retardancy and electrochemical performance (具有高阻燃性能和電化學性能的電解液及鋰離子電池)	Our Company, TINCI Jiujiang	PRC	2012103471430	Invention patent	October 23, 2032
107.	A preparation method of high-purity lithium tetrafluoroborate (一種高純度四氟硼酸鋰的制備方法)	Our Company, TINCI Jiujiang	PRC	2012103288789	Invention patent	September 18, 2032
108.	Zwitterionic liquid electrolyte material, its preparation, and application in lithium-ion battery electrolytes (兩性離子液體電解質材料及其制備與在鋰電池電解液中的應用)	Our Company	PRC	201210185105X	Invention patent	September 7, 2032
109.	An organosilicon gel composition for daily chemicals and its preparation method (一種日化用有機硅凝膠組合物及其制備方法)	Our Company	PRC	2011104034037	Invention patent	June 6, 2032

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
110.	A preparation method of spherical polyacrylic resin (球狀聚丙烯酸樹脂的制備方法)	Sun Yat-sen University, Our Company	PRC	2011103151334	Invention patent	December 7, 2031
111.	A high-voltage and high-temperature resistant, safe electrolyte for lithium-ion batteries with manganese-based cathode materials and its application (一種錳系材料為正極的鋰離子電池用耐高電壓高溫安全型電解液及其用途)	Our Company, TINCI Jiujiang	PRC	2011102581640	Invention patent	October 18, 2031
112.	An alternating or random copolymer containing quaternary ammonium side groups and its preparation method (一種含季銨鹽側基的交替或無規共聚物及其制備方法)	Our Company	PRC	2010105973856	Invention patent	September 2, 2031
113.	A preparation method of conductive liquid silicone rubber base compound and its composition (一種導電液體硅橡膠基礎膠料及其組合物的制備方法)	Our Company	PRC	2010105608208	Invention patent	December 20, 2030
114.	Cyanide-containing high-dielectric constant organosilicon electrolyte materials (含氰基高介電常數有機硅電解質材料)	Our Company	PRC	2010101829786	Invention patent	November 26, 2030
115.	A preparation method of ultra-high molecular weight polyorganosiloxane (一種超高分子量聚有機硅氧烷的制備方法)	Our Company	PRC	2009101930064	Invention patent	May 19, 2030
116.	Micro-crosslinked gel-state polymer electrolyte membrane for lithium-ion batteries and its preparation method (微交聯型凝膠態鋰離子電池聚合物電解質膜及其制備方法)	Our Company	PRC	2007100298612	Invention patent	October 13, 2029

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
117.	Zwitterionic polymer for hair styling and setting, its preparation method, and application (發用定型的兩性離子型聚合物和制備方法及其應用)	Our Company	PRC	2007100297075	Invention patent	August 23, 2027
118.	Electrolyte for high-rate lithium-ion batteries (高倍率鋰離子電池用電解液)	Our Company	PRC	2006101222635	Invention patent	August 14, 2027
119.	Acrylamide crosslinked copolymer emulsion and its preparation method (丙烯酰胺交聯共聚物乳液及其制備方法)	Our Company	PRC	2006100370803	Invention patent	September 20, 2026
120.	Preparation method of potassium fluoride using absorption liquid from hydrogen fluoride plant tail gas (基於氟化氫車間尾氣吸收液制備氟化鉀的方法)	Chizhou Tinci Materials Technology Co., Ltd. (池州天賜高新材料有限公司)	PRC	2021112545625	Invention patent	October 27, 2031
121.	An environmentally friendly sealing UV adhesive and its preparation method (一種環保型密封UV膠及其制備方法)	TENGWEI Dongguan	PRC	2024108976928	Invention patent	October 27, 2041
122.	A flame-retardant polyurethane adhesive, its preparation method, and application (一種阻燃型聚氨酯膠粘劑及其制備方法和應用)	TENGWEI Dongguan	PRC	2024107289020	Invention patent	July 4, 2044
123.	A method for preparing difluorophosphate (一種二氟磷酸鹽的制備方法)	TINCI Jiujiang	PRC	2023108560049	Invention patent	September 1, 2033
124.	A method for co-producing lithium tetrafluoroborate and lithium difluoro(oxalato)borate based on rheological phase reaction, and lithium salt (一種基於流變相反應聯產四氟硼酸鋰和雙氟草酸硼酸鋰的方法和鋰鹽)	TINCI Jiujiang	PRC	2022117405758	Invention patent	July 13, 2043
125.	A preparation method of alkali metal hexafluorophosphate (一種鹼金屬六氟磷酸鹽的制備方法)	TINCI Jiujiang	PRC	2022116117414	Invention patent	December 31, 2042

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
126.	Electrolyte composition, method for secondary liquid injection, and lithium secondary battery (電解液組合、二次注液的方法、鋰二次電池)	TINCI Jiujiang	PRC	2022115295236	Invention patent	December 14, 2042
127.	Use of methyl trifluoroethyl carbonate, electrolyte, method for inhibiting manganese dissolution, and battery (甲基三氟乙基碳酸酯的用途、電解液、抑制錳溶出的方法和電池)	TINCI Jiujiang	PRC	2022115457353	Invention patent	November 30, 2042
128.	A preparation method of bis(perfluoroalkylsulfonyl)imide salt (一種雙全氟烷基磺酰亞胺鹽的制備方法)	TINCI Jiujiang	PRC	2022114943405	Invention patent	November 28, 2042
129.	Sulfate ester and its preparation method (硫酸酯及其制備方法)	TINCI Jiujiang	PRC	2022114558041	Invention patent	November 25, 2042
130.	High-voltage non-aqueous electrolyte and lithium-ion secondary battery (高電壓非水電解液及鋰離子二次電池)	TINCI Jiujiang	PRC	2022113789034	Invention patent	November 21, 2042
131.	Preparation and application of a catalyst for synthesis of fatty acyl sulfonate surfactant (一種脂肪酰磺酸鹽表面活性劑合成用催化劑的制備與應用)	TINCI Jiujiang	PRC	2022109636750	Invention patent	November 4, 2042
132.	Preparation method of bis(fluorosulfonyl)imide compound, bis(fluorosulfonyl)imide ionic liquid, and lithium bis(fluorosulfonyl)imide (雙(氟磺酰)亞胺化合物的制備方法、雙(氟磺酰)亞胺離子液體和雙(氟磺酰)亞胺鋰)	TINCI Jiujiang	PRC	2022106870332	Invention patent	August 11, 2042
133.	A preparation method of lithium-ion battery electrolyte (一種鋰離子電池電解質的制備方法)	TINCI Jiujiang	PRC	2022104347383	Invention patent	June 17, 2042

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
134.	A method and device for recycling black powder from waste lithium-ion batteries (一種廢舊鋰離子電池黑粉回收方法及裝置)	TINCI Resource Recycle	PRC	2022102099232	Invention patent	April 24, 2042
135.	A method and device for recycling waste lithium-ion batteries (一種廢舊鋰離子電池回收方法及裝置)	TINCI Jiujiang	PRC	2022102086001	Invention patent	March 3, 2042
136.	Silicon-based phosphate ester and its preparation method (硅基磷酸酯及其制備方法)	TINCI Jiujiang	PRC	2022101330605	Invention patent	February 14, 2042
137.	A non-aqueous high-temperature electrolyte and its lithium-ion secondary battery (一種非水高溫電解液及包含它的鋰離子二次電池)	TINCI Jiujiang	PRC	2021116344589	Invention patent	December 29, 2041
138.	A synthesis method for vinyl sulfate and its application (一種硫酸乙烯酯的合成方法及其應用)	TINCI Jiujiang	PRC	2021115406516	Invention patent	December 16, 2041
139.	Electrolyte additive composition, electrolyte, and lithium secondary battery (電解液添加劑組合物、電解液及鋰二次電池)	TINCI Jiujiang	PRC	2021113809654	Invention patent	November 20, 2041
140.	A power-type lithium secondary battery electrolyte and battery (一種功率型鋰二次電池電解液及電池)	TINCI Jiujiang	PRC	2021112110479	Invention patent	October 18, 2041
141.	An electrolyte containing sulfonated phenyl ester compounds and lithium-ion battery (一種含磺酸苯酯化合物的電解液及鋰離子電池)	TINCI Jiujiang	PRC	2021111990787	Invention patent	October 14, 2041
142.	An electrolyte additive, electrolyte, and lithium secondary battery (一種電解液添加劑、電解液、鋰二次電池)	TINCI Jiujiang	PRC	2021110403278	Invention patent	September 6, 2041

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
143.	A tetracyano-functionalized nitrile ether electrolyte additive, electrolyte, and lithium-ion battery (一種含四氰基的腈醚類電解液添加劑和電解液及鋰離子電池)	TINCI Resource Recycle	PRC	2021101970274	Invention patent	February 22, 2041
144.	A method for recycling lithium nickel manganese cobalt oxide ternary cathode powder (鎳鈷錳酸鋰三元正極粉料的回收利用方法)	TINCI Jiujiang, TINQI Jiujiang Fluorine Silicon	PRC	202011635796X	Invention patent	December 31, 2040
145.	A preparation method of bicyclic sulfite and bicyclic sulfate (雙環狀亞硫酸酯與雙環狀硫酸酯的制備方法)	TINCI Jiujiang	PRC	2020115875463	Invention patent	December 28, 2040
146.	A method for recycling fluorosulfuric acid (一種含氟硫酸的回收利用方法)	TINCI Jiujiang	PRC	2020115382837	Invention patent	December 23, 2040
147.	A method for synthesizing lithium difluorophosphate via gas-solid-liquid three-phase reaction (一種氣固液三相合成二氟磷酸鋰的方法)	TINCI Jiujiang	PRC	2020115431439	Invention patent	December 23, 2040
148.	A detection method for N-phenylbis (trifluoromethanesulfonimide) (N-苯基雙(三氟甲磺酰亞胺)的檢測方法)	TINCI Jiujiang	PRC	2020115382470	Invention patent	December 23, 2040
149.	An additive composition for preparing electrolyte, electrolyte containing the additive composition, and lithium-ion secondary battery (一種用於製備電解液的添加劑組合物、及包含添加劑組合物的電解液、鋰離子二次電池)	TINCI Jiujiang	PRC	2020115274423	Invention patent	December 22, 2040
150.	A preparation method of lithium difluorophosphate (一種二氟磷酸鋰的製備方法)	TINCI Jiujiang	PRC	2019112842484	Invention patent	December 13, 2039

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
151.	A preparation method of PBA-b-PEEK-b-PBA block copolymer and the block copolymer prepared thereby (一種PBA-b-PEEK-b-PBA嵌段共聚物的製備方法及其製備的嵌段共聚物)	TINCI Resource Recycle	PRC	2019112179759	Invention patent	December 3, 2039
152.	A preparation method of battery-grade lithium difluoro-dioxalate phosphate solid and its application (一種電池級二氟雙草酸磷酸鋰固體的製備方法及其應用)	TINCI Jiujiang	PRC	2019111765211	Invention patent	November 26, 2039
153.	A preparation method of polyionic liquids for use in lithium-ion battery polymer solid-state electrolytes (一種可用於鋰電池聚合物固態電解質的聚離子液體的製備方法)	TINCI Jiujiang	PRC	2019111682948	Invention patent	November 25, 2039
154.	A one-pot synthesis method for lithium difluoro(oxalato)borate (一種一鍋法合成二氟草酸硼酸鋰的方法)	TINCI Jiujiang	PRC	2018113446199	Invention patent	November 13, 2038
155.	A preparation method of tris(trimethylsilyl) phosphite (一種三(三甲硅基)亞磷酸酯的製備方法)	TINCI Jiujiang	PRC	2018112822537	Invention patent	October 30, 2038
156.	A preparation method of electronic-grade lithium difluoro-dioxalate phosphate (一種電子級二氟雙草酸磷酸鋰的製備方法)	TINCI Jiujiang	PRC	2018110307279	Invention patent	September 5, 2038
157.	A preparation method of n-propyl phosphoric acid cycloanhydride (一種正丙基磷酸環酐的製備方法)	TINCI Jiujiang	PRC	2018110315167	Invention patent	September 5, 2038
158.	A preparation method of crosslinked sulfonated polyetheretherketone (一種交聯磺化聚醚醚酮的製備方法)	TINCI Resource Recycle	PRC	2018110314925	Invention patent	September 5, 2038

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
159.	A preparation method of high-purity bis(fluorosulfonyl)imide (一種高純度二氟磺酰亞胺的製備方法)	TINCI Jiujiang	PRC	2017105870832	Invention patent	July 18, 2037
160.	Composite electrode material and its application (複合電極材料及其應用)	Tsinghua University, TINCI Jiujiang	PRC	2017101211060	Invention patent	March 2, 2037
161.	All-solid-state lithium-ion battery, solid-state electrolyte compound, and preparation method (全固態鋰離子電池、固態電解質化合物及製備方法)	Tsinghua University, TINCI Jiujiang	PRC	201610822432X	Invention patent	September 13, 2036
162.	A continuous reaction device and method for amino acid surfactant (一種氨基酸表面活性劑的連續式反應裝置及方法)	TINCI Jiujiang	PRC	2016107281448	Invention patent	August 26, 2036
163.	High-voltage electrolyte for lithium-ion batteries (鋰離子電池用高電壓電解液)	TINCI Jiujiang	PRC	201510906976X	Invention patent	December 9, 2035
164.	Pressure synthesis method for trifluoroethoxy propionitrile (加壓合成三氟乙氧基丙腈的方法)	TINCI Resource Recycle	PRC	2015109077060	Invention patent	December 9, 2035
165.	A synthesis method for 2-amino-2-methyl-1-propanol from isopropylamine (一種由異丙胺合成2-氨基-2-甲基-1-丙醇的方法)	TINCI Resource Recycle	PRC	2015107125163	Invention patent	October 28, 2035
166.	Method for recycling bis-DMAPA from DMAPA recombinant fraction (從DMAPA重組分中回收雙DMAPA的方法)	TINCI Jiujiang	PRC	2014107499951	Invention patent	December 10, 2034
167.	A preparation method of sodium N-lauryl glutamate (一種N-月桂酰基谷氨酸鈉的製備方法)	TINCI Jiujiang	PRC	2014107392545	Invention patent	December 8, 2034
168.	A method and device for recycling black powder from waste lithium-ion batteries (一種廢舊鋰離子電池黑粉回收方法及裝置)	TINCI Resource Recycle	PRC	2022105410740	Invention patent	May 19, 2042

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
169.	Recycling device for secondary utilization of lithium power batteries (鋰動力電池梯次利用的回收裝置)	TINCI Resource Recycle	PRC	2018103061823	Invention patent	April 8, 2038
170.	An electrolyte containing lithium oxalate phosphate and a lithium-ion battery using the electrolyte (一種含有草酸磷酸鋰的電解液及使用該電解液的鋰離子電池)	KAIXIN Ningde	PRC	2016107496401	Invention patent	August 29, 2036
171.	Method for producing lithium-ion battery electrolyte (生產鋰離子電池電解液的方法)	KAIXIN Ningde	PRC	2016107438410	Invention patent	August 29, 2036
172.	A lithium oxalate phosphate and its preparation method (一種草酸磷酸鋰及其製備方法)	KAIXIN Ningde	PRC	2016107438800	Invention patent	August 29, 2036
173.	Liquid lithium salt microtube reactor and production process for liquid lithium salt using the reactor (液體鋰鹽微管反應器及採用該反應器的液體鋰鹽生產工藝)	KAIXIN Ningde	PRC	2016105759296	Invention patent	July 21, 2036
174.	A method for removing crystallization water from lithium Lithium bis(trifluoromethanesulfonyl)imide (雙三氟甲基磺酰亞胺鋰中結晶水的脱除方法)	KAIXIN Ningde	PRC	2014107498164	Invention patent	December 10, 2034
175.	A transparent thickening suspension system, preparation method, and application (一種透明增稠懸浮體系、製備方法和用途)	Qingyuan Tinci Materials Technology Co., Ltd. (清遠天賜高新材料有限公司)	PRC	2022100137422	Invention patent	January 6, 2042
176.	A preparation method of carbon-coated lithium ferro phosphate cathode materials using low-temperature CVD (一種採用CVD 低溫製備碳包覆磷酸鐵鋰正極材料的方法)	Tinci Materials (Taizhou) Co., Ltd. (天賜材料(台州)有限公司)	PRC	2016106769717	Invention patent	August 17, 2036
177.	A fully enclosed rotary kiln (一種全密閉螺旋窑)	Tinci Materials (Taizhou) Co., Ltd. (天賜材料(台州)有限公司)	PRC	2016106828537	Invention patent	August 17, 2036

No.	Patent	Registered Owner	Place of Registration	Patent Number	Type	Expiry Date
178.	A quantitative analysis device and analysis method of hydrogen fluoride gas (一種氟化氫氣體定量分析裝置及分析方法)	Tianjin Tinci Materials Technology Co., Ltd. (天津天賜高新材料有限公司)	PRC	2018109199381	Invention patent	August 14, 2038
179.	A method for recycling iron and lithium from waste lithium ferro phosphate batteries (一種從廢舊磷酸鐵鋰電池中回收鐵和鋰的方法)	Yichun Tinci Materials Technology Co., Ltd. (宜春天賜高新材料有限公司)	PRC	2022110128805	Invention patent	August 23, 2042
180.	Continuous production system for $FePO_4$ and method of continuously producing $FePO_4$ (磷酸鐵連續化生產系統及連續化生產磷酸鐵的方法)	Yichun Tinci Materials Technology Co., Ltd. (宜春天賜高新材料有限公司)	PRC	2017107279777	Invention patent	August 23, 2037
181.	A sealing structure for rotary kiln (一種螺旋窯的密封結構)	Yichun Tinci Materials Technology Co., Ltd. (宜春天賜高新材料有限公司)	PRC	2016106822808	Invention patent	August 17, 2036
182.	A preparation method of high-purity vinylene carbonate (一種製備高純度碳酸亞乙烯酯的方法)	TIANSHUO Zhejiang	PRC	2022106806887	Invention patent	June 16, 2042

(c) Domain Names

As of the Latest Practicable Date, we owned the following domain names in the PRC which we consider to be or may be material to our business:

No.	Registered Owner	Domain Name
1 . . .	Our Company	tinci.com
2 . . .	TENGWEI Dongguan	bondwaycn.com

(C) FURTHER INFORMATION ABOUT OUR DIRECTORS

1 Particulars of Directors' Service Contracts and Appointment Letters

Each of the Directors [has entered into] a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

2 Remuneration of Directors

Save as disclosed in "Directors and Senior Management" and under "Accountants' Report — Notes to the Historical Financial Information — 15. Directors' and Chief Executive's Remuneration and Employees' Emoluments" in Appendix I to this document, no Director received other remuneration or benefits in kind from our Company in respect of each of the years ended December 31, 2023, 2024 and 2025.

3 Disclosure of Interests

***Interests and Short Positions of our Directors in the Registered Capital of our Company or our Associated Corporations following Completion of the* [REDACTED]**

Immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the interests or short positions of our Directors and chief executives in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to our Company and the Stock Exchange are set out below:

		As of the Latest Practicable Date		Immediately after the [REDACTED]		
Name of Director	**Nature of interest**	**Number of A Shares held**	**Approximate Percentage of issued Shares**	**Number of A Shares held**	**Approximate Percentage of issued A Shares**	**Approximate Percentage of total issued Shares**
			(%)		*(%)*	*(%)*
Mr. Xu	Beneficial owner	698,668,092	34.35	698,668,092	34.35	[**REDACTED**]
Mr. Xu Sanshan (徐三善)	Beneficial owner[(1)]	2,751,396	0.14	2,751,396	0.14	[**REDACTED**]
Mr. Gu Bin (顧斌) . . .	Beneficial owner[(2)]	3,033,074	0.15	3,033,074	0.15	[**REDACTED**]
Mr. Han Heng (韓恒). .	Beneficial owner[(3)]	546,400	0.03	546,400	0.03	[**REDACTED**]
Mr. Zhao Jingwei (趙經緯)	Beneficial owner[(4)]	1,050,220	0.05	1,050,220	0.05	[**REDACTED**]

Notes:

(1) Mr. Xu Sanshan holds 2,613,396 A Shares of our Company and is beneficially interested in 138,000 A Shares under the Employee Stock Ownership Plan.

(2) Mr. Gu Bin holds 2,895,074 A Shares of our Company and is beneficially interested in 138,000 A Shares under the Employee Stock Ownership Plan.

(3) Mr. Han Heng holds 408,400 A Shares of our Company and is beneficially interested in 138,000 A Shares under the Employee Stock Ownership Plan.

(4) Mr. Zhao Jingwei holds 912,220 A Shares of our Company and is beneficially interested in 138,000 A Shares pursuant to the Employee Stock Ownership Plan.

Interests and Short Positions Disclosable under Divisions 2 and 3 of Part XV of the SFO

For information on the person(s) who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of our Company, see "Substantial Shareholder."

Interests of substantial shareholders in members of our Group (excluding our Company)

As of the Latest Practicable Date, to the best knowledge of our Directors, the following persons (other than members of our Group) were interested in 10% or more of the voting rights at general meetings of our subsidiaries:

Name of subsidiary	Name of substantial shareholder	Approximate percentage of shareholding
TENGWEI Dongguan	Wu Quansheng (鄔全生)	15.00%
Chenzhou Zhonggui Technology Co., Ltd. (郴州市中貴科技有限公司)	Hunan Zhonggui New Materials Co., Ltd. (湖南中貴新材料有限公司)	43.28%
Jiangxi Tinci Zhongxiao Materials Co., Ltd. (江西天賜中硝新材料有限公司)	Central Glass Co., Ltd. (セントラル硝子株式会社)	35.00%
Guangzhou Tinci Flavors and Fragrances Co., Ltd. (廣州天賜香精香料有限公司)	Zhejiang Huitianfu Enterprise Management Co., Ltd. (浙江匯添福企業管理有限公司)	30.00%
Jiujiang Xigui Technology Co., Ltd. (九江稀貴科技有限公司)	Shanghai Xigu Technology Co., Ltd. (上海稀固科技有限公司)	30.00%
Qinghai Tinci Hongzheng Environmental Protection Technology Co., Ltd. (青海天賜宏正環保科技有限公司)	Qinghai Xinchuang Environmental Protection Technology Partnership Enterprise (Limited Partnership) (青海信創環保技術合夥企業(有限合夥))	26.65%
	Wang Yan (王豔)	22.35%
Jiujiang Tianway Technology Co., Ltd. (九江天微科技有限公司)	Zhou Xiaohai (周曉海)	20.00%
Dongguan Aibei New Materials Technology Co., Ltd. (東莞市艾貝新材料科技有限公司)	Jiang Linge (江玲娥)	18.00%
	Jiang Shaobo (江紹波)	10.00%

(D) 2024 SHARE INCENTIVE PLAN

As the 2024 Share Incentive Plan will not involve the grant of new Shares or options over new Shares after Listing and given all material terms of the 2024 Share Incentive Plan have been clearly set out in this document, the Share Options granted to specified participants before Listing as set out above may continue to be valid after Listing, and the terms of the 2024 Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

The following is a summary of the principal terms of our 2024 Share Incentive Plan.

1 Purposes

The purposes of the 2024 Share Incentive Plan are to further establish and improve our long-term incentive mechanism, attract and retain outstanding talents, and fully motivate their enthusiasm and innovation to enhance cohesion and core competitiveness of our Company. The 2024 Share Incentive Plan is implemented to align the interests of our Shareholders, our Company and our core team members, which is beneficial to the sustainable development of our Group and ensures the realization of our development strategy and business objectives.

2 Type of Share Incentives

Under the 2024 Share Incentive Plan, we may grant Share Options to eligible participants, and the A Shares underlying the Share Options under the 2024 Share Incentive Plan can only be issued after the exercise thereof.

3 Administration

The 2024 Share Incentive Plan is subject to the approval of our Company's general meeting, administration of the Board and the supervision of the independent non-executive Directors.

4 Participants

Participants under the 2024 Share Incentive Plan include (i) middle-level management personnel and (ii) core technical or business employees. The 2024 Share Incentive Plan does not include (i) independent non-executive Directors, (ii) Shareholders who, individually or in aggregate, holding 5% or more of the Shares of our Company, or actual controller(s) and their respective spouse, parents and children.

5 Source and Maximum Number of Shares

The underlying Shares for the Share Options are new A Shares to be issued by our Company. The number of Shares granted to any individual grantee under the 2024 Share Incentive Plan of our Company currently in effect shall not exceed 1% of our Company's total share capital.

Subject to the adjustment mechanisms set out in paragraph 11 below, the maximum number of Share Options initially available to be granted under the 2024 Share Incentive Plan is 13,648,500 and the maximum number of Share Options that are reserved for and may be further granted is 1,550,000.

6 Term of the Plan and Date of Grant

The term of the 2024 Share Incentive Plan shall commence from the date on which the initial Share Options are granted and continue until all Share Options have been either exercised or cancelled, but in any case, shall not exceed a maximum of 60 months.

The grant date of Share Options shall be determined by the Board after the approval of the 2024 Share Incentive Plan by the Shareholders at a general meeting, and must be a trading day of the Shenzhen Stock Exchange. The grant of the Share Options is subject to the approval of the Board and shall be announced within 60 days after the approval of the 2024 Share Incentive Plan at a general meeting.

7 Conditions to the Grant of Share Options

Share Options will only be granted to eligible participants if the following conditions are fulfilled:

(i) With respect to our Company, none of the following circumstances having occurred:

(A) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to our accountant's report for the most recent fiscal year;

(B) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to the internal control report contained in accountant's report for the most recent fiscal year;

(C) our Company has failed to distributed profits in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing on the Shenzhen Stock Exchange;

(D) implementation of any share incentive plan is prohibited under applicable laws and regulations; or

(E) any other circumstances determined by the CSRC.

(ii) With respect to a grantee, none of the following circumstances having occurred:

(A) he or she has been regarded as an inappropriate participant by a stock exchange within the last 12 months;

(B) he or she has been regarded as an inappropriate participant by the CSRC or its local office within the last 12 months;

(C) he or she has been penalized or prohibited from entering into the securities market by the CSRC or its local office due to material non-compliance of laws and regulations within the last 12 months;

(D) he or she is not qualified to serve as a director or senior management according to the PRC Company Law;

(E) he or she is prohibited from participating in any share incentive plans of listed companies according to applicable laws and regulations; or

(F) any other circumstances determined by the CSRC.

Under the 2024 Share Incentive Plan, no consideration is paid/payable for the eligible participants to be granted Share Options.

8 Lock-up Arrangements

The lock-up arrangements under the 2024 Share Incentive Plan are determined according to the Articles of Association and applicable PRC laws and regulations:

(i) if the grantee is a Director or a senior management of our Company, the Shares to be transferred each year during his or her tenure shall not exceed 25% of the total Shares he or she holds. No Shares held by such Director or senior management may be transferred within six months after termination of his or her employment;

(ii) if the grantee is a Director or senior management of our Company and their respective spouse, parents and child(ren), income gained through sale of Shares of our Company within six months of the purchase or repurchase of Shares of our Company within six months of the sale, shall belong to our Company and be reclaimed by the Board; and

(iii) if there is any change in the applicable laws and regulations or the relevant provisions of the Articles of Association on the foregoing lock-up requirements within the term of the 2024 Share Incentive Plan, the grantee shall comply with the amended laws and regulations and the Articles of Association.

9 Exercise of Share Options

The Share Options will be exercised when the performance targets of our Company and the grantees as set out under the 2024 Share Incentive Plan are achieved. The granted Share Options will be exercised in accordance with the schedules under the 2024 Share Incentive Plan subject to the exercise by the grantees as follows:

	Exercise schedule
Initial Share Options	The Share Options may be exercised in three tranches of (i) 40% from the first trading date after the 12 months from the date of grant and the last trading date within the 24 months of such date; (ii) 30% from the first trading date after the 24 months from the date of grant and the last trading date within the 36 months of such date; and (iii) 30% from the first trading date after the 36 months from the date of grant and the last trading date within the 48 months of such date.
Reserved Share Options	The Share Options may be exercised in two tranches of (i) 50% from the first trading date after the 12 months from the date of grant and the last trading date within the 24 months of such date; and (ii) 50% from the first trading date after the 24 months from the date of grant and the last trading date within the 36 months of such date.

10 Exercise Price

The exercise price of each Share Option under the 2024 Share Incentive Plan shall not be lower than the nominal value of each A Share and, in principle, shall not be lower than, as the case may be stipulated in the 2024 Share Incentive Plan, the exercise price of the initial Share Options and the reserved Share Option is RMB16.59 per Share Option.

11 Adjustment

Subject to the other terms and conditions contained in the 2024 Share Incentive Plan, the number and/or exercise price of granted Share Options may be adjusted upon the occurrence of certain events from the date of the announcement of the 2024 Share Incentive Plan to the completion of relevant exercise by the grantees. These events include, as the case may be, (i) capitalization of reserves, (ii) distribution of stock dividends, (iii) share subdivision, (iv) rights issue, and (v) share consolidation.

12 Dividend and Voting Rights

Upon the exercise of Share Options in accordance with the 2024 Share Incentive Plan, the grantees will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and right to vote at the general meeting.

13 Outstanding Share Options

As of the Latest Practicable Date, the number of the outstanding Share Options under the 2024 Share Incentive Plan was 13,635,957, representing approximately [**REDACTED**] of the issued Shares immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised). If all outstanding Share Options granted under the 2024 Share Incentive Plan are fully exercised, assuming the [**REDACTED**] is not exercised, the issued and outstanding Shares held by Shareholders following the Listing will be diluted by approximately [**REDACTED**]. The dilutive effect on our earnings per share will be approximately [**REDACTED**].

The following table sets forth the details of outstanding Share Options granted to all grantees (including Directors, senior management members, other connected person(s) and employees of our Company) under the 2024 Share Incentive Plan as of the Latest Practicable Date.

Name of grantee	Position in our Group	Date of grant	Number of grantees	Number of outstanding Share Options	Exercise price (per Share)	Exercise Schedule[1]	Approximate % of the issued Shares immediately after the [REDACTED][2]
							(%)
Directors or senior management members							
–	–	–	–	–	–	–	–
Other connected persons							
Other connected persons	Core technical or business employees	December 30, 2024	9	146,150	16.59	48 months	[REDACTED]
Other grantees							
Other participants[3]	–	December 30, 2024	800	11,949,907	16.59	48 months	[REDACTED]
	–	December 9, 2025	311	1,539,900	16.59	48 months	[REDACTED]
Total				**13,635,957**			[REDACTED]

Notes:

(1) See "(D) 2024 Share Incentive Plan — 9. Exercise of Share Options" in this Appendix.

(2) Assuming the [**REDACTED**] is not exercised.

(3) No employee grantees have been granted Share Options in excess of 1% of the issued Shares of our Company immediately after the [**REDACTED**] on a stand alone basis.

(E) EMPLOYEE STOCK OWNERSHIP PLAN

The following is a summary of the principal terms of the Employee Stock Ownership Plan. The terms of the Employee Stock Ownership Plan are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of options or awards by our Company to subscribe new Shares or award of Shares upon Listing.

1 Purposes

The purposes of the Employee Stock Ownership Plan are to establish and improve the benefit-sharing mechanism between employees and the Shareholders to further improve the corporate governance of the Company, enhance the cohesion of employees and corporate

competitiveness, and promote the Company's long-term, sustainable and healthy development. The Employee Stock Ownership Plan is implemented to ensure the achievement of the Company's future development strategies and business objectives.

2 Plan Limit

The number of participants under the Employee Stock Ownership Plan is 102. Meanwhile, the maximum number of A Shares to be held by the Employee Stock Ownership Plan is 6,027,000 A Shares, accounting for approximately 0.30% of our Company's issued Share capital as of the Latest Practicable Date.

The total number of Shares held by the Employee Stock Ownership Plan shall not exceed 10% of the issued Share capital of our Company. The maximum number of Shares corresponding to the awards held an individual participant shall not exceed 1% of the issued Share capital of our Company.

3 Contribution of funds to the Employee Stock Ownership Plan

The eligible participants shall use their salaries and personal funds to subscribe to the Employee Stock Ownership Plan and obtain the corresponding interest in the Employee Stock Ownership Plan.

4 Source of Shares

The A Shares obtained by the Employee Stock Ownership Plan shall be the A Shares purchased on-market and held in the Company's custodian account.

The Employee Stock Ownership Plan is maintained by our Company or an Independent Third Party institution with asset management qualifications. The management committee of the Employee Stock Ownership Plan shall be the asset manager and exercise all shareholders' rights in relation to the A Shares held by the plan. It would set up a securities account designated for the plan of the Company whereby the A Shares purchased on-market are obtained by the plan by non-transactional transfer means and other means as permitted under applicable laws and regulations.

5 Term

The term of the Employee Stock Ownership Plan shall be 60 months, commencing from the date when the Company announces the transfer of the last batch of the subject Shares to the Employee Stock Ownership Plan.

Upon expiry of the lock-up period, the Employee Stock Ownership Plan can be terminated early if all the Shares held by the Employee Stock Ownership Plan are disposed of, or all assets (if any) held by the Employee Stock Ownership Plan are in the form of cash.

6 Lock-up period

The lock-up period for the Employee Stock Ownership Plan is 12 months from the date when the Company announces the transfer of the last batch of subject Shares to the Employee Stock Ownership Plan.

Upon expiry of the lock-up period and prior to the expiration of the term of the Employee Stock Ownership Plan, the management committee of the Employee Stock Ownership Plan (see below) may, upon authorization from the resolutions of the participants, sell or transfer the Shares held by the Employee Stock Ownership Plan as it deems appropriate.

7 Performance target

The entitlement of the participants to the A Shares underlying the Employee Stock Ownership Plan are further subject to performance targets for the three financial years ending December 31, 2027, which are tied to (i) revenue targets of the Company for each of the three financial years ending December 31, 2027; and (ii) individual performance assessment of the relevant participants.

8 Management committee

The Employee Stock Ownership Plan has established a management committee to oversee the daily management of the Employee Stock Ownership Plan. The committee consists of three members who are elected through resolutions of the participants. Resolutions may only be passed by the management committee when majority members voting in favor of such resolution, and each management committee member shall have one vote.

The management committee is responsible for the daily management of the Employee Stock Ownership Plan, including: (i) supervising the daily management of the Employee Stock Ownership on behalf of all its participants, (ii) exercising the shareholder rights in respect of the Shares held by the plan; (iii) managing the distribution of benefits from the Employee Stock Ownership Plan; and (iv) making decision as to the disposal of the Shares held by the Employee Stock Ownership Plan upon expiry of the lock-up period in accordance with the terms of the Employee Stock Ownership Plan, any and all rights pertaining to the A Shares held by the Employee Stock Ownership Plan, including the voting rights, the dividend rights and the rights to dispose of such Shares, rest solely in the management committee instead of the individual participants.

Save for Ms. Lu Xiaocui (盧小翠), who is a supervisor of Linghui (Guangzhou) Investment and Development Co., Ltd. (瓴匯(廣州)投資發展有限責任公司), our wholly-owned subsidiary, and serves as a management committee member of the Employee Stock Ownership Plan, none of the management committee members of the Employee Stock Ownership Plan is a core connected person of our Company.

9 Distribution

During the term of the Employee Stock Ownership Plan, unless otherwise stipulated by laws, administrative regulations, departmental rules, or with the consent of the management committee, the corresponding interest in the plan held by the participants shall not be transferred, used as collateral, or otherwise disposed of in a similar manner.

During the lock-up period of the Employee Stock Ownership Plan, participants shall not request for distribution of the equity interest in the Shares held by the Employee Stock Ownership Plan. Upon expiry of the lock-up period and during the term of the Employee Stock Ownership Plan, the management committee may, after deducting relevant taxes and fees as required by the law, distribute the proceeds from the disposal of the Shares under the Employee Stock Ownership Plan or other distributable proceeds (if any) to the participants in proportion to their respective portions of the total Shares under the Employee Stock Ownership Plan.

Upon expiry of the term of the Employee Stock Ownership Plan, if the assets (if any) held by the Employee Stock Ownership Plan still include the Shares, the management committee shall determine the disposal method of such Shares. The management committee shall also, with the authorization of the resolution of the participants, liquidate the plan within 30 working days from such expiration date, after deducting relevant taxes and fees as required by the law. The distribution of the proceeds from the aforesaid disposal shall be based on the fulfillment of the performance target and the corresponding interest in the plan held by individual participants.

(F) DISCLAIMER

Save as disclosed in this document:

(i) none of the Directors or the experts named in "— (G) Other Information — Consent of Experts" of this Appendix has any interest, direct or indirect, in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(ii) there are no bank overdrafts or other similar indebtedness by our Company or any member of our Group;

(iii) there are no hire purchase commitments, guarantees or other material contingent liabilities of our Company or any member of our Group;

(iv) our Company is not presently listed on any stock exchange or traded on any trading system;

(v) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option; and

(vi) there are no contracts or arrangements subsisting at the date of this document in which a Director is materially interested or which is significant in relation to the business of our Group.

(G) OTHER INFORMATION

1 Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

2 Litigation

Save as disclosed in this document, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company's results of operations or financial condition.

3 Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for listing of, and permission to deal in, the H Shares of our Company. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letters entered into between our Company and the Joint Sponsors, we have agreed to pay the Joint Sponsors a total fee of US$800,000 to act as the sponsors of our Company in connection with the proposed listing on the Stock Exchange.

4 Consent of Experts

The qualification of the experts, as defined under the Hong Kong Listing Rules, who have given opinions in this document are as follows:

Name	Qualification
J.P. Morgan Securities (Far East) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
CITIC Securities (Hong Kong) Limited	A licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
GF Capital (Hong Kong) Limited	A licensed corporation to conduct Type 6 (advising on corporate finance) of the regulated activity as defined under the SFO
Grandway Law Offices	Legal advisor to our Company as to PRC laws
Grant Thornton Hong Kong Limited	Certified Public Accountants and Registered Public Interest Entity Auditor
China Insights Industry Consultancy Limited	an independent industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Each of the experts named above have given and have not withdrawn their respective written consent to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

5 Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

6 Promoters

The promoters of our Company at the time of our establishment comprised all of the 21 then shareholders of our Company as of November 23, 2007 immediately before our conversion into a joint stock company with limited liability.

Within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [**REDACTED**] and the related transactions described in this document.

7 Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

8 Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the establishment of our Company.

9 Compliance Adviser

Our Company has appointed Somerley Capital Limited as our compliance adviser in compliance with Rules 3A.19 of the Listing Rules.

10 No Material Adverse Change

Our Directors confirm that, there has been no material adverse change in our business, financial condition and results of operations since December 31, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountant's Report in Appendix I to this document, and up to the date of this document.

11 Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

12 Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in "Appendix I — Accountant's Report — 41" in Appendix I to this document.

13 Miscellaneous

Save as disclosed in this document:

(i) within the two years immediately preceding the date of this document:

(a) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(b) no share or loan capital of our Company or any of our subsidiaries had been under option or is agreed conditionally or unconditionally to be put under option;

(c) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(d) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(ii) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;

(iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(iv) none of our Company or any member of our Group has any outstanding convertible debt securities or debentures;

(v) there is no arrangement under which future dividends are waived or agreed to be waived;

(vi) save for the A Shares of our Company that are listed on the Main Board of the Shenzhen Stock Exchange, and save for the H Shares to be issued in connection with the [**REDACTED**], none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(vii) all necessary arrangements have been made to enable the H shares to be admitted into CCASS for clearing and settlement.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Statutory and General Information — (G) Other Information — 4 Consents of Experts" in Appendix VI to this document; and

(b) a copy of each of the material contracts referred to in "Statutory and General Information — (B) Further Information about our Business — 1 Summary of Material Contracts" in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available for inspection at the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.tinci.com** including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the material contracts referred to in "Statutory and General Information — (B) Further Information about our Business — 1 Summary of Material Contracts" in Appendix VI to this document;

(c) the service contracts and the letters of appointment referred to in "Statutory and General Information— (C) Further information about our Directors — 1 Particulars of Directors' Service Contracts and Appointment Letters" in Appendix VI to this document;

(d) the industry report issued by CIC, a summary of which is set forth in "Industry Overview" in this document;

(e) the PRC legal opinions issued by Grandway Law Offices, our PRC Legal Advisor on PRC law, in respect of certain general corporate matters and property interests in the PRC of our Group;

(f) the Accountant's Report and the report on the unaudited pro forma financial information of our Group prepared by Grant Thornton Hong Kong Limited, the texts of which are set out in "Accountant's Report" in Appendix I to this document and "Unaudited Pro Forma Financial Information" in Appendix II to this document, respectively;

(g) the audited consolidated financial statements of our Company for each of the years ended December 31, 2023, 2024 and 2025;

(h) the PRC Company Law, the PRC Securities Law, the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies together with their unofficial English translation; and

(i) the written consents referred to in "Statutory and General Information — (G) Other information — 4 Consent of experts" in Appendix VI to this document.