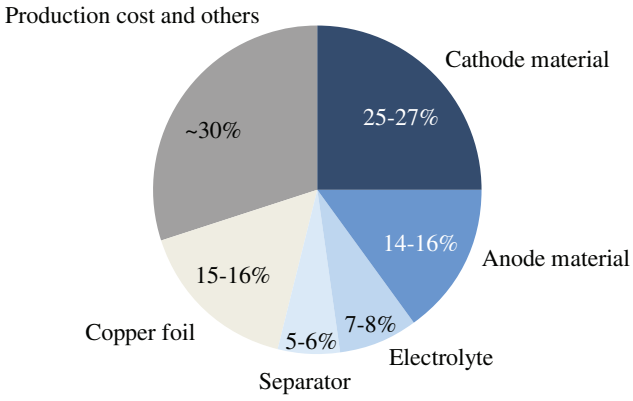
Unless otherwise stated, the data and statistics presented in this section and elsewhere in this document are extracted from various official government publications and other sources, as well as from the independent industry reports compiled by Frost & Sullivan, an independent market research and consultancy firm engaged by us, concerning the [**REDACTED**]. *The information derived from official government sources has not been independently verified by us, the Sole Sponsor, the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *any of their respective directors and advisers, or any other person or party involved in the* [**REDACTED**], *nor have we made any representation as to its accuracy. Consequently, the information contained herein from official government sources may not be accurate and should not be unduly relied upon.*

GLOBAL AND CHINESE LITHIUM-ION BATTERY MATERIALS OVERVIEW

The growth of the lithium-ion battery materials industry is closely tied to the shipments of downstream lithium-ion batteries. From 2020 to 2025, global lithium-ion battery shipments increased from 262.7 GWh to 1,971.8 GWh, and are projected to reach approximately 6,563.2 GWh by 2030. In terms of regional distribution, China continues to lead global growth in the lithium-ion battery industry. From 2020 to 2025, China's lithium-ion battery shipments increased from 105.7 GWh to 1,176.7 GWh, representing a CAGR of approximately 61.9%. Chinese lithium-ion battery market is expected to sustain this strong growth momentum, with shipments projected to reach 3,639.7 GWh by 2030.

From the perspective of the lithium battery cost structure, the cathode material, anode material, electrolyte, and separator, as the main lithium-ion battery materials, account for over 50.0% of the battery cost. Their proportions may vary depending on the battery formulation and technical route. The cost of cathode materials accounts for approximately 25%-27%, anode materials for about 14%-16%, electrolyte for around 7%-8%, and the separator for roughly 5%-6%.

Cost Structure of Lithium Batteries (%)



Source: Companies' annual report, Frost & Sullivan

GLOBAL AND CHINESE ELECTROLYTE INDUSTRY OVERVIEW

Definition and Classification of Electrolytes

Electrolyte is one of the most important materials of lithium-ion battery. Serving as the core medium for ion conduction, its performance directly determines a battery's energy density, cycle life, and safety, exerting a decisive influence on ion transport efficiency and electrode interface stability.

In terms of composition, electrolytes primarily consist of three core components: solvents, solutes, and additives. The proportion and interaction of these three components jointly determine the conductivity, stability and cycle performance of the battery.

- Solvents are mainly carbonate-based chemicals, primarily including ethylene carbonate (EC), propylene carbonate (PC), dimethyl carbonate (DMC), ethyl methyl carbonate (EMC) and diethyl carbonate (DEC), among others. They serve key functions such as enabling ion conductivity, diluting electrolyte, and stabilizing electrode, and account for approximately 80%-85% of the total mass.

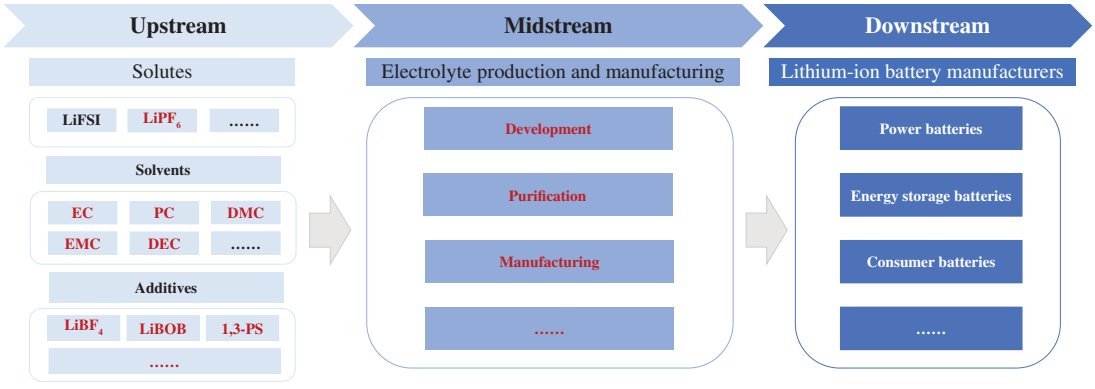
- The solute primarily provides transferable lithium ions and determines the basic conductivity of the electrolyte, with mainstream options like $LiPF_6$ accounting for about 10-12% by mass;

- Additives are used to improve specific properties such as interface film formation, safety, and cycle life, making up approximately 3-5% by mass.

Electrolyte Industry Chain Analysis

Upstream companies provide lithium salts, solvents, and additives, which are the foundation of the electrolyte formulation. Midstream companies engage in formula design and mixing production to create various types of electrolyte products. Downstream customers are primarily manufacturers of power batteries, energy storage batteries, and consumer batteries, which are used in applications such as new energy vehicles, power storage, and electronic products.

Overview Diagram of the Electrolyte Industry Chain



Source: China Battery Industry Association, Frost & Sullivan

* *The text highlighted in red indicates the scope of coverage of the Company's products.*

Global and Chinese Electrolyte Market Size

As a core material of lithium-ion batteries, the demand for electrolyte is growing in tandem with the expansion of the new energy industry. From 2020 to 2025, global electrolyte shipments increased from 327.6 thousand tons to 2,381.4 thousand tons, representing a CAGR of 48.7%, and are projected to reach approximately 6,380.6 thousand tons by 2030. From a regional perspective, China has become the world's primary electrolyte production base. In 2025, China's electrolyte shipments reached 2,209.9 thousand tons, accounting for over 90.0% of global shipments. By 2030, China's electrolyte shipments are projected to reach 5,500.1 thousand tons.

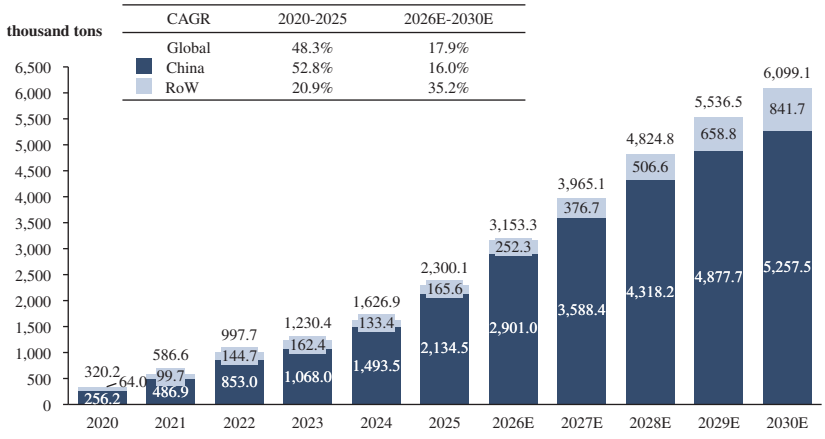
Global and Chinese Electrolyte Solute Materials Market Size

Electrolyte solute materials are predominantly $LiPF_6$. From 2020 to 2025, global shipments of $LiPF_6$ increased from 44.0 thousand tons to 259.2 thousand tons, representing a CAGR of approximately 42.6%. Global $LiPF_6$ shipments are projected to reach 603.6 thousand tons by 2030. From a regional perspective, China has consistently accounted for more than 90% of global $LiPF_6$ shipments. In 2025, $LiPF_6$ shipments in China totaled approximately 244.6 thousand tons, and the Chinese market is expected to maintain its growth momentum in the future, with shipments forecast to reach 525.0 thousand tons by 2030.

Global and Chinese Market Size of Electrolyte Solvent Industry

Solvent, as a key medium for dissolving lithium salts and conducting ions, have seen rapid growth in shipments along with the expanding demand for electrolytes. From 2020 to 2025, global electrolyte solvent shipments increased from 320.2 thousand tons to approximately 2,300.1 thousand tons, representing a compound annual growth rate of approximately 48.3%; it is projected to reach 6,099.1 thousand tons by 2030. In terms of regional structure, China is the world's main production base for electrolyte solvent, with shipments of approximately 2,134.5 thousand tons in 2025, and is projected to reach 5,257.5 thousand tons by 2030.

Global and Chinese Market Size of Electrolyte Solvent, by Shipments, 2020 to 2030E



Source: China Battery Industry Association, Expert interviews, Frost & Sullivan

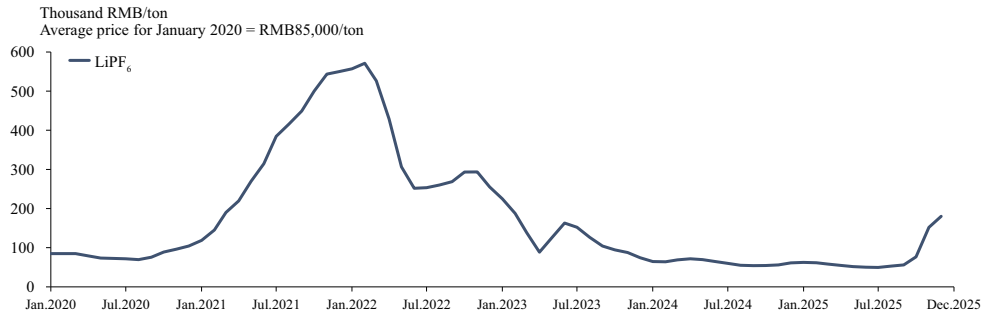
Analysis of Price Change Trends of Key Electrolyte Materials

Analysis of Price Change Trends of $LiPF_6$

As for the most mainstream electrolyte solutes, the price fluctuations of $LiPF_6$ significantly impact the market prices and gross margin of both the solutes and the electrolyte. From 2024 to early 2025, the entire industry chain suffered pressure, and the price of $LiPF_6$ continued to drop,

reaching a bottom of RMB49,600/ton in July 2025. Since August 2025, the price has continued to rise due to supply-side clearing and production resumption, exceeding RMB170,000/ton by the fourth quarter. It is expected that the price of $LiPF_6$ will remain stable with a slight upward trend in the future.

Monthly Average Price Trend of $LiPF_6$ in China from 2020 to 2025

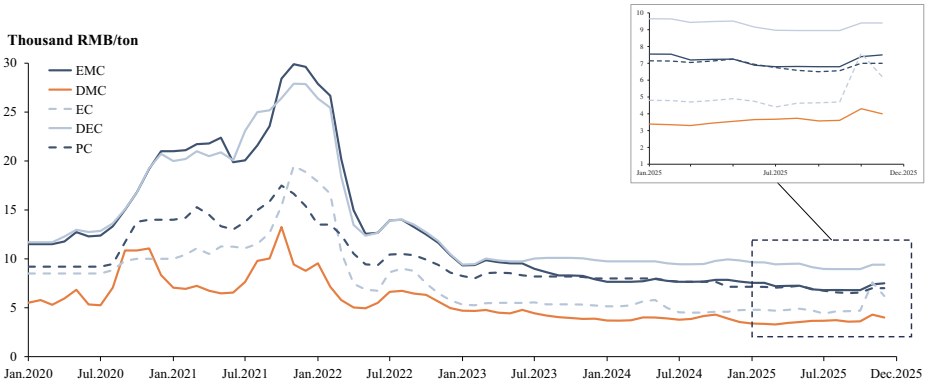


Source: Wind, compiled by Frost & Sullivan

Analysis of Price Change Trends of Electrolyte Solvent Materials

Entering 2022-2024, affected by the sharp decline in lithium salt prices and rapid production capacity expansion, competition in the solvent sector intensified, and the price of carbonate solvent continued to decline, with the monthly average price of some varieties falling to as low as RMB4,000/ton. Since 2025, the end-user demand for electrolytes has recovered; continuingly driven by the energy storage industry and the new energy vehicle market, the industry's destocking efforts have been effective, leading to a gradual recovery in solvent prices. DMC and EC prices rose by more than 10% during the year, while EMC prices rose by 15% in a single month, and most solvent prices recovered to the range of RMB4,500-7,000/ton.

Monthly Average Price Trend of Electrolyte Solvent Materials in China from 2020 to 2025



Source: Wind, compiled by Frost & Sullivan

Global Electrolyte Market Drivers

The evolution of battery systems has driven technological iterations. As the application scenarios for lithium-ion batteries continue to expand, the electrolyte system is shifting from single-dimensional focus on conductivity and interface stability to a more coordinated enhancement

of performance across various operating conditions. Higher voltage platforms, faster charge/discharge rates, broader temperature ranges, and heightened demands for thermal safety are prompting electrolyte manufacturers to continuously innovate in solvent systems, lithium salt systems, and functional additive systems.

The upgrading and deepening of the value chain have accelerated the industry's specialization and division of labor. With the continuous improvement in electrolyte performance requirements, the industry has shifted from the previous "formula-driven" approach to a deeper synergy between "material systems and process systems." Different enterprises have formed more specialized competitive landscapes around key segments such as lithium salts, solvents, additives, and high-end formulations.

Global Electrolyte Market Development Trends

Industry concentration is increasing, and the advantages of leading companies are becoming increasingly prominent. After several years of production capacity expansion and price decline, the electrolyte industry has entered a stage of profound reshuffling. A large number of small and medium-sized enterprises have been gradually eliminated, and industry concentration has increased significantly. Leading companies, with their integrated industrial chain layout, high-quality customer resources and R&D capabilities, are gradually gaining price discovery and supply chain dominance.

New technologies such as solid-state batteries and sodium-ion batteries present both challenges and opportunities. In the medium to long term in the future, new batteries such as solid-state batteries and sodium-ion batteries are the core development direction of future battery systems, and leading battery manufacturers are actively engaging in the R&D and industrialization of solid-state batteries and sodium-ion batteries, but they are still in the research and development and trial stage. The commercialization and large-scale deployment cycle is relatively long in the future, expected to take another 3-5 years to achieve large-scale implementation.

Synergistic lithium salts in parallel with $LiPF_6$ are co-developed. $LiPF_6$ has established itself as the most balanced performer in current lithium-ion battery systems, excelling in conductivity, interface film-forming capability, material compatibility, and mass production feasibility. As batteries advance toward higher energy densities and more demanding operating conditions, the industry has developed novel lithium salts like LiBOB, which offer localized performance advantages.

Competitive Landscape of Global Electrolyte

In 2025, Chinese companies held a dominant position in global shipments, with all of the top ten global companies being Chinese ones. The overall market pattern exhibited a trend with "pronounced dominance of leading companies and intense structural competition," leading to fierce market competition. In 2025, our electrolyte shipments reaching about 120.0 thousand tons, accounting for approximately 5.0% of the global market share and ranking the sixth.

Rankings of Global Electrolyte Solvent Suppliers

In 2025, the global electrolyte solvent market maintained strong growth, with the Asia-Pacific, especially China, continuing to lead the global market. In terms of the competitive landscape, the global electrolyte solvent market exhibited a trend with "stable leading companies and fierce competition among small and medium-sized enterprises" overall. Leveraging our production capacity and technological advantages, we maintained our first position globally and in China, with the electrolyte solvent shipments reaching approximately 510.0 thousand tons in 2025, with a market share of 22.2%.

Global Competitive Landscape of Electrolyte Solvent, by Shipments, 2025

Ranking	Company	Company Location	Shipment (thousand tons)	Market Share
1	**The Company**	**China**	**510.0**	**22.2%**
2	Company A	China	486.0	21.1%
3	Company B	China	381.0	16.6%
4	Company C	China	365.0	15.9%
5	Company D	China	191.0	8.3%
Other		–	367.1	16.0%
Total		–	2,300.1	100%

Source: Company announcements, expert interviews, Frost & Sullivan

Notes:

Company A: Established in 2002 and headquartered in Dongying, China, it is a Shenzhen Stock Exchange-listed company primarily engaged in manufacturing electrolyte solvents, pharmaceutical/food-grade propylene glycol, and propylene carbonate, serving applications in new energy, pharmaceuticals, and daily chemicals sectors.

Company B: Established in 2010 and headquartered in Fushun, China, it is an unlisted company, with core business in the production of carbonate-based lithium-ion battery electrolyte solvents and polycarboxylate superplasticizer monomers.

Company C: Established in 1968 and headquartered in Dezhou, China, it is a Shanghai Stock Exchange-listed company with its main businesses involving the deep processing of coal into fertilizers, fine chemicals, and new chemical materials, complemented by integrated power generation and heat supply.

Company D: Established in 1996 and headquartered in Shenzhen, China. It is Shenzhen Stock Exchange-listed company with its main businesses include battery chemicals, organofluorine chemicals, capacitor chemicals, and semiconductor chemicals.

Risks and Challenges Facing the Development of the Electrolyte Industry

Risks Relating to Raw Material Price Volatility and Supply Chain Stability. The electrolyte industry is materially dependent on the stable supply of key upstream raw materials, primarily including lithium salts, solvents, and functional additives. The availability and pricing of such materials are subject to a range of factors, including resource supply conditions, environmental protection policies, capacity expansion progress, and changes in the international trade environment, which may result in price volatility and periodic supply disruptions.

Risks Arising from Accelerated Technological Iteration and Product Upgrade Requirements. With the continuous development of power batteries, energy storage batteries, and high-rate application scenarios, downstream customers are imposing increasingly stringent requirements on the overall performance of electrolytes. This trend has accordingly placed sustained pressure on technological upgrading across solvents, solutes, and additive systems. As product development in this industry generally involves relatively long research and development cycles and high validation barriers, companies that fail to maintain sufficient technological reserves, innovation capabilities, and product iteration efficiency may face heightened competitive pressure and risk losing market share in emerging application segments.

Risks Associated with Intensifying Market Competition. Competition in the electrolyte industry is evolving from a scale- and capacity-driven model toward a more comprehensive competitive landscape characterized by product quality, customer certification, cost management, and service capabilities. Against this backdrop, leading market participants are required not only to continue advancing their technological capabilities and product performance, but also to enhance their commercialization, customer development, and market expansion capabilities on an ongoing basis. If a company is unable to effectively strengthen its comprehensive competitiveness in response to changes in the industry landscape, its business development and market position may be adversely affected.

Analysis of Entry Barriers in the Electrolyte Industry

Formulation barriers: The formulation of electrolytes involves the synergistic matching of solvent systems, lithium salt systems, and various functional additives, with performance optimization relying on long-term experimental accumulation and systematic database construction. As the number of industry patents increases, the pathways for formulation development are gradually narrowing, enabling companies to build strong technical expertise in formulation systems and intellectual property rights.

Technological barriers: The electrolyte is highly sensitive to the purity, water content, and trace impurities of its raw materials, necessitating a highly consistent process system that bridges fine chemicals and precision manufacturing. Whether in lithium salt synthesis, solvent refining, or mixing processes, stable process windows and stringent quality management are essential. Furthermore, ongoing R&D focused on high-voltage systems, fast-charging systems, and solid-state systems imbues technological iteration with a forward-looking and continuous investment characteristic, constituting a practical barrier to new entrants.

Customer barriers: Electrolyte suppliers of power battery companies are confronted with rigorous and time-consuming certification process, typically covering multiple stages such as formula stability evaluation, material system compatibility testing, and mass production consistency validation. Once a supplier passes the verification and enters the supply chain, downstream companies usually maintain high cooperation stickiness, as replacing materials may impact cell safety and consistency.

GLOBAL AND CHINA FINE CHEMICALS INDUSTRY MARKET OVERVIEW

Fine chemicals refer to substances synthesized through deep processing, precision design, and specialized processes from basic chemical raw materials. They feature specific application functions, are technology-intensive, possess high product value-added, exhibit diverse varieties, yet are produced in relatively small quantities on an individual basis.

Global Fine Chemicals Market Size

From 2020 to 2025, the global fine chemicals market grew from RMB849.6 billion to RMB1,143.9 billion, achieving a CAGR of approximately 6.1%. The market is projected to maintain a CAGR of around 5.6% from 2026 to 2030, reaching a market size of RMB1,486.8 billion by 2030.

Regionally, China's fine chemicals market grew from RMB318.6 billion in 2020 to RMB502.6 billion in 2025, achieving a CAGR of approximately 9.5%. China's fine chemicals market is projected to maintain rapid growth, with an estimated CAGR of 9.6% from 2026 to 2030, reaching a market size of RMB778.8 billion by 2030.

Market Size of Selected Fine Chemical Categories

Global and China MTBE Industry Market Size

From 2020 to 2025, the global MTBE market size grew from RMB122.2 billion to RMB207.2 billion, with a CAGR of approximately 11.1%. From 2026 to 2030, MTBE demand is projected to experience a slight decline, growing at a CAGR of approximately -1.5% to reach a market size of RMB191.6 billion by 2030. From a regional perspective, China's MTBE market size is projected to grow from RMB42.2 billion to RMB79.3 billion, representing a CAGR of approximately 13.4%. China's MTBE market is projected to exhibit modest growth in the coming years, with a CAGR of approximately 4.9% from 2026 to 2030. By 2030, the Chinese MTBE market is expected to reach a value of RMB100.2 billion.

Fine Chemicals Market Drivers

The demand for functional chemicals globally is driving value enhancement. The global manufacturing sector is shifting from large-scale production to high-functionality, high-performance, and low-energy material systems, which imposes higher requirements on fine chemicals. Fine chemicals are no longer just "raw materials" but have become a critical value-added link that determines material performance and product differentiation.

The advantages of Chinese manufacturing and application-driven iteration are fostering innovation. China's fine chemicals industry is entering an upgrade phase jointly propelled by manufacturing capabilities and application demands. The maturity of the manufacturing end interacts with the iterative pressure from the application end, allowing companies to develop advantages in technological accumulation, product update speed, and industrial responsiveness, thereby continuously enhancing their competitiveness in the global fine chemicals market.

Trends in the Fine Chemicals Industry

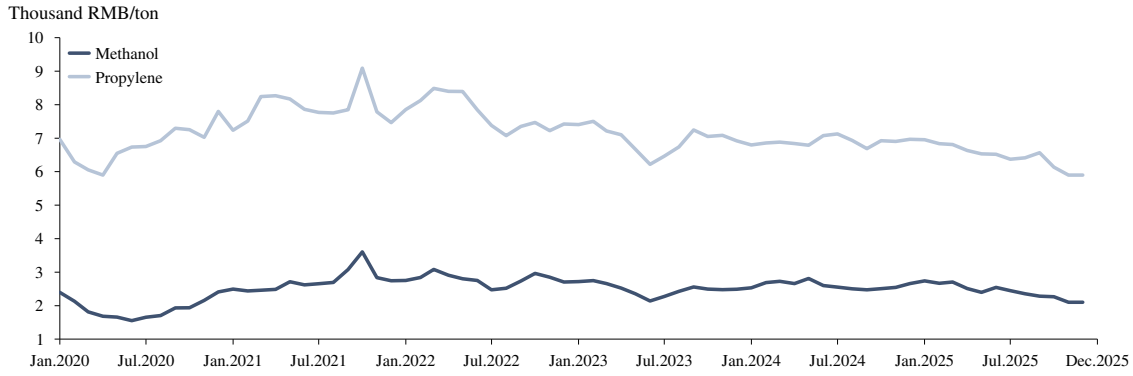
Accelerated upgrading toward the higher end and intelligent manufacturing. As global manufacturing shifts toward the higher end and intelligent transformation, fine chemicals — as an essential part for new materials, pharmaceuticals, consumer electronics, and other industries — will be further enhanced in both technological content and product offerings.

Sub-segments are exhibiting a trend toward structural upgrading. The fine chemicals industry is currently in a stage of accelerated development toward higher-end, greener, and more self-reliant capabilities. As important representatives of fluorinated fine chemicals and high-performance engineering plastics, respectively, fluorobenzene and PEEK are undergoing differentiated upgrading trends. Overall, high-performance fluorinated materials and specialty engineering plastics are advancing toward higher purity, greater functionality, greener production, and faster domestic substitution. As a key fluorinated intermediate, fluorobenzene is seeing development focused on precision synthesis and the expansion of downstream applications in pharmaceuticals, agrochemicals, and electronic chemicals. PEEK, meanwhile, continues to evolve toward lightweighting, higher strength and heat resistance, modification and composite development, as well as deeper penetration into high-end applications such as medical devices and aerospace.

Price Trend of Key Material Products in Fine Chemicals

Methanol and propylene are the core cost components of our main products. Fluctuations in raw material prices are directly passed on to product prices and profitability through production costs, making our gross margin highly sensitive to their price volatility. From 2020 to 2025, China's methanol and propylene prices in general started at elevated levels before trending downward, while experiencing significant volatility.

Monthly Average Price for Key Materials in China's Fine Chemicals Industry, 2020-2025



Source: Wind, compiled by Frost & Sullivan

SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent market-research consultancy, to analyze the lithium-ion battery materials market and prepare the Frost & Sullivan Report. Founded in New York in 1961, Frost & Sullivan is an independent global consulting firm, providing services including industry consulting, market strategy advisory and corporate training. We have paid Frost & Sullivan a fee of RMB630,000 for the market research services provided, which we consider to be in line with prevailing market rates.

In compiling and preparing the Frost & Sullivan report, Frost & Sullivan has conducted (i) primary research, including interviews with industry participants, competitors, downstream customers and recognized third-party industry associations; and (ii) secondary research, including reviews of company annual reports, databases of relevant official institutions, and Frost & Sullivan's proprietary databases established over the past several decades. The market forecasts contained in the Frost & Sullivan report are based on the following key assumptions for the forecast period: (i) the social, economic and political conditions of the global markets under discussion will remain stable during the forecast period; (ii) government policies regarding global and Chinese lithium-ion battery materials will remain consistent during the forecast period; and (iii) the lithium-ion battery materials market will be driven by the factors described in the Frost & Sullivan report.

Unless otherwise stated, all data and forecasts contained in this section are derived from the Frost & Sullivan Report. The commissioned report was prepared independently by Frost & Sullivan and was not influenced by the Company or any other interested parties. The Directors confirm that, to the best of their knowledge after making reasonable enquiries, there have been no material adverse changes in the market data since the date of the Frost & Sullivan Report that would limit, contradict, or otherwise affect the data set out in this section.