OVERVIEW

The history of our Company dates back to 2002, when we began operations as a university-affiliated enterprise of China University of Petroleum (East China) (中國石油大學(華東)). From the outset, our Company has concentrated on carbonate products, with a strategic focus on the new energy and new materials sectors. Over time, we have developed a full value-chain footprint encompassing electrolyte solvents, $LiPF_6$, electrolyte additives, electrolytes and other advanced new materials.

With more than two decades of continuous growth, our Company has formed a coordinated and multi-site manufacturing system with complementary specializations across China. Aspired by our commitment to value creation and pragmatic innovation, we have forged long-term, stable strategic partnerships with leading domestic lithium battery manufacturers. At the same time, we have built a global customer network for high-end carbonate solvents, reinforcing our position in the international market.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

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

Year	Milestones
2002	Our Company (formerly known as Shandong Shida Shinghwa Chemical Co., Ltd. (山東石大勝華化工股份有限公司) was established.
2003	Our Company was recognized as a High and New Technology Enterprise (高新技術企業) in Shandong Province. Our first DMC production line commenced production.
2007	We were accredited by the Ministry of Science and Technology as a Key High and New Technology Enterprise under the national torch program (火炬計劃重點高新技術企業).
2010	We achieved full-category production capacity for carbonate solvents used in electrolytes.
2013	Our "Shida Shinghwa" brand DMC was awarded the title of "Shandong Famous Brand" by the Shandong Strategic Promotion Committee.
2015	Our Company was listed on the Shanghai Stock Exchange (stock code: 603026).
2016	We commenced construction of a $LiPF_6$ project with an annual production capacity of 5,000 tons, marking our entry into the electrolyte solute materials sector.
2017	National standard for DMC drafted and formulated by our Company were officially adopted by the industry.
2020	Our solvent product laboratory under the chemical analysis center obtained accreditation from the China National Accreditation Service for Conformity Assessment, becoming one of the first laboratories in the carbonate industry to receive such recognition.
2021	We completed installation and commissioning of a silicon anode material production facility with an annual production capacity of 1,000 tons and supporting storage and transportation facilities, entering the lithium-ion battery anode materials sector.

Year	Milestones
2022	Our Quanzhou production base commenced operations.
2023	Our electrolyte facilities commenced operations.
2024	Our Wuhan production base commenced operations.
2025	Our full-year electrolyte shipment volume ranked sixth globally.
	Our liquid $LiPF_6$ production line with a designed annual production capacity of 100,000 tons commenced operations.

OUR MAJOR SUBSIDIARIES

Details of the Major Subsidiaries of our Company which, among other things, are material to our business operations during the Track Record Period, are set out below.

No.	Name	Principal business activities	Date and place of establishment
1 . . .	Shinghwa Dongying	Manufacturing and sales of lithium-ion battery related materials and fine chemicals	April 18, 2006, the PRC
2 . . .	Shinghwa Wuhan	Manufacturing and sales of lithium-ion battery related materials	December 31, 2021, the PRC
3 . . .	Shinghwa Quanzhou	Manufacturing and sales of lithium-ion battery related materials	November 5, 2019, the PRC
4 . . .	Shinghwa Guohong	Manufacturing and sales of lithium-ion battery related materials	November 25, 2020, the PRC
5 . . .	Shinghwa Lianjiang	Manufacturing and sales of lithium-ion battery related materials	July 27, 2023, the PRC
6 . . .	Shinghwa Dongying New Energy	Manufacturing and sales of lithium-ion battery related materials	January 19, 2016, the PRC
7 . . .	Shinghwa Meishan	Manufacturing and sales of lithium-ion battery related materials	June 1, 2022, the PRC
8 . . .	Fuhua Dayuan	Manufacturing and sales of fine chemicals	December 22, 2021, the PRC
9 . . .	Shinghwa Yingchuang	Manufacturing and sales of lithium-ion battery related materials	September 26, 2022, the PRC
10 . .	Qingdao Hairun	Sales of chemical products	April 21, 2016, the PRC
11 . .	Shinghwa Dongying New Materials	Manufacturing and sales of lithium-ion battery related materials	December 3, 2008, the PRC
12. .	Shida Fuhua	Investment	November 6, 2019, the PRC
13 . .	Shinghwa Qingdao	Investment	September 15, 2015, the PRC
14 . .	Shinghwa Beijing	Investment	October 24, 2017, the PRC
15 . .	Bochuan Environmental Protection	Sewage treatment	October 29, 2015, the PRC

Our Company held or controlled the entire or majority of the equity interest in the above Major Subsidiaries throughout the Track Record Period.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Establishment and Early Development

In December 2002, our Company (in the former name of Shandong Shida Shinghwa Chemical Group Co., Ltd.) was established with an initial registered capital of RMB20,000,000, with shareholdings held by Yingda International Trust Limited Liability Company (英大國際信託有限責任公司) (the "**Yingda Trust**"), Shandong Shida Technology Group Co., Ltd. (山東石大科技集團有限公司) (the "**Shida Technology**")[1], Dongying Ruifeng Oil Technology Development Limited Liability Company (東營市瑞豐石油技術發展有限責任公司) (the "**Ruifeng Oil**"), Dr. Guo, Mr. Yu Haiming and six other individuals as to 60.83%, 29.00%, 5.00%, 0.95%, 0.63% and 3.60%, respectively. Following the capital increase in September 2005, the registered share capital of our Company was increased to RMB100,480,104, and the equity interest was held by the abovementioned shareholders as to 68.97%, 29.00%, 1.00%, 0.19%, 0.12% and 0.72%, respectively.

In January 2010, the Shares held by Shida Technology were transferred to CUP Holdings[2] at nil consideration upon approval by the competent authority. In the same month, Yingda Trust ceased to be a Shareholder of our Company for the purpose of standardizing the trust shareholding arrangement. The subscription funds for the Shares previously held by Yingda Trust were sourced from two trust schemes, whose principal settlor and beneficiaries were respectively the China University of Petroleum (East China) and certain faculties staff of its university-affiliated enterprises. As approved by the competent authority and prior to termination of the two trust schemes, Yingda Trust and the beneficiaries entered into share transfer agreements, pursuant to which Yingda Trust transferred all its Shares in our Company to the beneficiaries of the two schemes who became direct shareholders of our Company thereafter.

Following several rounds of subsequent equity transfers and capital injections, the registered capital of our Company was increased to RMB152,000,000 in July 2013, with (i) CUP Holdings, (ii) Shanghai Fosun Purun Equity Investment Enterprise (L.P.) (上海復星譜潤股權投資企業(有限合夥)) ("**Fosun Purun**")[3], (iii) Shanghai Purun Equity Investment Enterprise (L.P.) (上海譜潤股權投資企業(有限合夥)) ("**Shanghai Purun**")[4], (iv) Shandong Jindayuan Group Co., Ltd. (山東金達源集團有限公司) ("**Shandong Jindayuan**")[5], (v) Beijing Zhongrui Shitong Technology Development

1 Shida Technology is a company with limited liability established in March 1990 in the PRC and an enterprise affiliated with China University of Petroleum (East China) (中國石油大學(華東)).

2 CUP Holdings, a company with limited liability incorporated in January 2006 in the PRC, is wholly owned by Jingkong Group, which is in turn wholly owned by West Coast SAMB.

3 Fosun Purun is a limited partnership established in the PRC on July 29, 2009. Its general partner is Yadong Beichen Investment Management Co., Ltd. (亞東北辰創業投資有限公司) which holds 1.00% equity interest in Fosun Purun. As of the Latest Practicable Date, the remaining equity interest of Fosun Purun was owned by Shanghai Fosun Venture Capital Management Co., Ltd. (上海復星創業投資管理有限公司) and Shanghai Fosun High Technology Group Co., Ltd. (上海復星高科技(集團)有限公司) as to 50.03% and 48.97%, respectively.

4 Shanghai Purun is a limited partnership incorporated in the PRC on July 20, 2009, and as of the Latest Practicable Date, ultimately controlled by Ye Xianyu (葉仙玉), Liu Chunguang (劉純光), Su Xianze (蘇顯澤), Chen Jing (陳靖),Yin Feng (尹鋒), Zhang Buxiang (章步翔) and Song Daihua (宋代華) as to 40%, 25%, 15%, 12.5%, 3.75%, 2.5% and 1.25%, respectively. On January 10, 2019, Fosun Purun, Shanghai Purun and Beijing Zhehou entered into share transfer agreement, pursuant to which Fosun Purun and Shanghai Purun agreed to sell and Beijing Zhehou agreed to purchase in aggregate 8.15% of the then registered share capital of our Company. Following the share transfer, Fosun Purun and Shanghai Purun further disposed the remaining Shares they held through on-market transactions. Both Fosun Purun and Shanghai Purun had ceased to be Shareholders of our Company before the 2019 annual general meeting of our Company held on June 24, 2020.

5 Shandong Jindayuan is a company with limited liability incorporated in the PRC on April 29, 2009, and as of the Latest Practicable Date, owned by Zhao Hongxiu (趙洪修) and Li Xiuju (李秀菊) as to 95.00% and 5.00%, respectively.

Co., Ltd. (北京中瑞世通科技發展有限公司) ("**Zhongrui Shitong**")[6], (vi) Dongying Ruifeng Petroleum Technology Development Co., Ltd. (東營市瑞豐石油技術發展有限責任公司) ("**Dongying Ruifeng**")[7], (vii) Dr. Guo, (viii) Mr. Yu Haiming and (ix) 76 other individual Shareholders, holding 40.96%, 13.81%, 7.96%, 4.61%, 1.59%, 0.66%, 1.20%, 0.99% and 28.22% of the then registered share capital of our Company, respectively. To the best knowledge and information of the Company, as of the Latest Practicable Date, each of Fosun Purun, Shanghai Purun, Shandong Jindayuan, Zhongrui Shitong, Dongying Ruifeng and their respective ultimate beneficial owners and the above mentioned 76 other individual Shareholders were Independent Third Parties.

Listing on the Shanghai Stock Exchange

In May 2015, we completed the listing of our A Shares on the Shanghai Stock Exchange (stock code: 603026) (the "**A-Shares Listing**"), during which we issued an aggregate of 50,680,000 A Shares, accounting for 25% of our Company's total share capital immediately following the A-Shares Listing.

Administrative Transfer by CUP Holdings

In March 2020, CUP Holdings entered into share transfer agreements with Rongfa Group and Kaitou Group[8], pursuant to which CUP Holdings agreed to transfer 15,201,000 Shares of our Company to each of Rongfa Group and Kaitou Group, representing approximately 7.50% of the then total issued share capital of our Company, at a transfer price of RMB32.27 per Share. The transfer was carried out in accordance with the Guiding Opinions on the Reform of Enterprises Affiliated to Higher Education Institutions (Guo Ban Fa [2018] No. 42) (《關於高等學校所屬企業體制改革的指導意見》) (國辦發[2018]42號) (the "**Guiding Opinions**") issued by the General Office of the State Council of the PRC, which requires enterprises affiliated with universities but unrelated to teaching and scientific research to be separated from universities and transferred to state-owned enterprises under the supervision of state-owned asset authorities. The transfer was approved by the Ministry of Finance in June 2020 and completed in July 2020 upon the issuance of the transfer registration confirmation letter by Shanghai Branch of the China Securities Depository and Clearing Corporation Limited.

To further comply with the Guiding Opinions and facilitate the separation of China University of Petroleum (East China) and its affiliated enterprises that are unrelated to teaching and research activities, in September 2021, China University of Petroleum (East China) entered into an agreement on the transfer of state-owned equity interests with Jingkong Group, pursuant to which China University of Petroleum (East China) agreed to transfer 100% of the equity interests it held in the CUP Holdings to Jingkong Group at nil consideration. On September 28, 2021, the West Coast SAMB approved such transfer and the registration of the equity change was completed on the same day. Upon completion of the administrative transfer, CUP Holdings became a wholly-owned subsidiary of Jingkong Group and each of CUP Holdings, Rongfa Group and Kaitou Group held approximately 8.31%, 7.50% and 7.50% of the then registered share capital of our Company.

6 Zhongrui Shitong is a company with limited liability incorporated in the PRC on January 16, 2006 and dissolved on October 16, 2018. Prior to the dissolution, it is owned by Chen Zheng (陳政) and Zhang Xianzhu (張憲珠) as to 85.58% and 14.42%, respectively.

7 Dongying Ruifeng is a company with limited liability incorporated in the PRC on October 30, 1998, and as of the Latest Practicable Date, ultimately controlled by Kong Lisheng (孔利升) and Gai Jingfang (蓋景芳) as to 98.53% and 1.47%, respectively.

8 CUP Holdings, Rongfa Group and Kaitou Group are all controlled by the West Coast SAMB.

Minority Shareholding Subscription by Shandong Weipu

Shandong Weipu, a company currently controlled by Dr. Guo, acquired a minority stake in our Company based on its recognition of our Company's investment value and confidence in our future development prospects. Between October 10, 2022 and January 5, 2023, Shandong Weipu purchased an aggregate of 1,999,922 Shares through on-market centralized bidding transactions using its own funds. Upon completion of such share purchases, Shandong Weipu held approximately 0.99% of the then registered share capital of our Company.

Private Placement of A Shares

As approved by our Shareholders in August 2022 and the CSRC in September 2024, our Company conducted a private placement of our A Shares to raise funds mainly for the development of electrolyte and lithium battery-related projects by expansion of production capacity and replenishment of working capital, which was completed in August 2025. A total of 30,021,014 A Shares were issued in the placement to 7 investors, all of whom were Independent Third Parties. The placement raised net proceeds of approximately RMB982.17 million. Following the completion of the private placement, our Company's total issued share increased to 232,701,014 A Shares.

As of the Latest Practicable Date, the shareholding structure of our Company is set out as follows:

Shareholder	Number of A Shares	Approximate percentage of shareholding
		(%)
CUP Holdings	16,851,146	7.24%
Rongfa Group	15,201,000	6.53%
Kaitou Group	15,201,000	6.53%
Dr. Guo	804,542	0.35%
Shandong Weipu	1,999,922	0.86%
Mr. Yu Haiming	552,350	0.24%
Beijing Zhehou	27,202,569	11.69%
Other A Shareholders	154,888,485	66.56%

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Our Company did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Since 2015, our Company has been listed on the Shanghai Stock Exchange. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shanghai Stock Exchange. As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties imposed by the CSRC or other PRC securities regulatory authorities. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Adviser's view, nothing has come to the Sole Sponsor's attention that would reasonably cause it to cast doubt on our Directors' aforementioned confirmation with regard to the compliance record of our Company on the Shanghai Stock Exchange in all material respects.

Our Company seeks to [**REDACTED**] on the Hong Kong Stock Exchange to further advance our global expansion strategy, establish an international equity financing platform, better attract overseas investors and talents, optimize our shareholding structure and enhance our overall competitiveness. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]" in this Document for more details.

ACTING-IN-CONCERT ARRANGEMENT

To formalize and consolidate the shareholding structure and ensure the stable ownership and business development of our Company, on January 3, 2023, (i) each of Rongfa Group and Kaitou Group entered into a voting rights entrustment agreement (the "**Voting Rights Entrustment Agreement**") with CUP Holdings and (ii) the Concert Parties entered into the AIC Agreement on January 3, 2023.

Pursuant to the Voting Rights Entrustment Agreement, each of Rongfa Group and Kaitou Group respectively entrusted the voting rights corresponding to their 15,201,000 A Shares in our Company to CUP Holdings for exercise on their behalf. As of the Latest Practicable Date, CUP Holdings held a total of 20.31% of the voting rights in our Company.

Pursuant to the AIC Agreement, the Concert Parties agreed to reach consensus on all matters requiring approval by the Board and/or Shareholders, and to vote in the same manner on such matters in meetings of the Board and Shareholders. The Concert Parties entered into the AIC Agreement principally to consolidate their control over our Company's management and to maintain stability in our Company's governance structure, ensuring a consistent and coordinated approach to decision-making in our Company's interests. The AIC Agreement shall terminate on the date when any party ceases to hold Shares in our Company or when CUP Holdings, Rongfa Group and Kaitou Group voluntarily reduce their shareholding, resulting in the number of Shares actually controlled by the West Coast SAMB no longer constituting the largest group of Shareholders in our Company. The Concert Parties also confirmed and agreed that they would: (i) act in concert with respect to the matters relating to the daily operations, key matters or any other matters required to be approved by the shareholders' meetings or board meetings of our Company; (ii) consult each other and reach a consensus before voting at board meetings and/or shareholders' meetings of our Company; and (iii) vote based on CUP Holding's opinion, in circumstances where the Concert Parties fail to reach a consensus.

As of the Latest Practicable Date, Shandong Weipu held 0.86% of total issued Shares of our Company and was ultimately controlled by Dr. Guo as to 69.44%. Therefore, the voting rights attached to the Shares of our Company held by Shandong Weipu was controlled and exercised by Dr. Guo. As of the Latest Practicable Date, the Concert Parties together with Shandong Weipu, being members of the Single Largest Group of Shareholders of our Company, were collectively entitled to exercise an aggregate of approximately 21.51% voting rights in our Company. For further details of the Concert Parties, see "Relationship with the Single Largest Group of Shareholders" in this Document.

PUBLIC FLOAT AND FREE FLOAT

Pursuant to Rule 8.08(1) (as amended and replaced by Rule 19A.13Aof the Listing Rules) of the Listing Rules, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3.0 billion.

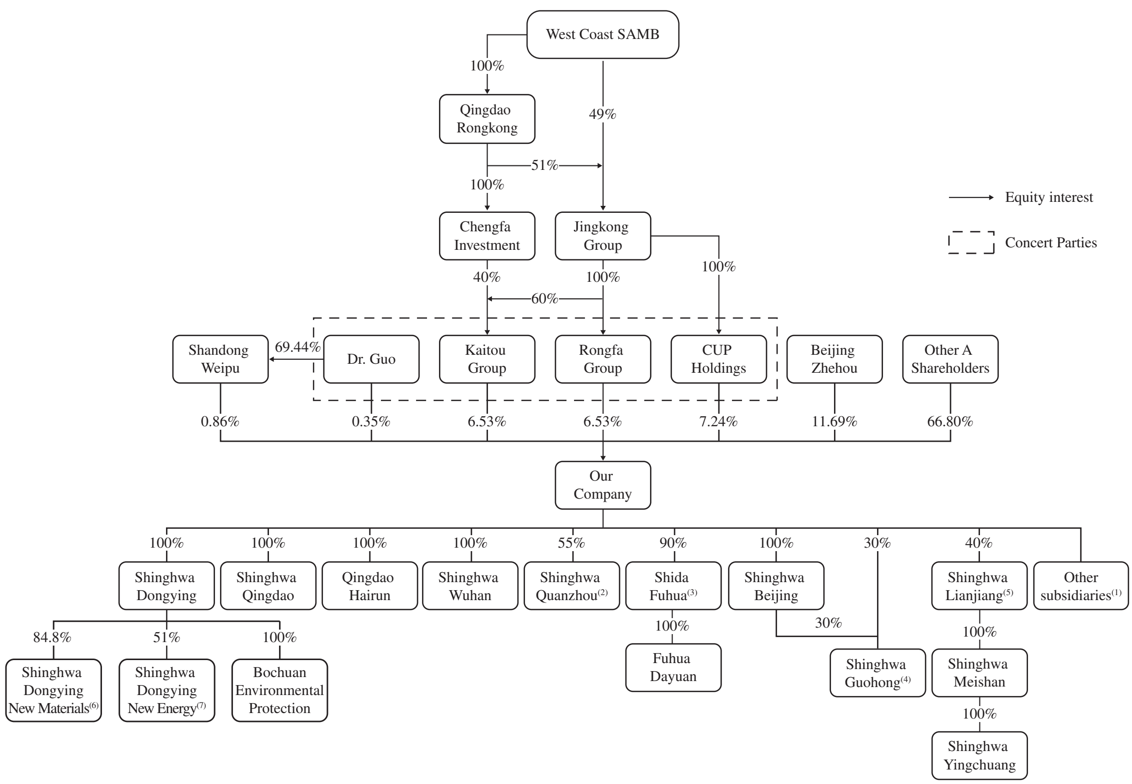
Our A Shares are listed on the Shanghai Stock Exchange. Assuming that (i) [**REDACTED**] H Shares are [**REDACTED**] and issued in the [**REDACTED**] and none of which will be allocated to any core connected person of our Company, (ii) the [**REDACTED**] is not exercised, and (iii) 126,152,793 A Shares are in issue and outstanding upon completion of the [**REDACTED**], [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**], representing approximately [**REDACTED**]% of our total issued share capital immediately upon the [**REDACTED**], will be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules. Accordingly, at the time of the [**REDACTED**], we will maintain a sufficient public float as required under Rule 19A.13A(2)(a) of the Listing Rules.

Based on an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the low-end of the indicative [**REDACTED**] range, the expected market value of the H Shares of our Company that are held by the public and not subject to any disposal restrictions at the time of [**REDACTED**] will be not less than HK$600,000,000. As such, our Company is expected to satisfy the free float requirement under Rule 19A.13C(2) of the Listing Rules.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately before the [REDACTED]

The following chart depicts a simplified shareholding and corporate structure of our Group immediately before the completion of the [**REDACTED**], assuming that no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [**REDACTED**]:



Notes:

(1) Including but not limited to our overseas subsidiaries in Czech Republic, Japan, Hong Kong and U.S.

(2) As of the Latest Practicable Date, Shinghwa Quanzhou was owned as to 45.00% by Sinochem Quanzhou Petrochemical Co., Ltd. (中化泉州石化有限公司) ("**Sinochem Quanzhou**"), a state-owned enterprise primarily engaged in production and sales of petrochemical products.

(3) As of the Latest Practicable Date, Shida Fuhua was owned as to 10.00% by Dongying Xintai Heyi Industrial Investment Partnership (Limited Partnership) (東營信泰合壹產業投資合夥企業(有限合夥)), which is ultimately controlled by Mr. Qian Xueyi (錢學一) ("**Mr. Qian**"). Mr. Qian is an employee of our Company and has served as a member of our executive committee since January 8, 2025 and as the general manager of Shida Fuhua.

(4) As of the Latest Practicable Date, Shinghwa Guohong was owned as to 40.00% by Yankuang Guohong Chemical Co., Ltd. (兖礦國宏化工有限責任公司) ("**Yankuang Guohong Chemical**"), a state-owned enterprise primarily engaged in production and sales of hazardous chemicals.

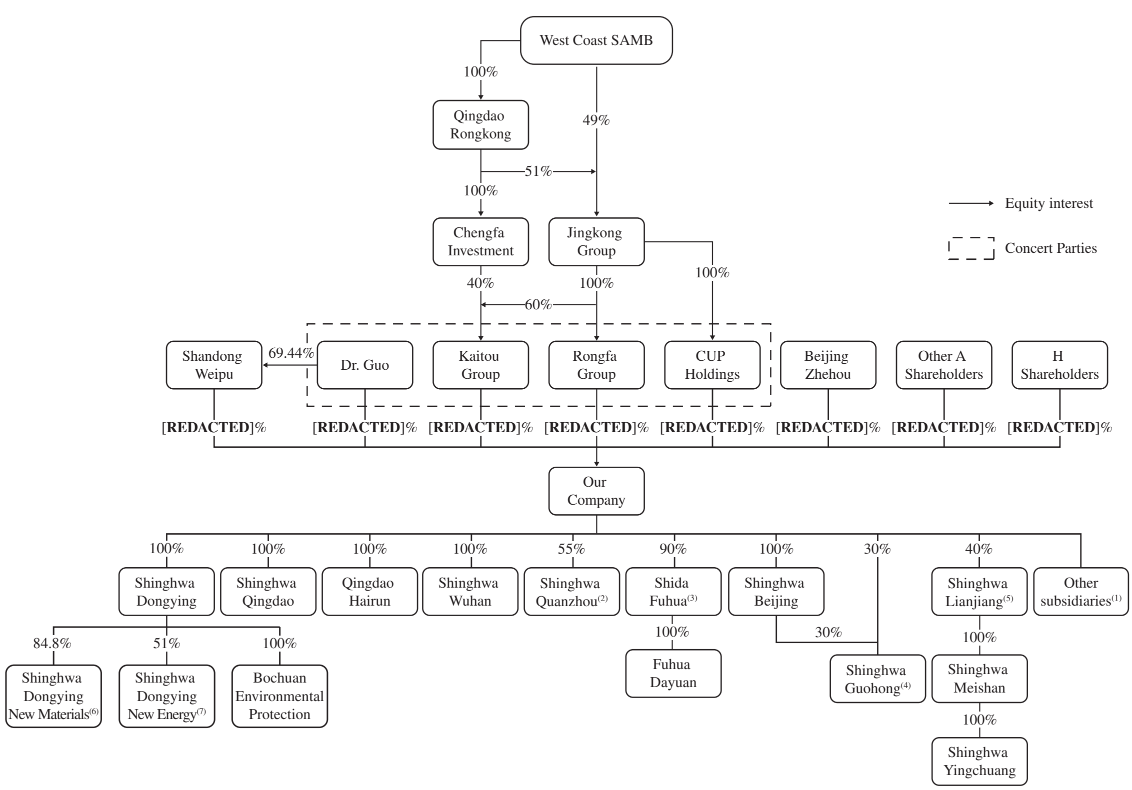
(5) As of the Latest Practicable Date, Shinghwa Lianjiang was owned as to 39.00%, 11.00%, 9.5% and 0.5% by Fujian Ruichida Investment Partnership (Limited Partnership) (福建瑞馳達投資合夥企業(有限合夥)) ("**Fujian Ruichida**"), Dongying Yingjia Heyi Industrial Investment Partnership (Limited Partnership) (東營盈嘉合壹產業投資合夥企業(有限合夥)) ("**Dongying Yingjia**"), Beijing Zhehou and Mr. Chang Zhiyuan (常志遠), respectively. As of the Latest Practicable Date, Fujian Ruichida was ultimately owned by three individuals which were Independent Third Parties. On October 28, 2024, Dongying Yingjia has entered into an acting-in-concert agreement with our Company, pursuant to which both parties agreed to (i) reach consensus on all matters requiring approval by the board and/or shareholders of Shinghwa Lianjiang, and to vote in the same manner on such matters in meetings of the board and shareholders thereof, and (ii) vote based on our Company's opinion, in circumstances where both parties fail to reach a consensus. Such acting-in-concert agreement shall terminate when the shareholding of our Company in Shinghwa Lianjiang are lower than 33.3%. Therefore, our Company shall be deemed to control the voting rights attached to the 11.00% equity interest held by Dongying Yingjia in Shinghwa Lianjiang and was entitled to control 51.00% voting rights in Shinghwa Lianjiang as of the Latest Practicable Date. Mr. Chang Zhiyuan was an Independent Third Party of the Company as of the Latest Practicable Date.

(6) As of the Latest Practicable Date, Shinghwa Dongying New Material was owned as to 15.20% by Highchem (Shanghai) International Trading Co., Ltd. (高化學(上海)國際貿易有限公司) ("**Shanghai Highchem**"). To the best knowledge of our Directors having made all reasonable enquiries, the ultimate beneficial owners of Shanghai Highchem were Independent Third Parties as of the Latest Practicable Date.

(7) As of the Latest Practicable Date, Shinghwa Dongying New Energy was owned as to 49.00% by ENCHEM Co., Ltd. ("**Enchem Group**"). To the best knowledge of our Directors having made all reasonable enquiries, the ultimate beneficial owners of Enchem Group were Independent Third Parties as of the Latest Practicable Date.

Shareholding and Corporate Structure Immediately upon Completion of the [REDACTED]

The following chart depicts a simplified shareholding and corporate structure of our Group immediately upon completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [**REDACTED**]:



Notes (1) to (7): see "— Shareholding and Corporate Structure Immediately before the [**REDACTED**]."