FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

OVERVIEW

We are an innovative new energy technology enterprise in China, principally engaged in the research, development, manufacturing and sales of new energy lithium-ion battery materials. According to Frost & Sullivan, we are the largest battery-grade lithium hydroxide manufacturer in China and the third largest globally in terms of sales volume and revenue in 2025. In the same year, we are the fourth largest battery-grade lithium compounds manufacturer in China and globally, in terms of sales volume and revenue. Building on decades of development, we have developed substantial expertise and a proven track record across our three business segments, namely, new energy lithium-ion battery materials, ESD ultra-clean technology products and medical devices.

Leveraging years of deep experience in the lithium compounds industry, we progressively established a comprehensive business model covering lithium mining, R&D, production and sale of lithium-ion battery materials. Our core products, battery-grade lithium hydroxide and battery-grade lithium carbonate, are essential raw materials for manufacturing lithium-ion batteries, with wide-ranging applications in various sectors of new energy technologies, such as new energy vehicle power batteries, energy storage systems, low-altitude aircraft and consumer electronics. We provide high-quality lithium compound products and have earned widespread recognition from domestic and international customers. Leveraging our technical and management expertise accumulated over years of deep engagement in the lithium compound industry, we have achieved industry-leading resource utilization efficiency and stable product quality through efficient production processes and highly automated production workflows. Furthermore, we have expanded into the downstream industry chain and developed cathode materials for next-generation solid-state batteries to capture emerging market opportunities.

Our Group's financial performance during the Track Record Period was largely subject to the results of new energy lithium-ion battery materials, which primarily reflected changes in market prices for lithium compound products. Our revenue decreased from RMB10,467.7 million in 2023 to RMB6,608.3 million in 2024, primarily in relation to a decrease in market prices for lithium compound products, despite our growing sales volume in 2024. Our revenue then increased to RMB7,548.8 million in 2025, primarily driven by higher sales volumes under the sale of products model of our lithium compound products, attributable to (i) the expansion of our lithium carbonate production capacity which, combined with our ability to deliver competitive, high-purity products with reliable and consistent quality, enabled us to serve our customers more effectively, and (ii) a growing downstream market demand for lithium-ion battery materials as the new energy vehicle and energy storage sectors continued to expand, and our enhanced ability to meet such demand. Our gross profit amounted to RMB2,590.1 million, RMB1,364.5 million, and RMB1,058.1 million, respectively, mainly in relation to the industry-wide fluctuations in prices of lithium compound products.

BASIS OF PRESENTATION AND PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the historical financial information throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income and derivative financial instruments, which have been measured at fair value. See Note 2.1 to the Accountants' Report set out in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, including the following:

Lithium Prices and Demand in End Markets

During the Track Record Period, we primarily generated revenue from the sales of lithium compound products. The selling prices of our products are generally determined by reference to prevailing market price indices, subject to adjustments to reflect, among other things, product specifications, order volume, delivery terms and customer-specific arrangements. The market prices of lithium compound products are largely driven by market forces, including the supply of upstream lithium resources, downstream demand for battery-grade lithium compound products and the overall industry supply. According to Frost & Sullivan, prices of battery-grade lithium compound products peaked in 2022, driven by tight lithium resource supply and strong downstream demand from industries such as new energy vehicles and energy storage. From 2023 to 2025, prices generally trended downward as supply increased with capacity releases and demand growth moderated. In particular, the average price of battery-grade lithium hydroxide in China decreased from RMB233 thousand per ton in 2023 to RMB72 thousand per ton in 2024 and further to RMB63 thousand per ton in 2025, while the average price of battery-grade lithium carbonate in China decreased from RMB230 thousand per ton in 2023 to RMB81 thousand per ton in 2024 and further to RMB68 thousand per ton in 2025. Accordingly, our revenue during the Track Record Period was materially affected by fluctuations in the selling prices of our lithium compound products. As downstream demand from sectors such as new energy vehicles and energy storage continues to grow, together with the gradual reduction in excess supply-side capacity, the average prices of lithium hydroxide and lithium carbonate have been increasing since the second half of 2025 and are expected to enter an upward cycle starting from 2026, according to Frost & Sullivan. See "Industry Overview — Global and China's Battery-Grade Lithium Compounds Industry — Average Prices of Main Battery-Grade Lithium Compounds Products."

Meanwhile, demand for our products is primarily driven by end-market demand for lithium-ion batteries, particularly power batteries for new energy vehicles and energy storage systems. Demand is also supported by other emerging applications, such as low-altitude aircraft and embodied intelligence. During the Track Record Period, we achieved consistent growth in total sales volume for our new energy lithium-ion battery materials, from 65,286 tons in 2023 to 96,506 tons in 2024 and further to 114,434 tons in 2025. We expect our sales volumes to continue to be supported by the growth in end markets we serve.

Our Ability to Maintain Relationships with Leading Customers

Our results of operations are affected by our ability to maintain and deepen long-term relationships with leading customers in the lithium-ion battery materials value chain, including lithium-ion battery manufacturers, cathode material manufacturers and new energy vehicle OEMs. Our products are subject to stringent and time-consuming qualification and certification procedures by major customers. Maintaining our approved supplier status and delivering consistent quality and performance are critical to securing recurring orders, supporting order continuity and enabling continuous production, which in turn helps optimize capacity utilization, reduce average production costs and improve competitiveness.

In addition, our customer relationships are important to sustaining our technology leadership and long-term growth. We work closely with certain customers at the R&D stage, including through joint development and application testing, to develop solutions tailored to evolving battery technology roadmaps and to accelerate the commercialization of new products and technologies, such as cathode materials for solid-state batteries. Our ability to continue collaborating with leading customers is therefore critical to maintaining our industry-leading position and supporting future growth in revenue and profitability.

Our Ability to Control Production Costs and Improve Efficiency

Our results of operations are materially affected by the availability and pricing of key raw materials used in our production, as raw material costs represented approximately 80.5%, 73.7% and 74.1% of our cost of sales in 2023, 2024 and 2025, respectively. We secure upstream supply through a diversified lithium resource portfolio spanning multiple core lithium-rich regions across Australia, Asia, Africa and South America, combining domestic supply with overseas sourcing and adopting multiple cooperation models, including offtake agreements, equity investments and self-operated mines. We also directly control certain core mining rights to support supply of raw materials in the long term. Raw materials procured from external suppliers are generally priced by reference to prevailing market conditions and may also be affected by changes in governmental policies and our bargaining position. Accordingly, to manage raw material cost volatility and support more stable margins, we closely monitor high-quality lithium mineral resources and are advancing a global lithium mineral resource configuration to continuously increase our lithium mineral self-sufficiency rate.

Our profitability is also affected by our ability to maintain and improve production efficiency, which directly influences our unit production costs and, in turn, our gross profit margin. We have implemented a range of operational initiatives to enhance efficiency and cost competitiveness, including deploying highly automated production equipment and advanced process control systems, and applying enhanced impurity removal and purification measures to ensure the high stability and consistent quality required for battery-grade products. Furthermore, our flexible production lines at our Meishan Facility, equipped with the ability to switch production between battery-grade lithium hydroxide and battery-grade lithium carbonate within approximately 48 hours, allowing us to optimize capacity utilization, reduce changeover downtime and inventory build-up, and respond more promptly to shifts in customer specifications and product mix.

Management and Expansion of Our Production Capacity

Our sales performance depends largely on our ability to manage and expand our production capacity. As of December 31, 2025, we had established three major production bases in China totalling a maximum annual production capacity of 165,000 tons of lithium compounds. To meet increasing customer demand, we have in recent years expanded capacity and output, and scaled, trained and managed our workforce. We aim to maintain high utilization rates across our existing production lines and to shorten the ramp-up period for newly commissioned lines. See "Business — Production — Production Facilities" for details. To capture growth opportunities driven by downstream demand in the lithium industry, we plan to further expand our production capacity for new energy lithium-ion battery materials to better serve our customers' growing needs. In particular, we expect to increase capacity for battery-grade lithium carbonate and execute the high-nickel ternary cathode material project for solid-state batteries.

MATERIAL ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES

The preparation of historical financial information in conformity with IFRS Accounting Standards requires management to make judgments, 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 result of which form the basis of making judgments about carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

See Note 2.3 and Note 3 to the Accountants' Report set out in Appendix I to this document for a detailed description of our material accounting policies, judgments and estimates, which are important for understanding our results of operations and financial condition.

DESCRIPTION OF SELECTED ITEMS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Revenue	**10,467,717**	**100.0**	**6,608,250**	**100.0**	**7,548,826**	**100.0**
Cost of sales	(7,877,586)	(75.3)	(5,243,799)	(79.4)	(6,490,741)	(86.0)
Gross profit	**2,590,131**	**24.7**	**1,364,451**	**20.6**	**1,058,085**	**14.0**
Other income and gains	707,579	6.8	742,381	11.2	340,762	4.5
Selling and distribution expenses	(52,431)	(0.5)	(52,546)	(0.8)	(56,838)	(0.8)
Administrative expenses	(511,487)	(4.9)	(417,490)	(6.3)	(415,492)	(5.5)
Research and development expenses	(90,398)	(0.9)	(91,446)	(1.4)	(124,815)	(1.6)
Impairment losses on financial and contract assets, net	19,840	0.2	(57,447)	(0.9)	(122,796)	(1.6)
Other expenses	(60,417)	(0.6)	(98,866)	(1.5)	(57,788)	(0.8)
Financial costs	(64,042)	(0.6)	(95,752)	(1.4)	(99,828)	(1.3)
Share of profits and losses of:						
— Joint ventures	—	—	(8,999)	(0.1)	(2,125)	(0.0)
— Associates	(20,989)	(0.2)	(33,791)	(0.5)	23,606	0.3
Profit before tax	**2,517,786**	**24.0**	**1,250,495**	**18.9**	**542,771**	**7.2**
Income tax expense	(359,880)	(3.4)	(221,069)	(3.3)	(85,299)	(1.1)
Profit for the year	**2,157,906**	**20.6**	**1,029,426**	**15.6**	**457,472**	**6.1**

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we derived our revenue from (i) new energy lithium-ion battery materials, primarily including lithium compound products, (ii) ESD ultra-clean technology products, and (iii) medical devices mainly including syringes. The following table sets forth a breakdown of our revenue by product categories in absolute amounts and as percentages of total revenue, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
New energy lithium-ion battery materials	9,696,978	92.7	5,754,009	87.1	6,667,281	88.3
ESD ultra-clean technology products	472,907	4.5	570,384	8.6	606,135	8.0
Medical devices	297,832	2.8	283,857	4.3	275,410	3.7
Total	**10,467,717**	**100.0**	**6,608,250**	**100.0**	**7,548,826**	**100.0**

Revenue by Products and Services

New Energy Lithium-Ion Battery Materials

During the Track Record period, a significant portion of our revenue was from sales of new energy lithium-ion battery materials, mainly consisting of battery-grade lithium hydroxide and battery-grade lithium carbonate. Revenue from sale of products is recognized when the performance obligation has been satisfied at a point in time, for example, when control of the asset is transferred to the customer, generally on delivery of the goods to the customer's designated place and accepted by the customer. In addition, we provided tolling services for battery-grade lithium hydroxide and battery-grade lithium carbonate to certain of our customers, where our customers provide the raw materials and we charge processing fees based on volume. Revenue from provision of services is recognized at the point in time when the service is completed and accepted by the customer.

The following table sets forth a breakdown of our revenue for new energy lithium-ion battery materials by products and services in absolute amounts and as percentages of the total revenue for new energy lithium-ion battery materials, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
New energy lithium-ion battery materials						
— Sale of products	8,651,730	89.2	4,440,844	77.2	6,001,585	90.0
— Tolling and other services[1]	1,045,248	10.8	1,313,165	22.8	665,696	10.0
Total	**9,696,978**	**100.0**	**5,754,009**	**100.0**	**6,667,281**	**100.0**

Note:

1 Other services represent the technical services we provided in 2025, amounting to RMB33.7 million.

The following table sets forth the sales volume and average selling price of our new energy lithium-ion battery materials under sale of products model for the years indicated:

	Year ended December, 31								
	2023			2024			2025		
	Revenue	Sales Volume	Average selling price per ton	Revenue	Sales Volume	Average selling price per ton	Revenue	Sales Volume	Average selling price per ton
	(RMB'000)	*(Tons)*	*(RMB'000)*	*(RMB'000)*	*(Tons)*	*(RMB'000)*	*(RMB'000)*	*(Tons)*	*(RMB'000)*
Battery-grade Lithium Hydroxide	8,588,269	33,482	256.5	4,119,852	57,530	71.6	4,118,843	67,064	61.4
Battery-grade Lithium Carbonate	—	—	—	246,701	3,740	66.0	1,767,443	27,089	65.2
Ternary cathode materials	—	—	—	8,171	79	103.9	26,934	234	115.3
Others[1]	63,461	N/A	N/A	66,120	N/A	N/A	88,365	N/A	N/A
Total	**8,651,730**			**4,440,844**			**6,001,585**		

Note:

(1) Others mainly include sale of by-products and lithium residue.

The scale of tolling services during the Track Record Period was primarily related to our downstream customers' changing demand for lithium compound products. The sales volume under such tolling services amounted to 31,804 tons, 35,156 tons, and 20,047 tons in 2023, 2024, and 2025, respectively.

During the Track Record Period, the fluctuations in our revenue from new energy lithium-ion battery materials were primarily driven by changes in the market prices for lithium compound products and the sales volume of our lithium compound products. According to Frost & Sullivan, the average price of battery-grade lithium hydroxide in China decreased from RMB233 thousand per ton in 2023 to RMB72 thousand per ton in 2024 and further to RMB63 thousand per ton in 2025, while the average price of battery-grade lithium carbonate in China decreased from RMB230 thousand per ton in 2023 to RMB81 thousand per ton in 2024 and further to RMB68 thousand per ton in 2025. The decrease in average selling price was the main contributor to the decline in our revenue from new energy lithium-ion battery materials from RMB9,697.0 million in 2023 to RMB5,754.0 million in 2024.

Despite pricing volatility, we achieved consistent growth in total sales volume for our new energy lithium-ion battery materials, from 65,286 tons in 2023 to 96,506 tons in 2024 and further to 114,434 tons in 2025. The substantial growth was primarily driven by (i) our expanding product portfolio as we started to provide battery-grade lithium carbonate in 2024 and are in the process of commercializing ternary cathode materials since 2024, (ii) our ability to deliver competitive products with high-purity and reliable, consistent quality, and (iii) our long-standing relationships with major customers that are leading downstream players with growing demands. The growth in sales volume in 2025 had contributed to the increase in our revenue from RMB 5,754.0 million in 2024 to RMB6,667.3 million in 2025.

ESD Ultra-Clean Technology Products

Our ESD ultra-clean technology products cover all key areas of ESD control and micro-contamination control in advanced manufacturing, such as semiconductor, display panel, hard disk drive, automotive electronics and pharmaceutical manufacturing. Our principal products and services include human body protection products, process protection products, environment protection products and ESD consulting services. We primarily provide our ESD ultra-clean technology products and, to a lesser extent, we also provide processing services and other services for customers.

We recorded steady revenue growth during the Track Record Period for ESD ultra-clean technology products, from RMB472.9 million in 2023 to RMB570.4 million in 2024, and further to RMB606.1 million in 2025, as a result of the expansion of our customer base and the introduction of our full stack ESD ultra-clean technology solutions.

Medical Devices

Our key medical device products include high-pressure contrast injection products for medical imaging, as well as auto-disable vaccine syringes and safe syringes. Revenue from the sales of our medical devices remained stable during the Track Record Period, being RMB297.8 million in 2023, RMB283.9 million in 2024 and RMB275.4 million in 2025.

Cost of Sales

Our cost of sales primarily includes (i) raw materials, (ii) labor costs, and (iii) manufacturing costs. The following table sets forth the breakdown of our cost of sales by nature, both in absolute amounts and as a percentage of our total costs of sales, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Raw materials	6,335,815	80.5	3,865,527	73.7	4,811,067	74.1
Labor costs	247,567	3.1	291,889	5.6	350,845	5.4
Manufacturing costs	960,784	12.2	956,434	18.2	1,282,801	19.8
Others(1)	333,420	4.2	129,949	2.5	46,028	0.7
Total	**7,877,586**	**100.0**	**5,243,799**	**100.0**	**6,490,741**	**100.0**

Note:

(1) Primarily including tax and construction costs, tax and surcharges, and write-down of inventories.

During the Track Record Period, the fluctuations in our cost of sales were generally in line with our revenue. The increase in manufacturing costs is primarily attributable to increases in utility costs and the depreciation and amortization of production lines.

Sensitivity analysis

The following sensitivity analysis illustrates the impact of hypothetical fluctuation in our cost of raw materials on our profit before tax during the Track Record Period:

Hypothetical changes in the cost of raw materials	Decrease/Increase in Profit Before Tax Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
± 10%	633,582	386,553	481,107
± 20%	1,267,163	773,105	962,213
± 50%	3,167, 908	1,932,764	2,405,534

Gross Profit and Gross Profit Margin

The following table sets forth the breakdown of our gross profit and gross profit margin by business segment for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)					
New energy lithium-ion battery materials	2,363,377	24.4	1,097,801	19.1	786,283	11.8
ESD ultra-clean technology products	94,333	19.9	129,734	22.7	134,551	22.2
Medical devices	132,421	44.5	136,916	48.2	137,251	49.8
Total/Overall	**2,590,131**	**24.7**	**1,364,451**	**20.6**	**1,058,085**	**14.0**

During the Track Record Period, we recorded overall gross profit of RMB2,590.1 million, RMB1,364.5 million, and RMB1,058.1 million in 2023, 2024, and 2025, respectively, representing overall gross profit margins of 24.7%, 20.6%, and 14.0%, respectively. The decline in overall gross profit and gross profit margin during the Track Record Period was primarily attributable to the decrease of the gross margin of the new energy lithium-ion battery materials segment, arising from the industry-wide fluctuations in prices of lithium compound products. Gross profit margin for our ESD ultra-clean technology products remained relatively stable during the Track Record Period. We had a consistent increase in the gross profit margin for medical devices during the Track Record Period, primarily in relation to the improvement in product structure.

Other Income and Gains

Our other income and gains primarily consisted of (i) government grants, (ii) interest income from time deposits, (iii) interest income from cash and cash equivalents, (iv) foreign currency exchange differences, (v) gain on disposal of financial assets at fair value through profit or loss (vi) changes in fair value of financial assets at fair value through profit or loss, (vii) changes in fair value of derivative financial instruments, and (viii) gains on disposal of subsidiaries. The table below sets forth the breakdown of our other income and gains by nature, both as absolute amounts and as a percentage of our total other income and gains, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Other income						
Government grants	444,021	62.8	541,602	73.0	72,542	21.3
Interest income from time deposits	2,998	0.4	73,220	9.9	81,185	23.8
Interest income from cash and cash equivalents	221,869	31.4	91,534	12.3	109,332	32.1
Others	3,803	0.5	4,897	0.6	6,056	1.8
Total other income	**672,691**	**95.1**	**711,253**	**95.8**	**269,115**	**79.0**
Gains						
Foreign currency exchange differences, net	28,730	4.0	(16,513)	(2.2)	(49,531)	(14.5)
Gain on disposal of financial assets at fair value through profit or loss, net	23,747	3.4	36,983	5.0	23,492	6.9
Changes in fair value of financial assets at fair value through profit or loss	(17,589)	(2.5)	10,658	1.4	(1,124)	(0.3)
Changes in fair value of derivative financial instruments	—		—		954	0.3
Gains on disposal of subsidiaries	—		—		97,856	28.6
Total gains	**34,888**	**4.9**	**31,128**	**4.2**	**71,647**	**21.0**
Total	**707,579**	**100.00**	**742,381**	**100.00**	**340,762**	**100.0**

During the Track Record Period, our government grants were primarily awarded by the local governments to support our industry development activities and daily operation or for the purpose of reward for our financial contribution. These government grants were non-recurring in nature and may vary from year to year. We recognize government grants at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Selling and Distribution Expenses

Our selling and marketing expenses primarily consisted of (i) employee compensation expenses of our sales team, (ii) business development expenses, (iii) traveling expenses, (iv) consulting service fees, (v) office expenses, and (vi) marketing expenses. The following table sets forth the breakdown of our selling and distribution expenses by nature, both as absolute amounts and as a percentage of our total selling and distribution expenses, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Employee compensation expenses	24,581	46.9	23,492	44.8	29,794	52.4
Business development expenses	6,714	12.8	7,897	15.0	7,322	12.9
Travel expenses	3,043	5.8	3,991	7.6	5,463	9.6
Consulting service fees	5,923	11.3	4,913	9.3	4,280	7.5
Office expenses	6,792	13.0	4,520	8.6	3,728	6.6
Marketing expenses	2,938	5.6	4,308	8.2	3,417	6.0
Others(1)	2,440	4.6	3,425	6.5	2,834	5.0
Total	**52,431**	**100.0**	**52,546**	**100.0**	**56,838**	**100.0**

Note:

(1) Primarily including export fees and vehicle maintenance.

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee compensation expenses, (ii) depreciation and amortization, (iii) consulting service fees mainly relating to auditing and general legal services, and (iv) safety and protection expenses, representing the provision for work safety expense. The following table sets forth the breakdown of our administrative expenses by nature, both as absolute amounts and as a percentage of our total administrative expenses, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Employee compensation expenses	236,490	46.2	187,027	44.8	159,715	38.4
Depreciation and amortization	52,612	10.3	56,599	13.6	73,799	17.8
Consulting service fees	31,425	6.1	35,316	8.5	45,195	10.9
Safety and protection expenses	49,949	9.8	42,036	10.1	32,892	7.9
Office expenses	29,634	5.8	30,426	7.3	21,057	5.1
Travel expenses	19,117	3.7	13,405	3.2	13,585	3.3
Business development expenses	18,708	3.7	15,288	3.7	8,905	2.1
Lease expenses	2,743	0.5	3,998	1.0	4,191	1.0
Inspection and repair expenses	24,265	4.7	2,106	0.5	575	0.1
Others[(1)]	46,544	9.2	31,289	7.3	55,578	13.4
Total	**511,487**	**100.0**	**417,490**	**100.0**	**415,492**	**100.0**

Note:

(1) Primarily including equity acquisition fees, environmental protection expenses, and exploitation expenses.

Research and Development Expenses

Our research and development costs primarily consisted of (i) employee compensation expenses for our R&D team, (ii) direct material expenses for the materials consumed in our R&D activities, (iii) depreciation and amortization in relation to equipment improvement, and (iv) technical and consulting service fees in relation to third-party technical support for our R&D. The following table sets forth the breakdown of our research and development costs by nature, both as absolute amounts and as a percentage of our total research and development costs, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Employee compensation expenses	41,256	45.6	42,378	46.3	57,332	45.9
Direct material expenses	41,837	46.3	39,861	43.6	47,556	38.1
Depreciation and amortization	1,771	2.0	5,656	6.2	9,270	7.4
Technical and consulting service fees	945	1.0	2,326	2.5	8,513	6.8
Others	4,589	5.1	1,225	1.4	2,144	1.8
Total	**90,398**	**100.0**	**91,446**	**100.0**	**124,815**	**100.0**

Our research and development expenses increased from RMB90.4 million in 2023 to RMB91.4 million in 2024, and further to RMB124.8 million in 2025, primarily due to increases in employee compensation and direct materials costs, as we increased investment in R&D projects to improve production processes and enhance product competitiveness.

Impairment Losses on Financial and Contract Assets, Net

Our impairment losses on financial and contract assets, net primarily represent the impairment losses recognized on trade receivables, contract assets and other receivables. In 2023, we recorded a net reversal of RMB19.8 million on impairment losses for financial and contract assets. We then recorded impairment losses of RMB57.4 million and RMB122.8 million in 2024 and 2025, respectively. The increase in impairment losses during the Track Record Period was mainly due to our impairment losses recognized on trade receivables and other receivables based on ECL model.

Other Expenses

Our other expenses primarily consisted of (i) loss on disposal of financial assets at fair value through other comprehensive income, (ii) loss from disposal of items of property, plant and equipment, (iii) loss/(gain) from disposal of items of right of use assets, (iv) impairment losses on property, plant and equipment, (v) impairment losses recognized for investment in associate, and (vi) gain on remeasurement of previously held investment in an associate. The following table sets forth a breakdown of our other expenses, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Loss on disposal of financial assets at fair value through other comprehensive income	36,978	61.2	15,261	15.4	16,375	28.3
Loss from disposal of items of property, plant and equipment, net	8,604	14.2	1,715	1.7	8,274	14.3
Loss/(gain) from disposal of items of right of use assets, net	—		703	0.7	(585)	(1.0)
Impairment losses on property, plant and equipment	4,749	7.9	847	0.9	4,429	7.7
Impairment losses recognized for investment in associate	—		77,685	78.6	14,377	24.9
Loss on remeasurement of previously held investment in an associate	4,051	6.7	—		—	—
Others	6,035	10.0	2,655	2.7	14,918	25.8
Total	**60,417**	**100.0**	**98,866**	**100.0**	**57,788**	**100.0**

Finance Costs

Our finance costs primarily consisted of interest expense on bank loans and lease liabilities, net of interest capitalized. The following table sets forth a breakdown of our finance costs, in absolute amounts and as percentages of total finance costs, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Interest on bank loans	77,427	120.9	106,255	111.0	100,340	100.5
Interest on lease liabilities	294	0.5	360	0.4	265	0.3
Less: Interest capitalized	(13,679)	(21.4)	(10,863)	(11.4)	(777)	(0.8)
	64,042	**100.0**	**95,752**	**100.0**	**99,828**	**100.0**

Share of Profits and Losses of Joint Ventures and Associates

Our share of losses of joint ventures reflect our proportionate share of the results of joint ventures in which we hold equity interests. Our share of losses of joint ventures decreased from RMB9.0 million in 2024 to RMB2.1 million in 2025, primarily due to the improvement in these joint ventures' financial performance. Our share of profits and losses of associates is related to the financial performance of the associates in which we invest.

Income Tax Expenses

We are subject to income tax on an entity basis on profits arising in or derived from jurisdictions in which our members are domiciled and operate.

The statutory corporate income tax in Chinese Mainland was 25% for the Track Record Period unless tax concession was granted or preferential tax rate applied. Certain Chinese Mainland subsidiaries of ours were qualified as High and New Technology Enterprises and were entitled to a preferential tax rate of 15% during the Track Record Period. A tax rate of 15% was applicable to two of our subsidiaries pursuant to the tax regulations related to the Western Region Development Policy. In addition, certain subsidiaries were qualified as Small and Micro Enterprise and entitled to preferential tax rate of 20% on the 25% of taxable income during the Track Record Period.

Our subsidiaries incorporated in Hong Kong are subject to Hong Kong profit tax rate at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. Our subsidiaries incorporated in Nigeria are subject to profit tax at the rate of 30%.

For more details, see Note 11 to the Accountant Report in Appendix I regarding the applicable taxes and tax rates.

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 14.2% from RMB6,608.3 million in 2024 to RMB7,548.8 million in 2025, primarily attributable to the increase in revenue of our new energy lithium-ion battery materials.

New Energy Lithium-Ion Battery Materials

Our revenue from new energy lithium-ion battery materials business increased by 15.9% from RMB5,754.0 million in 2024 to RMB6,667.3 million in 2025, driven by higher sales volumes of our lithium compound products, attributable to (i) the expansion of our lithium carbonate production capacity which, combined with our ability to deliver competitive, high-purity products with reliable and consistent quality, enabled us to serve our customers more effectively, and (ii) a growing downstream market demand for lithium-ion battery materials as the new energy vehicle and energy storage sectors continued to expand, and our enhanced ability to meet such demand.

ESD Ultra-Clean Technology Products

Our revenue from ultra-clean technology slightly increased by 6.3% from RMB570.4 million in 2024 to RMB606.1 million in 2025.

Medical Devices

Our revenue from medical devices remained relatively stable, being RMB283.9 million in 2024 and RMB275.4 million in 2025.

Cost of Sales

Our cost of sales increased by 23.8% from RMB5,243.8 million in 2024 to RMB6,490.7 million in 2025, primarily attributable to (i) higher raw material costs in line with the increase in sales volume of new energy lithium ion battery materials, and (ii) higher manufacturing costs due to increased utility costs, and depreciation and amortization of production lines.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 22.5% from RMB1,364.5 million in 2024 to RMB1,058.1 million in 2025, and our gross profit margin decreased from 20.6% in 2024 to 14.0% in 2025.

New Energy Lithium-Ion Battery Materials

The gross profit for new energy lithium-ion battery materials decreased by 28.4% from RMB1,097.8 million in 2024 to RMB786.3 million in 2025. The gross profit margin for new energy lithium-ion battery materials decreased from 19.1% in 2024 to 11.8% in 2025, primarily attributable to lower average selling prices of lithium compound products in 2025 due to market dynamics.

ESD Ultra-clean Technology Products

The gross profit for ESD ultra-clean technology products increased by 3.7% from RMB129.7 million in 2024 to RMB134.6 million in 2025, primarily driven by the revenue growth. The gross profit margin for ESD ultra-clean technology products remained relatively stable, being 22.7% in 2024 and 22.2% in 2025.

Medical Devices

The gross profit for medical devices remained relatively stable, being RMB136.9 million in 2024 and RMB137.3 million in 2025, the gross profit margin for medical devices also remain relatively stable at 48.2% in 2024 and 49.8% in 2025.

Other Income and Gains

Our income and gains decreased by 54.1% from RMB742.4 million in 2024 to RMB340.8 million in 2025, primarily attributable to a decrease in non-recurring government grants, which may vary from year to year.

Selling and Distribution Expenses

Our selling and marketing expenses increased from RMB52.5 million in 2024 to RMB56.8 million in 2025, mainly due to an increase in employee compensation expenses as a result of the expansion of our sales team to support increased sales activities.

Administrative Expenses

Our administrative expenses remained relatively stable, being RMB417.5 million in 2024 and RMB415.5 million in 2025.

Research and Development Expenses

Our research and development expenses increased by 36.5% from RMB91.4 million in 2024 to RMB124.8 million in 2025, primarily attributable to increases in employee compensation expenses and direct material costs as we increased investment in R&D projects, primarily including development of cathode materials for next-generation solid-state batteries and advanced medical devices, to improve production processes, expand product portfolio, and enhance product competitiveness.

Impairment Losses on Financial and Contract Assets, Net

Our impairment losses on financial and contract assets, net, increased from RMB57.4 million in 2024 to RMB122.8 million in 2025, primarily attributable to impairment on other receivables based on ECL model.

Other Expenses

Our other expenses decreased from RMB98.9 million in 2024 to RMB57.8 million in 2025, primarily attributable to a decrease in impairment losses recognized for investment in associate.

Finance Costs

Our finance costs remained relatively stable, being RMB95.8 million in 2024 and RMB99.8 million in 2025.

Share of Profits and Losses of Joint Ventures and Associates

Our share of losses of joint ventures decreased from RMB9.0 million in 2024 to RMB2.1 million in 2025, due to the improved financial performance of Suzhou Shengyuan Lithium Battery Materials Co., Ltd. ("**Suzhou Shengyuan**") as its lithium mine in Africa acquired in 2024 commenced production in July 2025.

We had share of losses of associates of RMB33.8 million in 2024, which turned to share of profits of RMB23.6 million in 2025, primarily attributable to investment gains from our associates.

Profit for the Year

For the foregoing reasons, our profit for the year decreased from RMB1,029.4 million in 2024 to RMB457.5 million in 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue decreased by 36.9% from RMB10,467.7 million in 2023 to RMB6,608.3 million in 2024, primarily attributable to the decrease in revenue from our new energy lithium-ion battery materials business segment.

New Energy Lithium-ion Battery Materials

Our revenue from our sales of new energy lithium-ion battery materials decreased by 40.7% from RMB9,697.0 million in 2023 to RMB5,754.0 million in 2024, primarily attributable to a decline in the average selling prices of new energy lithium-ion battery materials in 2024 in line with the market condition at the time.

ESD Ultra-clean Technology Products

Our revenue from ESD ultra-clean technology products increased by 20.6% from RMB472.9 million in 2023 to RMB570.4 million in 2024, primarily driven by growing demand for our products from customers in advanced manufacturing industries such as semiconductor and electronics.

Medical Devices

Our revenue from medical devices remained relatively stable, being RMB297.8 million in 2023 and RMB283.9 million in 2024.

Cost of Sales

Our cost of sales decreased by 33.4% from RMB7,877.6 million in 2023 to RMB5,243.8 million in 2024, mainly due to the decrease in raw material costs, as the market prices for lithium concentrate dropped.

Gross Profit and Gross Profit Margin

Our overall gross profit decreased by 47.3% from RMB2,590.1 million in 2023 to RMB1,364.5 million in 2024, and our overall gross profit margin decreased from 24.7% in 2023 to 20.6% in 2024.

New Energy Lithium-ion Battery Materials

The gross profit for new energy lithium-ion battery materials decreased by 53.5% from RMB2,363.4 million in 2023 to RMB1,097.8 million in 2024. The gross profit margin for new energy lithium-ion battery materials decreased from 24.4% in 2023 to 19.1% in 2024, primarily attributable to industry-wide decrease in prices of lithium compound products.

ESD Ultra-clean Technology Products

The gross profit for ESD ultra-clean technology products increased by 37.5% from RMB94.3 million in 2023 to RMB129.7 million in 2024, primarily driven by the revenue growth. The gross profit margin for ESD ultra-clean technology products remained relatively stable, being 19.9% in 2023 and 22.7% in 2024.

Medical Devices

The gross profit for medical devices slightly increased from RMB132.4 million in 2023 to RMB136.9 million in 2024, with the gross profit margin increasing from 44.5% in 2023 to 48.2% in 2024, primarily attributable to our optimization of the product mix toward a higher proportion of complex, higher-value products.

Other Income and Gains

Our other income and gains increased from RMB707.6 million in 2023 to RMB742.4 million in 2024, mainly in relation to an increase in government grants recognized in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable at RMB52.4 million and RMB52.5 million in 2023 and 2024, respectively.

Administrative Expenses

Our administrative expenses decreased by 18.4% from RMB511.5 million in 2023 to RMB417.5 million in 2024, primarily attributable to a decrease in share-based payments to our administrative team.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB90.4 million in 2023 and RMB91.4 million in 2024.

Impairment Losses on Financial and Contract Assets, Net

We had a net reverse of impairment losses on financial and contract assets of RMB19.8 million in 2023, and had a net impairment losses on financial and contract assets of RMB57.4 million in 2024, primarily in relation to impairment losses on other receivables.

Other Expenses

Our other expenses increased from RMB60.4 million in 2023 to RMB98.9 million in 2024, primarily attributable to the impairment losses we recognized for investment in one of our associates due to its financial performance.

Finance Costs

Our finance costs increased from RMB64.0 million in 2023 to RMB95.8 million in 2024, primarily attributable to an increase in interest on bank loans.

Share of Profits and Losses of Joint Ventures and Associates

We recognized share of losses of joint ventures of RMB9.0 million in 2024, in relation to a joint venture established during the year.

Our share of loss of associates increased from RMB21.0 million in 2023 to RMB33.8 million in 2024, primarily attributable to losses incurred by our associates.

Profit for the Year

For the foregoing reasons, our profit for the year decreased from RMB2,157.9 million in 2023 to RMB1,029.4 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a breakdown of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	5,877,256	5,748,522	5,518,202
Right-of-use assets	369,973	364,101	386,691
Goodwill	282,590	319,487	282,590
Other intangible assets	10,082	192,720	2,859,209
Investment in joint ventures	—	316,268	507,883
Investment in associates	168,190	346,323	381,696
Equity investments designated at fair value through other comprehensive income	1,117,415	176,464	558,954
Time deposits	442,998	2,914,968	2,256,949
Deferred tax assets	62,989	121,632	67,428
Other non-current assets	86,628	176,421	212,769
Total non-current assets	**8,418,121**	**10,676,906**	**13,032,371**
CURRENT ASSETS			
Inventories	1,375,055	2,324,176	2,287,164
Trade and bills receivables	609,416	374,309	728,129
Contract assets	2,498	2,179	429
Prepayments, other receivables and other assets	1,576,198	1,264,122	2,033,356
Prepaid income tax	2,947	10,432	2,600
Financial assets at fair value through other comprehensive income	80,675	151,977	68,431
Financial assets at fair value through profit or loss	1,222,323	1,639,975	311,208
Restricted bank deposits	26,101	10,948	119,736
Time deposits	—	—	849,204
Cash and cash equivalents	7,312,894	2,820,969	3,660,244
Total current assets	**12,208,107**	**8,599,087**	**10,060,501**
CURRENT LIABILITIES			
Trade and bills payables	1,262,416	1,291,744	715,874
Contract liabilities	179,113	186,426	160,227
Other payables and accruals	148,083	208,967	187,092
Derivative financial instruments	—	—	45,226
Interest-bearing bank and other borrowings	1,698,261	1,232,931	4,128,451
Lease liabilities	2,200	7,311	2,979
Income tax payable	31,983	12,201	39,323
Total current liabilities	**3,322,056**	**2,939,580**	**5,279,172**
NET CURRENT ASSETS	**8,886,051**	**5,659,507**	**4,781,329**
TOTAL ASSETS LESS CURRENT LIABILITIES	**17,304,172**	**16,336,413**	**17,813,700**

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	956,566	560,740	2,007,531
Lease liabilities	4,714	6,988	4,541
Deferred income	98,086	117,881	114,423
Deferred tax liabilities	54,668	29,153	11,227
Other non-current liabilities	22,501	22,496	22,500
Total non-current liabilities	**1,136,535**	**737,258**	**2,160,222**
Net assets	**16,167,637**	**15,599,155**	**15,653,478**

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (i) buildings, (ii) machinery equipment, (iii) motor vehicles, (iv) office equipment, (v) leasehold improvements and (vi) construction in process. Our property, plant and equipment decreased from RMB5,877.3 million as of December 31, 2023 to RMB5,748.5 million as of December 31, 2024, and further to RMB5,518.2 million as of December 31, 2025, primarily in relation to depreciation.

Right-of-use Assets

Our right-of-use assets mainly consist of leased land and buildings. During the Track Record Period, our right-of-use assets remained relatively stable, being at RMB370.0 million as of December 31, 2023, RMB364.1 million as of December 31, 2024, and RMB386.7 million as of December 31, 2025.

Other Intangible Assets

Our other intangible assets increased from RMB10.1 million as of December 31, 2023 to RMB192.7 million as of December 31, 2024, primarily attributable to patent rights obtained from an acquisition. Our other intangible assets then increased to RMB2,859.2 million as of December 31, 2025, primarily reflecting our acquisition of the mining rights for the Jinzifeng-Zuojiali ceramic clay (lithium-bearing) mineral area.

Goodwill

Our goodwill increased from RMB282.6 million as of December 31, 2023 to RMB319.5 million as of December 31, 2024, and decreased to RMB282.6 million as of December 31, 2025, primarily attributable to goodwill recognized upon the acquisition and disposal of our subsidiaries during the period.

Investment in Joint Ventures

Our investment in joint ventures increased from nil as of December 31, 2023 to RMB316.3 million as of December 31, 2024, due to the establishment of Suzhou Shengyuan. Our investment in joint ventures increased to RMB507.9 million as of December 31, 2025, primarily due to our capital investment in certain of our joint ventures in the new energy lithium-ion battery materials industry.

Investment in Associates

Our investment in associates increased from RMB168.2 million as of December 31, 2023 to RMB346.3 million as of December 31, 2024, primarily because we made investments in two associates in the new energy lithium-ion battery materials industry. Our investment in associates increased to RMB381.7 million as of December 31, 2025, primarily attributable to improved financial performance of our associates.

Equity Investments Designated at Fair Value Through Other Comprehensive Income

Our equity investments designated at fair value through other comprehensive income represent our non-controlling equity interests in companies operating in the lithium-ion battery materials industry. Our equity investments designated at fair value through other comprehensive income decreased from RMB1,117.4 million as of December 31, 2023 to RMB176.5 million as of December 31, 2024, primarily in relation to the delisting of an investee company in 2024. Our equity investments designated at fair value through other comprehensive income increased to RMB559.0 million as of December 31, 2025, primarily due to the increase in value of our equity investments.

Inventories

Our inventories consisted of (i) raw materials, (ii) work in progress, (iii) finished goods and (iv) consigned processing materials. The table below sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Raw materials	1,091,114	1,154,938	1,399,543
Work in progress	281,172	274,011	406,576
Finished goods	299,961	1,015,937	488,212
Consigned processing materials	818	3,620	954
	1,673,065	2,448,506	2,295,285
Provision for impairment loss	(298,010)	(124,330)	(8,121)
Total	**1,375,055**	**2,324,176**	**2,287,164**

Our inventories increased from RMB1,375.1 million as of December 31, 2023 to RMB2,324.2 million as of December 31, 2024, primarily due to our increased production capacity of our lithium compound products. The balances of our raw materials and work in progress increased from RMB1,154.9 million and RMB274.0 million as of December 31, 2024, respectively, to RMB1,399.5 million and RMB406.6 million, respectively, as of December 31, 2025. Meanwhile, the balance of our finished goods decreased from RMB1,015.9 million as of December 31, 2024 to RMB488.2 million as of December 31, 2025. These changes reflect our proactive response to rising lithium prices in late 2025, including accelerating procurement of lithium concentrate to support production and scaling up sales to meet growing customer demand.

We closely monitor and optimize inventory levels to respond to changes in customer demand and fluctuations in raw material prices. We also conduct regular inventory audits to ensure accuracy and accountability. We recorded provision for impairment loss of RMB298.0 million in 2023, RMB124.3 million in 2024, and RMB8.1 million in 2025.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	1,649,143	2,418,953	2,240,203
1 to 2 years	12,770	11,514	27,170
2 to 3 years	11,096	13,641	13,862
Over 3 years	56	4,398	14,050
Total	**1,673,065**	**2,448,506**	**2,295,285**

The table below sets forth our inventory turnover days for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
Inventory turnover days(1)	84	129	130

(1) Calculated as the average of the beginning and ending balance of inventories for the period divided by the cost of revenue for the period and multiplied by the number of days in that period. (i.e., 365 days for a given year).

Our inventory turnover days increased from 84 days in 2023 to 129 days in 2024, primarily due to higher finished goods balances for new energy lithium-ion battery materials at the end of 2024, as well as lower revenue in 2024 resulting from the decline in market prices for lithium compound products. Our inventory turnover days remained relatively stable at 130 days in 2025.

As of February 28, 2026, RMB2,285.4 million, or approximately 99.6%, of our inventories as of December 31, 2025 had been subsequently consumed or sold.

Trade and Bills Receivables

Our trade and bills receivables decreased from RMB609.4 million as of December 31, 2023 to RMB374.3 million as of December 31, 2024, primarily attributable to (i) a decrease in trade receivables due to reduced sales value in line with market price trend, and (ii) a decrease in the bills receivable, reflecting a reduction in transactions settled using bills with higher credit risk ratings during the period. Our trade and bills receivables then increased to RMB728.1 million as of December 31, 2025, primarily due to substantial sales growth in the fourth quarter of 2025. The table below sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	533,517	392,451	761,278
Bills receivable	108,826	5,154	14,184
	642,343	397,605	775,462
Impairment	(32,927)	(23,296)	(47,333)
Total	**609,416**	**374,309**	**728,129**

The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	522,207	377,029	749,692
1 to 2 years	5,451	7,691	5,383
2 to 3 years	1,276	2,968	413
Over 3 years	4,583	4,763	5,790
Total	**533,517**	**392,451**	**761,278**

The table below sets forth our trade and bills receivables turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days(1)	52	27	27

(1) Calculated as the average of the beginning and ending balance of trade and bills receivables for the period divided by the revenue for that period and multiplied by the number of days in that period. (i.e., 365 days for a given year).

Our trade and bills receivables turnover days decreased from 52 days in 2023 to 27 days in 2024, reflecting lower opening and ending balances for our trade and bills receivables in 2024 compared to 2023. Our trade and bills receivables remained stable at 27 days in 2025, reflecting our enhanced collection efforts.

As of February 28, 2026, RMB742.3 million, or approximately 97.5%, of our trade and bills receivables as of December 31, 2025 had been subsequently collected.

Prepayments, other receivables and other assets

Our prepayments, other receivables and other assets primarily consisted of (i) prepayments mainly for our procurement of lithium concentrate, (ii) prepaid value-added tax, (iii) deductible input value-added tax and (iv) deposits. The table below sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Prepayments	821,758	555,592	1,356,547
Prepaid value-added tax	111,975	—	—
Deductible input value-added tax	408,900	528,156	382,435
Deposits	182,477	231,882	102,423
Other receivables	91,803	56,469	349,148
	1,616,913	1,372,099	2,190,553
Impairment allowance	(40,715)	(107,977)	(157,197)
Total	**1,576,198**	**1,264,122**	**2,033,356**

Our prepayments, other receivables and other assets decreased from RMB1,576.2 million as of December 31, 2023 to RMB1,264.1 million as of December 31, 2024, primarily due to lower market price of lithium concentrate at the end of the period. Our prepayments, other receivables and other assets then increased to RMB2,033.4 million as of December 31, 2025, primarily attributable to the rise in lithium compound prices at the time, as we procured more lithium concentrate for inventory stocking purposes, thereby resulting in higher prepayments.

Financial Assets at Fair Value Through Other Comprehensive Income

Our financial assets at fair value through other comprehensive income represents the amounts of our bills receivables issued by the PRC banks with high credit rating, which mainly represent state-owned banks and certain national-wide commercial banks. Our financial assets at fair value through other comprehensive income increased from RMB80.7 million as of December 31, 2023 to RMB152.0 million as of December 31, 2024, then decreased to RMB68.4 million as of December 31, 2025, primarily reflecting the amount of transactions that were settled using bills receivable with lower credit risk ratings.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss represented the balance of our structured deposits. Our financial assets at fair value through profit or loss increased from RMB1,222.3 million as of December 31, 2023 to RMB1,640.0 million as of December 31, 2024, primarily due to the increase of structured deposits. Our financial assets at fair value through profit or loss then decreased to RMB311.2 million as of December 31, 2025, primarily due to the redemption of a substantial amount of structured deposits during the period.

Trade and Bills Payables

Our trade and bills payables mainly relate to our procurement of raw materials and payables for construction projects. Our trade and bills payables remained relatively stable, being at RMB1,262.4 million as of December 31, 2023 and RMB1,291.7 million as of December 31, 2024. Our trade and bills payables then decreased to RMB715.9 million as of December 31, 2025, primarily due to a decrease in trade payables for construction works relating to our production lines.

The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Trade payables	1,001,934	809,706	524,885
Bills payables	260,482	482,038	190,989
Total	**1,262,416**	**1,291,744**	**715,874**

The following table sets forth our trade and bills payables turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
Trade and bills payables turnover days(1)	65	89	56

(1) Calculated at the average of the beginning and ending balance of trade and bills payables for the period divided by the cost of sales for that period and multiplied by the number of days in that year (i.e., 365 days for a given year).

Our trade and bills payable turnover days increased from 65 days in 2023 to 89 days in 2024, primarily due to a decrease in cost of sales, attributable to lower prices of raw materials during the year. Our trade and bills payable turnover days then decreased to 56 days in 2025 due to the settlement for certain construction projects.

As of February 28, 2026, RMB493.3 million, or approximately 94.0% of our trade payables as of December 31, 2025 had been settled.

Contract Liabilities

Our contract liabilities consisted of short term advances received from customers from sale of products. Our contract liabilities remained relatively stable at RMB179.1 million as of December 31, 2023, RMB186.4 million as of December 31, 2024, then slightly decreased to RMB160.2 million as of December 31, 2025.

Other Payables and Accruals

Other payables and accruals consist of (i) payroll payables to our employees, (ii) deposits including performance bonds for our construction works, (iii) other tax payables, and (iv) other payables. The table below sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Payroll payables	107,587	127,370	120,653
Deposits	18,171	17,431	15,620
Other tax payables	14,840	16,689	28,872
Other payables	7,485	47,477	21,947
Total	**148,083**	**208,967**	**187,092**

Derivative Financial Instruments

Our derivative financial instruments primarily comprise commodity futures for the hedging purpose. See "Business — Logistics and Inventory Management — Inventory — Hedging." The table below sets forth the breakdown of our derivative financial instruments as of dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Commodity futures contracts	—	—	45,226

The fair value of our hedging instruments and the hedged items are both affected by changes in prices of lithium carbonate, and the impact of price changes is opposite. The fair value of our commodity futures turned into liabilities of RMB45.2 million as of December 31, 2025, primarily due to the increase in lithium carbonate prices, which resulted in unrealized losses on the held futures derivatives position. See Note 33 to the Accountants' Report set out in Appendix I to this document.

LIQUIDITY AND CAPITAL RESOURCES

We had cash and cash equivalent of RMB7,312.9 million, RMB2,821.0 million and RMB3,660.2 million as of December 31, 2023, 2024 and 2025, respectively. We recorded net current assets as of December 31, 2023, 2024 and 2025.

We have historically funded our cash requirements principally from proceeds from our operations and bank borrowings. After the [REDACTED], we intend to finance our future capital requirements in the same manner. We do not anticipate any changes to the availability of financing to fund our operation in the future.

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, operating cash flows, available financing facilities, and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this document.

Net Current Assets

	As of December 31,			As of February 28,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Current Assets				
Inventories	1,375,055	2,324,176	2,287,164	2,957,266
Trade and bill receivables	609,416	374,309	728,129	1,533,240
Contract assets	2,498	2,179	429	516
Prepayments, other receivables and other assets	1,576,198	1,264,122	2,033,356	3,834,926
Prepaid income tax	2,947	10,432	2,600	5,327
Financial assets at fair value through other comprehensive income	80,675	151,977	68,431	921,422
Financial assets at fair value through profit or loss	1,222,323	1,639,975	311,208	1,567,288
Restricted bank deposits	26,101	10,948	119,736	460,034
Time deposits	—	—	849,204	172,554
Cash and cash equivalents	7,312,894	2,820,969	3,660,244	2,108,086
Total current assets	**12,208,107**	**8,599,087**	**10,060,501**	**13,560,659**
Current Liabilities				
Trade and bills payables	1,262,416	1,291,744	715,874	1,969,978
Contract liabilities	179,113	186,426	160,227	839,781
Other payables and accruals	148,083	208,967	187,092	602,031
Derivative financial instruments	—	—	45,226	73,763
Interest-bearing bank and other borrowings	1,698,261	1,232,931	4,128,451	4,489,079
Lease liabilities	2,200	7,311	2,979	3,149
Income tax payable	31,983	12,201	39,323	118,805
Total current liabilities	**3,322,056**	**2,939,580**	**5,279,172**	**8,096,586**
Net current assets	**8,886,051**	**5,659,507**	**4,781,329**	**5,464,073**

Our net current assets increased from RMB4,781.3 million to RMB5,464.1 million as of February 28, 2026, primarily due to a RMB1,801.6 million increase in prepayments, other receivables and other assets, a RMB1,256.1 million increase in financial assets at fair value through profit or loss, and a RMB853.0 increase in financial assets at fair value through other comprehensive income, partially offset by a RMB1,552.2 million decrease in cash and cash equivalents, and a RMB1,254.1 million increase in trade and bills payables.

Our net current assets decreased from RMB5,659.5 million as of December 31, 2024 to RMB4,781.3 million as of December 31, 2025, primarily due to a RMB1,328.8 million decrease in financial assets at fair value through profit or loss and a RMB2,895.5 million increase in interest-bearing bank and other borrowings, partially offset by a RMB769.2 million increase in prepayments, other receivables and other assets.

Our net current assets decreased from RMB8,886.1 million as of December 31, 2023 to RMB5,659.5 million as of December 31, 2024, primarily due to a RMB4,491.9 million decrease in cash and cash equivalents, partially offset by a RMB949.1 million increase in inventories.

Cash Flows

The following table sets forth a summary of our cash flows for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Net cash flows from/(used in) operating activities	4,087,495	1,465,476	(321,826)
Net cash flows from/(used in) investing activities	(3,118,112)	(3,770,985)	(3,675,707)
Net cash flows from/(used in) financing activities	(2,866,199)	(2,202,933)	4,864,374
Net (decrease)/increase in cash and cash equivalents	**(1,896,816)**	**(4,508,442)**	**866,841**
Cash and cash equivalents at beginning of year	9,173,436	7,312,894	2,820,969
Effect of foreign exchange rate changes, net	36,274	16,517	(27,566)
Cash and cash equivalents at end of the year	**7,312,894**	**2,820,969**	**3,660,244**

Operating Activities

For the year ended December 31, 2025, we had net cash used in operating activities of RMB321.8 million, primarily reflecting our profit before income tax of RMB542.8 million, as adjusted by certain non-cash and other items primarily including changes in depreciation of property, plant and equipment of RMB549.9 million. This amount is further adjusted by changes in working capital, primarily including (i) an increase in prepayments, other receivables and other assets of RMB789.4 million, (ii) an increase in trade and bills receivables of RMB441.8 million, and (iii) a decrease in trade and bills payables of RMB278.7 million.

For the year ended December 31, 2024, we had net cash flows from operating activities of RMB1,465.5 million, primarily attributable to our profit before income tax of RMB1,250.5 million, as adjusted by certain non-cash and non-operating items, primarily including changes in (i) depreciation of property, plant and equipment of RMB473.5 million, (ii) write-down of inventories to net realizable value of RMB116.2 million, and (iii) finance costs of RMB95.8 million. This amount is further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB1,033.6 million, (ii) an increase in trade and bills payables of RMB324.5 million, and (iii) a decrease in trade and bills receivables of RMB292.4 million.

For the year ended December 31, 2023, we had net cash flows from operating activities of RMB4,087.5 million, primarily attributable to our profit before tax of RMB2,517.8 million, as adjusted by certain non-cash and non-operating items, primarily including (i) write-down of inventories to net realizable value of RMB295.7 million, (ii) depreciation of property, plant and equipment of RMB250.1 million, and (iii) equity-settled share option expense of RMB42.7 million. This amount is further adjusted by changes in working capital, primarily including (i) a decrease in trade and bills receivables of RMB1,797.4 million, (ii) a decrease in inventories of RMB542.0 million, and (iii) an increase in prepayments, other receivables and other assets of RMB519.1 million.

Investing Activities

For the year ended December 31, 2025, we had net cash used in investing activities of RMB3,675.7 million. This was primarily due to our additions to other intangible assets of RMB2,763.6 million, acquisition of subsidiaries under common control of RMB1,254.0 million, purchases of items of property, plant and equipment of RMB620.5 million, partially offset by net disposal of financial assets at fair value through profit or loss of RMB1,351.1 million.

For the year ended December 31, 2024, we had net cash flows used in investing activities of RMB3,771.0 million, primarily due to purchase of time deposits of RMB2,398.7 million, and purchase of items of property, plant and equipment of RMB661.4 million, purchases of interests in joint ventures and associates of RMB614.6 million, and net purchases of financial assets at fair value through profit or loss of RMB370.0 million.

For the year ended December 31, 2023, we had net cash flows used in investing activities of RMB3,118.1 million, primarily due to purchases of items of property, plant and equipment of RMB2,345.1 million, net purchase of financial assets at fair value through profit or loss of RMB544.6 million, and purchase of time deposits of RMB440.0 million.

Financing Activities

For the year ended December 31, 2025, we had net cash flows from financing activities of RMB4,864.4 million, primarily due to new bank and other borrowings of RMB6,601.7 million.

For the year ended December 31, 2024, we had net cash flows used in financing activities of RMB2,202.9 million, primarily due to repayment of interest-bearing bank and other borrowings of RMB3,776.3 million, partially offset by capital contribution from non-controlling shareholders of subsidiaries of RMB52.6 million.

For the year ended December 31, 2023, we had net cash flows used in financing activities of RMB2,866.2 million, primarily attributable to repayment of interest-bearing bank and other borrowings of RMB4,965.9 million and dividends paid of RMB1,280.8 million, partially offset by new bank and other borrowings of RMB4,113.9 million.

INDEBTEDNESS

Our indebtedness mainly included interest-bearing bank and other borrowings and lease liabilities during the Track Record Period. Except as disclosed in the table below, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of February 28, 2026. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since February 28, 2026 and up to the Latest Practicable Date.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)
Current				
Interest-bearing bank and other borrowings	1,698,261	1,232,931	4,128,451	4,489,079
Lease liabilities	2,200	7,311	2,979	3,149
Total current	**1,700,461**	**1,240,242**	**4,131,430**	**4,492,228**
Non-current				
Interest-bearing bank and other borrowings	956,566	560,740	2,007,531	2,067,940
Lease liabilities	4,714	6,988	4,541	2,118
Total non-current	**961,280**	**567,728**	**2,012,072**	**2,070,058**
Total	**2,661,741**	**1,807,970**	**6,143,502**	**6,562,286**

Lease liabilities

Lease liabilities primarily relate to the lease of our office and production premises. As of December 31, 2023, 2024 and 2025, our total lease liabilities (including current and non-current portion) amounted to RMB6.9 million, RMB14.3 million and RMB7.5 million, respectively.

Interest-Bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings comprised of (i) secured and unsecured bank loans and (ii) discounted bills with recourse, with effective interest rate ranging from 2.22% to 4.5% per annum. As of February 28, 2026, we had unutilized banking facilities of RMB8,335.0 million.

Our interest-bearing bank and other borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. As of the Latest Practicable Date, the agreements relating to our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. During the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults or breaches of covenants in repayment of indebtedness.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any material contingent liabilities.

CAPITAL EXPENDITURE

During the Track Record Period, our capital expenditures primarily consists payments for intangible assets, property, plant and equipment, and right-of-use assets. In 2023, 2024 and 2025, our capital expenditures amounted to RMB2,754.9 million, RMB580.5 million and RMB3,351.9 million, respectively. We intend to fund our future capital expenditure requirements with [REDACTED] from the [REDACTED], our cash and cash equivalents, and, if necessary, bank borrowings.

CAPITAL COMMITMENTS

Our capital commitments are related to contractual commitments in relation to acquisition of entities and property, plant and equipment. As of December 31, 2023, 2024 and 2025, our capital commitments amounted to RMB405.5 million, RMB175.1 million and RMB77.5 million, respectively.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. In the opinion of our Directors, the related party transactions were carried out in the normal course of business and at terms are negotiated between our Group and the respective related parties. For details, see note 47 of the Accountants' Report included in Appendix I to this document.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIOS

The table below sets forth certain of our key financial ratios as of the dates indicated, for the years indicated:

	As of/Year ended December 31,		
	2023	2024	2025
Gross profit margin(1)	24.7%	20.6%	14.0%
Net profit margin(2)	20.6%	15.6%	6.1%
Return on equity(3)	12.8%	6.7%	3.6%
Current ratio(4)	3.7	2.9	1.9
Debt to asset ratio(5)	21.6%	19.1%	32.2%

(1) Gross profit margin is calculated by dividing gross profit by revenue for the year indicated and multiplied by 100%.

(2) Net profit margin is calculated by dividing profit for the year by revenue for the year indicated and multiplied by 100%.

(3) Return on equity is calculated by dividing profit attributable to owners of the parent by equity attributable to owners of the parent and multiplied by 100%.

(4) Current ratio is calculated by dividing current asset by current liability for the year indicated.

(5) Debt to asset ratio is calculated by dividing total liabilities by total assets for the year indicated and multiplied by 100%.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

Our Group's principal financial instruments comprise bank loans, time deposits and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for our Group's operations. Our Group has various other financial assets and liabilities such as trade and bills receivables and trade and bill payables, which arise directly from our operations.

The main risks arising from our Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. For details of our financial risk management, see Note 50 to the Accountants' Report in Appendix I to this document.

DIVIDENDS

According to our Articles of Association, we are required to pay cash dividends of no less than 30% of the distributable profits recorded in the fiscal year, subject to our operating needs. The aggregate cash dividends distributed by our Group over a three-year period shall be not less than 30% of the average annual distributable profits recognized during the same three-year period. Our Group does not, in addition to this, maintain a general dividend policy or a fixed dividend payout ratio. We declared dividends of RMB831.3 million, RMB498.5 million, and nil, respectively, in respect of the financial years ended December 31, 2023, 2024 and 2025. As of the Latest Practicable Date, all declared cash dividends during the Track Record Period were fully paid.

Future profit distribution may be carried out in the form of cash dividends or stock dividends or a combination of both. Any proposed distribution of dividends distribution of dividends is subject to the discretion of our Board and the approval at our annual meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our reserves available for distribution included retained earnings, which amounted to RMB7,681.5 million.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK$[REDACTED] (assuming an [REDACTED] of HK$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK$[REDACTED] to HK$[REDACTED] per Share), representing approximately [REDACTED] of the estimated [REDACTED] from the [REDACTED] assuming no Shares are issued pursuant to the [REDACTED]. The [REDACTED] expenses consist of (1) [REDACTED]-related expenses, including [REDACTED], of approximately HK$[REDACTED]; and (2) non-[REDACTED]-related expenses of approximately HK$[REDACTED], comprising (i) fees and expenses of our legal advisors and reporting accountants of approximately HK$[REDACTED], and (ii) other fees and expenses of approximately HK$[REDACTED]. During the Track Record Period, we did not incur any [REDACTED] expenses. After the Track Record Period, approximately HK$[REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[REDACTED] is expected to be accounted for as a deduction from equity upon the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED [REDACTED] ASSETS

For details, see Appendix II to this Document for details.

NO MATERIAL ADVERSE CHANGE

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

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.