

SUMMARY

OVERVIEW

We are a globally leading lithium-ion battery materials supplier, engaging in the R&D, production and sales of lithium-ion battery electrolyte additives, including vinylene carbonate (“VC”) and fluoroethylene carbonate (“FEC”), and other lithium-ion battery materials. According to CIC, we have been the largest global lithium-ion battery electrolyte additive supplier in most of the years since 2005 in terms of sales volume. Specifically, we are the world’s largest lithium-ion battery electrolyte additive supplier in terms of sales volume in 2025, with a market share of 15.2%, according to the same source. As the first Chinese player to enter into the global lithium-ion battery electrolyte additive market and achieve mass production of lithium-ion battery electrolyte additives, we are committed to maintaining our market recognition as the most reliable supplier in the global lithium-ion battery materials industry through continuous technological innovations and timely adaptations to the evolving market.

As a indispensable component of the lithium-ion battery, which is in turn important to the new energy industry, lithium-ion battery electrolyte additives play a critical and foundational role in ensuring battery safety, enhancing battery performance and promoting efficient development of the lithium-ion battery industry. We primarily focus on lithium-ion battery electrolyte additives and are expanding into the high-value anode material market. At the same time, we are proactively exploring materials for novel batteries such as solid-state and sodium-ion batteries. We sell both domestically and internationally, covering Asia, Europe and North America, achieving extensive global coverage.

The following table summarizes our key achievements that solidify our industry-leading position:

			
Well-established Market Position	Leading & Capability	Blue-chip Customers	Strong Product Delivery Capability
The first Chinese player to enter into the global lithium-ion battery electrolyte additive market and achieve mass production of lithium-ion battery electrolyte additives.⁽¹⁾	Lead drafter of the national standard for VC products and the industrial standard for FEC products.	Serving all of the global top ten lithium-ion battery electrolyte manufacturers.⁽²⁾	Annual production capacity of VC and FEC products achieving 20,500 tonnes.
In 2025, we are the world’s largest lithium-ion battery electrolyte additive supplier in terms of sales volume, with a market share of 15.2%.⁽¹⁾	Industry-leading awards, such as the first prize of the Scientific and Technological Invention Award and the second prize of the National Technological Invention Award.	Our products covering all major global battery manufacturers.⁽²⁾	Purity level of VC products consistently maintained at 99.9999% (6N-grade), and quality of FEC products consistently remained at industry-leading position.

Note:

- (1) According to CIC.
- (2) In 2025, according to CIC.

SUMMARY

Our Business and Products

Our core business revolves around lithium-ion battery materials. We have established a comprehensive product portfolio, primarily centering around lithium-ion battery electrolyte additives, mainly including VC and FEC, and other lithium-ion battery materials, including graphite anode materials and novel silicon-carbon anode materials. As a leading supplier of mainstream lithium-ion battery electrolyte additives such as VC and FEC, our products are popularly utilized in downstream markets including energy storage systems (“ESS”), new energy vehicles (“NEVs”), consumer electronics, humanoid robotics and low-altitude economy.

Our Market Opportunities

According to CIC, the surging demand from new economy industries such as ESS, NEVs, consumer electronics, humanoid robotics and low-altitude economy are driving rapid growth for the lithium-ion battery industry. As one of the most critical components of lithium-ion batteries, the market of lithium-ion battery electrolyte additives is expected to grow rapidly in the future. According to CIC, the size of the global lithium-ion battery electrolyte additives market increased from 14.5 kilotonnes in 2020 to 135.4 kilotonnes in 2025 at a CAGR of 56.4%, and is expected to further increase to 391.5 kilotonnes in 2030 at a CAGR of 23.7%.

On the other hand, anode material, as another primary raw material of lithium-ion batteries, is also in a period of strong growth, supported by the rise of the ESS and NEV industries. The size of the global anode material market increased from 515.0 kilotonnes in 2020 to 3,040.9 kilotonnes in 2025 at a CAGR of 42.6%, and is expected to further increase to 7,855.4 kilotonnes in 2030 at a CAGR of 20.9%.

Our Technology and R&D

We have been focusing on the R&D, production and sales of lithium-ion battery materials, including mainstream lithium-ion battery electrolyte additives and novel lithium salts. Through consistent technology iteration, we have accumulated substantial experience and technological achievements. For instance, we are the lead drafter of the national standard for VC products and the industrial standard for FEC products. Our VC products are market benchmarks in terms of quality and production techniques and were included in the National Torch Program (“國家火炬計劃項目”). Our achievements have been recognized through multiple industry awards and official accreditations, reflecting our technical leadership, innovative capabilities, and manufacturing excellence. See “Business — Awards and Recognitions”.

Our Financial Performance

Our total revenue was RMB525.0 million, RMB504.9 million and RMB869.5 million in 2023, 2024 and 2025, respectively, representing an increase of 65.6% from 2023 to 2025. We recorded net loss of RMB33.9 million, RMB188.6 million and RMB2.6 million in 2023, 2024 and 2025, respectively. According to CIC, in line with the general performance of the lithium-ion battery material companies, we experienced fluctuations in our financial performance during the Track Record Period.

OUR COMPETITIVE STRENGTHS

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

- Exceptional product excellence and a multi-dimensional product matrix defining industry standards.
- Market leadership and industry-leading R&D and technical capabilities.
- Supply chain synergy and process-driven technical innovation leading to high-capacity manufacturing excellence.

SUMMARY

- Global blue-chip customers base and strong brand influence through strategic collaborations.
- ESG competitiveness and operational excellence.
- Experienced management team with strategic market insight and business acumen.

See “Business — Our Competitive Strengths”.

OUR STRATEGIES

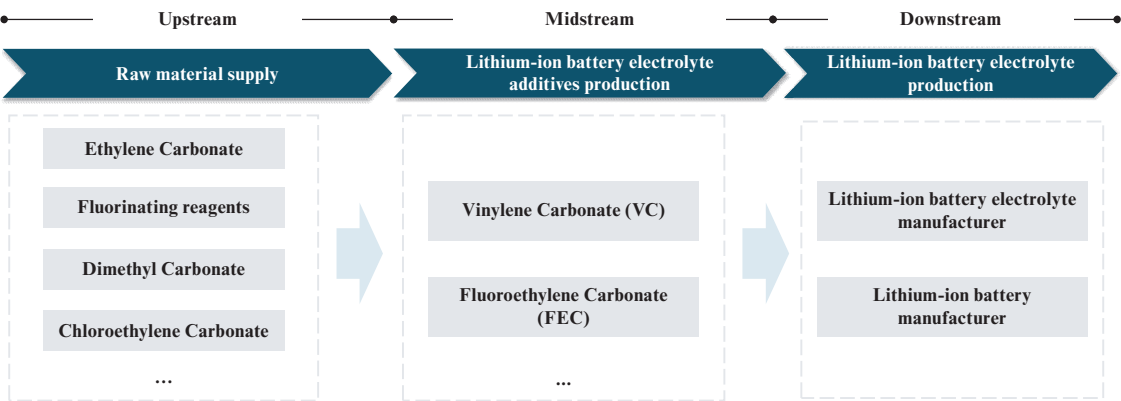
Our key objective is to consolidate and strengthen our market-leading position in the global lithium-ion battery material industry. In line with this objective, we intend to leverage our competitive strengths and implement the following strategies:

- Capacity expansion and technology upgrades to bolster cost-efficiency and market leadership.
- Accelerate industrialization of novel materials to drive new market growth.
- Advance R&D and pursue innovations in emerging sector.
- Explore strategic mergers and acquisitions opportunities to amplify value chain integration.

See “Business — Our Strategies”.

OUR VALUE PROPOSITION IN THE LITHIUM-ION BATTERY VALUE CHAIN

Lithium-ion battery electrolyte , anode materials, cathode materials and separators constitute the four primary raw materials of a lithium-ion battery. As a market leader in the lithium-ion battery electrolyte additives market, which produces both lithium-ion battery electrolyte additives and anode materials, we occupy a strategically important position in the lithium-ion battery industry value chain, with chemical raw material manufacturers as our upstream suppliers and lithium-ion battery electrolyte and battery manufacturers as our downstream customers. Particularly, we serve our downstream market demand in a wide array of industries, including ESS, NEVs, consumer electronics, humanoid robotics and low-altitude economy, among others.



See “Business — Our Value Proposition in The Lithium-ion Battery Value Chain.”

OUR BUSINESS MODEL

We offer primarily lithium-ion battery materials comprising (i) lithium-ion battery electrolyte additives, including VC and FEC; and (ii) other materials, including anode materials, LiBOB, MMDS and specialty silicones. In addition, we are actively seeking to expand our product portfolio

SUMMARY

in anticipation of new market demands, such as novel lithium salt and solid-state lithium-ion battery materials. During the Track Record Period, we generated a substantial portion of our revenue from the sales of our VC and FEC products.

OUR PRODUCT OFFERINGS

Lithium-ion Battery Electrolyte Additives

During the Track Record Period, we produced lithium-ion battery electrolyte additive products, including VC and FEC, which are utilized for different batteries, and offered customized solutions related to lithium-ion battery electrolyte additives for lithium-ion battery electrolyte suppliers and battery manufacturers. The performance of lithium-ion battery electrolyte additives is defined by higher purity and lower levels of color and moisture. Our VC products have achieved a purity of 99.9999%, with their color value and moisture levels at industry-leading standard according to CIC.

VC

VC is a core film-forming additive in lithium-ion battery electrolyte. It can undergo electrochemical reactions on the surface of the anode in the lithium-ion battery electrolyte during the initial charging and discharging of lithium-ion batteries to form a SEI. One of the SEI’s electrochemical properties, stability, inhibits the embedding of solvent molecules in the lithium-ion battery electrolyte.

Driven by the rapid expansion of China’s lithium-ion battery industry since 2000, the demand for battery materials has surged. VC remains one of the most critical lithium-ion battery electrolyte additive in the lithium-ion battery industry. Through independent R&D, we established VC production line with an annual capacity of 60 tonnes in 2004. In 2005, our VC product was recognized as a high-tech product of Jiangsu Province. In 2006, our VC product was recognized as part of the National Torch Program. Since 2022, VC has been our key product and our single largest revenue contributor.

FEC

FEC is a crucial lithium-ion battery electrolyte additive in lithium-ion batteries. By adding FEC to the lithium-ion battery electrolyte, it forms a flexible SEI film on silicon particles, acting as a “buffer layer” that encapsulates and binds the particles. This effectively buffers volumetric stress, prevents detachment of active material from the current collector, and substantially improves the cycling stability of silicon carbon anodes. Consequently, FEC has become an indispensable key additive for enabling the commercial application of high-energy-density silicon-based anode batteries. Currently, lithium-ion batteries enhanced with FEC are primarily utilized in the automotive sector for hybrid and battery electric vehicles, with significant potential for future deployment in ESS for renewable sources such as solar and wind power, representing robust and expansive market prospects.

Due to the significant technical barriers in FEC synthesis and purification, it was not until around 2005 that Japanese and South Korean companies commenced large-scale industrialization of FEC by using direct fluorination of EC. Through independent R&D, we pioneered a distinct halogen exchange process in China in 2006, diverging from the mainstream international direct fluorination route. Our proprietary process utilizes EC as the raw material to produce CEC through chlorination, which is then converted into FEC via potassium fluoride (“KF”) reaction and purified into industrial-grade FEC. Subsequently, our self-developed series of advanced purification methods further purify the industrial-grade product into electronic-grade FEC. This halogen exchange route features mild and controllable reaction conditions and eliminates the use of fluorine gas, ensuring a higher safety profile. Furthermore, the process achieves a high yield with minimal by-products, resulting in superior selectivity for the target product and high overall yield.

SUMMARY

See “Business — Our Product Offerings — Lithium-ion Batteries Electrolytic Additives” for details of our VC and FEC products.

Other Products

Other than offering main lithium-ion battery electrolyte additives, VC and FEC, we also engage in the R&D, production and sales of other lithium-ion battery materials, including anode materials, LiBOB, MMDS and specialty silicones, among others. See “Business — Our Product Offerings — Other Products”.

Future Products

Since 2025, we have been strategically pursuing opportunities in the emerging sectors in the lithium-ion battery material industry. We have proactively engaged R&D efforts and made progress in novel lithium salt and solid-state battery materials. See “Business — Our Product Offerings — Future Products”.

RESEARCH AND DEVELOPMENT

Our integrated R&D platform, coupled with our rapid iterative engineering capabilities, has enabled us to rapidly and efficiently translate technical innovation into large-scale commercial production and maintain industry leadership in the lithium-ion battery materials sector.

Our R&D Capabilities

We are committed to R&D development and continuous innovation. Over years of accumulation, we have established a high-caliber and professional R&D team capable of meeting evolving industry standards and internal technical requirements.

One key focus is on designing and developing high-quality products. At the same time, we carry out market analysis to inform the direction of our R&D efforts. This includes assessing production cost efficiency and understanding customer sensitivities relating to pricing, required functionalities, and product specifications. We continue to recruit talents globally to strengthen our R&D competitiveness.

As of December 31, 2025, we have two main R&D centers, focusing on lithium-ion battery materials, anode materials (including silicon-carbon anode materials) and novel materials. In addition, each of our subsidiary has one R&D department, focusing on technology iteration and process-upgrade of its respective products.

Our R&D Collaboration

In addition to independent R&D, we collaborate with our customers, i.e. lithium-ion battery electrolyte suppliers and battery manufacturers and research institutes. By leveraging our close relationships with customers and our deep understanding of their needs, we apply our technical expertise and experience to develop new products that align closely with customer requirements and market demands. We also initiate collaborative R&D projects with research institutes in anticipation of market development to produce innovative products to suit future market needs.

Our Integrated R&D Platform

Our integrated R&D lifecycle encompasses the entire value chain, from initial material design and cell fabrication to performance evaluation, mechanistic studies and final downstream application testing. This closed-loop approach ensures that our innovations are not only scientifically rigorous but also commercially optimized for our customers’ specific requirements. Our R&D platform also spans the entire lifecycle from laboratory innovation to mass production, representing full-spectrum in-house capabilities ranging from basic research on chemical compounds and polymers to materials synthesis, and further to the design and optimization of equipment for

SUMMARY

industrial application. This robust R&D ecosystem is bolstered by our elite research platforms, including a national postdoctoral programme, provincial enterprise technology center and provincial engineering research center.

See “Business — Research and Development” for details regarding our research and development.

SALES AND MARKETING

Direct Sales

We primarily use a direct sales model to serve high-value end customers, including leading lithium-ion battery electrolyte suppliers and battery manufacturers. These customers typically have large procurement volumes, significant strategic importance or specific requirements for customized products. We supply products directly to such customers who use them as essential raw materials in their manufacturing process.

Distribution

In addition to direct sales, we sell products through a network of distributors to customers in Japan and Korea. These distributors typically have extensive sales network and good relationships with local companies, which can help us enhance our market penetration in the relevant regions. According to CIC, it is common for lithium-ion battery electrolytic additive suppliers to engage distributors to sell products in Japan and Korea. Typically, we discuss product specifications and key commercial terms directly with our end customers, while our distributors arrange the sales procedure to assist with our transactions with such end customers. In 2023, 2024 and 2025, we had 3, 2 and 3 distributors, respectively.

Pricing Strategies

We price our products using the market-oriented strategy. While we use the market prices of products similar to ours as a benchmark, we also take into consideration other factors such as market supply and demand, our technological advantages, raw materials and other costs, and specific customer requirements, among others.

See “Business — Sales and Marketing.”

CUSTOMERS

Our Major Customers

Our customer base consisted primarily of industry-leading lithium-ion battery electrolyte and lithium-ion battery manufactures. Our revenue from our five largest customers in each year during the Track Record Period amounted to RMB414.2 million, RMB405.6 million and RMB692.6 million, respectively, accounting for 79.0%, 80.3% and 79.6% of our total revenue in the same periods, respectively. Our revenue from our largest customer in each year during the Track Record Period amounted to RMB166.3 million, RMB174.3 million and RMB330.5 million, respectively, accounting for 31.7%, 34.5% and 38.0% of our total revenue in the same periods, respectively.

Our Relationship with Customer A and Customer B

Customer A and Customer B were our single largest and second largest customer in 2023, 2024 and 2025, respectively. Our revenue from Customer A accounted for 31.7%, 34.5% and 38.0% of our total revenue in 2023, 2024 and 2025, respectively, and our revenue from Customer B accounted for 20.4%, 32.8% and 28.2% of our total revenue in 2023, 2024 and 2025, respectively. Our Directors consider that, although the revenue from either Customer A or Customer B was relatively concentrated during the Track Record Period, our business model is still sustainable, because (i) we currently expect our relationship with Customer A or Customer B to remain stable; and (ii) with the

SUMMARY

rapid expansion of our production capacity, we are continuously exploring new opportunities to further diversify our customer composition. See “Business — Customers — Our Relationship with Customer A and Customer B”.

PROCUREMENT AND SUPPLIERS

Major Suppliers

Our suppliers comprised primarily manufacturers of chemical raw materials and auxiliary raw materials, including EC, DMC and TEA. Purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB133.7 million, RMB137.6 million and RMB212.5 million, respectively, accounting for 36.6%, 38.9% and 37.4% of our total purchases in the same periods, respectively. Purchases from our single largest supplier in each year during the Track Record Period amounted to RMB47.2 million, RMB55.4 million and RMB72.8 million, respectively, accounting for 12.9%, 15.7% and 12.8% of our total purchases in the same periods, respectively.

Procurement

The key raw materials we require are purchased centrally through our procurement department. We have formulated internal policies to ensure that our costs of sales are continuously monitored and controlled. To enhance cost control, we employ a dynamic procurement strategy. To ensure competitive pricing and supply chain resilience, we maintain a diverse portfolio of qualified vendors, utilizing a multi-source bidding and negotiation process for purchases. In addition, we select our qualified suppliers strictly in accordance with our internal guidelines, after conducting extensive market research and due diligence on the suppliers. We also regularly review and re-evaluate our suppliers and their product and service qualities to ensure they continue to meet our quality standards and requirements.

See “Business — Procurement and Supplies”.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, some of our customers were also our suppliers of raw materials. According to CIC, due to the nature of the lithium-ion battery industry, where procurement, production and sales activities are closely interconnected and many market participants operate in more than one segment of the value chain, it is not uncommon for an industry participant to transact with us on both sides of the supply chain. The number of our overlapping customers and suppliers which were among either our five largest customers or five largest suppliers was 2, 1 and 2 in 2023, 2024 and 2025, respectively. Negotiations of the terms of our sales to and purchases from these overlapping customers and suppliers were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. See “Business — Overlapping Customers and Suppliers”.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set out summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants’ Report set out in Appendix I to this document:

Summary of Consolidated statement of Profit or Loss and Other Comprehensive Income

The following table sets out a summary of our consolidated statements of comprehensive income for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	525,031	504,899	869,489
Cost of sales	(490,411)	(620,672)	(785,478)
Gross profit/(loss)	34,620	(115,773)	84,011
Other income	31,924	19,261	29,706
Other gains and losses, net	42,618	35,637	84,627
Research and development expenses	(47,459)	(41,024)	(51,795)
Administrative and other operating expenses	(91,930)	(101,588)	(109,704)
Selling expenses	(7,356)	(5,744)	(9,062)
Provision for impairment losses on financial assets	(509)	(7,023)	(13,359)
Finance costs	(1,121)	(2,184)	(2,719)
Share of results of associates, net	—	(1,224)	(17,949)
Loss before income tax	(39,213)	(219,662)	(6,244)
Income tax credited	5,271	31,111	3,680
Loss for the year	(33,942)	(188,551)	(2,564)
(Loss)/profit for the year attributable to:			
Owners of the Company	(23,912)	(174,675)	13,257
Non-controlling interests	(10,030)	(13,876)	(15,821)
	(33,942)	(188,551)	(2,564)

Revenue

The table below sets out a breakdown of our total revenue by type of products and each expressed as a percentage of our total revenue for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
VC	328,108	62.5	343,489	68.0	580,899	66.8
FEC	153,124	29.2	111,469	22.1	237,177	27.3
Other products ⁽¹⁾	43,799	8.3	49,941	9.9	51,413	5.9
Total	525,031	100.0%	504,899	100.0%	869,489	100.0%

Note:

(1) Other products included primarily anode materials, LiBOB, MMDS and specialty silicones.

SUMMARY

During the Track Record Period, VC and FEC together contributed to most of our revenue. Specifically, VC was our single largest revenue contributor during the Track Record Period. Our revenue generated from the sales of VC products accounted for 62.5%, 68.0% and 66.8% of our total revenue in 2023, 2024 and 2025, respectively, and our revenue generated from the sales of FEC products accounted for 29.2%, 22.1% and 27.3% of our total revenue in the same years, respectively. Sales of our VC and other products recorded an increasing trend during the Track Record Period, primarily due to the increased sales volume as a result of strong market demand from the ESS and NEV industries. Sales of our FEC products decreased in 2024, primarily due to the decreased average selling price, which was influenced by intense market competition and the corresponding overcapacity within the industry. In 2025, the revenue generated from FEC products increased due to a significant increase of sales volume as a result of the strong market demand from the ESS and NEV industries.

See “Financial Information — Year to Year Comparison of Results of Operations” for a detailed discussion in the fluctuations of our revenue during the Track Record Period.

The table below sets out the price range and sales volume of our VC and FEC products for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>Average selling price RMB'000/ tonne</i>	<i>Sales volume tonne</i>	<i>Average selling price RMB'000/ tonne</i>	<i>Sales volume tonne</i>	<i>Average selling price RMB'000/ tonne</i>	<i>Sales volume tonne</i>
VC	60.9	5,390.4	42.6	8,065.8	46.5	12,486.9
FEC	57.4	2,669.0	31.8	3,501.0	29.8	7,952.1

During the Track Record Period, the average selling prices of our VC and FEC products were highly correlated with the market demands and industry competition. Sales volume of our VC and FEC products increased during the Track Record Period, primarily as a result of the expanding market demand driven by the ESS and NEV industries. The average selling prices of our VC products decreased from 2023 to 2024, primarily due to the intensified industry competition and the corresponding overcapacity in 2024, while slightly recovered from 2024 to 2025, primarily due to the phase out of overcapacity and the increased market demand in the ESS and NEV industries. The average selling prices of our FEC products reached an extremely low position in 2024 in line with industry trend, primarily due to the intensified industry competition and the corresponding overcapacity. FEC’s selling prices continued to decrease in the first half of 2025 and started to recover in the second half of 2025, which result in a slight decrease in the average selling prices in 2025. This recovery in FEC’s selling prices was primarily as a result of the phase out of overcapacity within the industry and the strong market demand in the ESS and NEV industries. As downstream demand continues to grow, together with the gradual reduction in excess supply-side capacity, the selling prices of VC and FEC are expected to enter an upward cycle starting from 2026, according to CIC.

The fluctuations in the selling prices of our VC and FEC products during the Track Record Period were consistent with the industry trend, according to CIC.

SUMMARY

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

Our gross profit/(loss) represents our revenue less our cost of sales. Our gross profit/(loss) margin represents our gross profit divided by our revenue, expressed as a percentage. The following table sets out the breakdown of our gross profit/(loss) and gross profit/(loss) margin by product 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'000	%	RMB'000	%	RMB'000	%
VC	28,594	8.7	(34,932)	(10.2)	105,943	18.2
FEC	3,841	2.5	(59,409)	(53.3)	(9,771)	(4.1)
Other products ⁽¹⁾	2,185	5.0	(21,431)	(42.9)	(12,161)	(23.7)
Total	34,620	6.6%	(115,773)	(22.9)%	84,011	9.7%

Note:

(1) Other products included primarily anode materials, LiBOB, MMDS and specialty silicones.

We recorded gross profit of RMB34.6 million in 2023 and RMB84.0 million in 2025, while gross loss of RMB115.8 million in 2024. We recorded gross profit margin of 6.6% in 2023 and 9.7% in 2025, while gross loss margin of 22.9% in 2024. The fluctuations in our gross profit/loss and gross margin positions were consistent with the fluctuations of the average selling prices of our VC and FEC products during the Track Record Period. For details of the fluctuations of the sales volume and average selling prices of our VC and FEC products, see “Financial Information — Description of Selected Items of Our Consolidated Statements of Comprehensive Income — Revenue”.

To a lesser extent, our improved profitability and margin in 2025 was also the effect of the outpace of our revenue over our cost of sales, primarily due to the declined raw material prices and improved cost structure achieved through technology upgrade and economies of scale. Specifically, our cost-to-revenue ratio decreased from 122.9% in 2024 to 90.3% in 2025.

See “Industry Overview — Price Analysis” regarding the fluctuations of the price of our raw materials.

See “Financial Information — Year to Year Comparison of Results of Operations” for a detailed discussion in the fluctuations of our gross profit/(loss) and gross margins during the Track Record Period.

SUMMARY

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total non-current assets	1,782,971	2,087,593	2,472,178
Total current assets.	2,638,798	2,202,492	1,908,577
Total current liabilities	447,016	500,158	492,876
Net current assets	2,191,782	1,702,334	1,415,701
Total assets less current liabilities	3,974,753	3,789,927	3,887,879
Total non-current liabilities	181,696	223,431	363,243
Net assets	3,793,057	3,566,496	3,524,636

See “Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position” for the details of our balance sheet items.

Net Current Assets

We recorded net current assets of RMB2,191.8 million, RMB1,702.3 million, RMB1,415.7 million and RMB1,386.5 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively.

For more details regarding our net current assets positions, see “Financial Information — Net Current Assets.”

Summary of Consolidated Statements of Cash Flow

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

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash outflows from operating activities . .	(134,894)	(110,657)	(257,450)
Net cash outflows from investing activities . .	(466,383)	(1,154,187)	(216,389)
Net cash (outflows)/inflows from financing activities	(27,396)	5,572	82,436
Net decrease in cash and cash equivalents . . .	(682,673)	(1,259,272)	(391,403)
Cash and cash equivalents at beginning of year	2,611,839	1,984,795	727,264
Effect of foreign exchange rate changes, net .	1,629	1,741	(2,657)
Cash and cash equivalents at end of the year. .	1,984,795	727,264	333,204

See “Financial Information — Liquidity and Capital Resources” for details regarding our cash flow positions.

SUMMARY

Key Financial Ratios

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

	Year ended December 31,		
	2023	2024	2025
	%	%	%
Profitability ratio			
Gross profit/(loss) margin	6.6	(22.9)	9.7
Net loss margin	(6.5)	(37.3)	(0.3)
Return on equity	(0.6)	(4.9)	0.4
Return on assets	(0.8)	(4.3)	(0.1)
	As of/year ended December 31,		
	2023	2024	2025
Liquidity ratios			
Current ratio	5.9	4.4	3.9
Quick ratio	5.7	4.2	3.6
Capital adequacy ratio			
Gearing ratio (%).	3.4	4.9	9.9

See “Financial Information — Key Financial Ratio” of this document for the calculations of our key financial ratios.

RISK FACTORS

Our business faces risks including those set out in the section headed “Risk Factors.” As different [REDACTED] may have different interpretations and criteria when determining the significance of a risk, you should read the “Risk Factors” section in its entirety before you decide to [REDACTED] in our [REDACTED].

- We recorded net losses during the Track Record Period, and had net cash outflows in operating and investing activities. Our profit margins will further be adversely affected as the average selling prices of our products may face downward pressure.
- We may be exposed to credit risk arising from our trade and notes receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.
- If we are unable to effectively adjust our products to adapt to market needs and development in a timely manner, our business, financial condition and results of operations will be materially and adversely affected.
- Demand for our products is driven by the demand of our end-customers’ products. If we are unable to respond effectively to changes in the industry, our business, financial condition and results of operations will be materially and adversely affected.
- We face intense competition in our industry.
- We may not be able to achieve the desired benefits from our R&D efforts and achieve the most advanced technology, or respond to the evolvement in industry standards.
- Changes in supply and costs of key raw materials, utilities, transportation, warehousing and other necessary supplies or services with respect to our business may impact our business, financial condition and results of operations.

SUMMARY

- We are subject to risks relating to product concentration and our product development efforts may not be successful.
- We are subject to the risk of concentration of customers.
- We may need to raise additional capital in the future in order to execute our business plan, which may not be available on acceptable terms, or at all.
- We may not be able to properly manage our production capacity.

See “Risk Factors.”

COMPETITION

As the world’s largest supplier of lithium-ion battery electrolyte additives with a 15.2% global market share in 2025, we compete primarily with major domestic and international chemical manufacturers, yet maintain a distinct leadership position through our pioneering R&D platform and advanced purification technologies. While the industry faces consolidation, our competitive edge is rooted in our ability to consistently deliver electronic-grade purity and superior thermal stability, meeting the stringent requirements of leading battery manufacturers. By leveraging our integrated production model and established long-term strategic partnerships, we achieve greater cost efficiencies and supply chain resilience compared to smaller-scale peers, positioning us to capture the high-end market as the industry transitions toward a phase of supply-demand tightness and optimized restructuring. We believe we are well-positioned to maintain our leadership position and capture future opportunities in the lithium-ion battery industry.

COMPLIANCE AND LEGAL PROCEEDINGS

We are committed to maintain high standards of compliance with the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any non-compliance incidents that are systemic or have a material adverse effect on our business, financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any litigation, arbitration or administrative proceedings that could have a material and adverse effect on our business, financial condition or results of operations. As of the Latest Practicable Date, our Directors were not involved in any actual or threatened material claims or litigation. However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. For the potential impact of legal or administrative proceedings on us, see “Risk Factors — Risks Relating to Our Business and Industry — We may be involved in legal proceedings, administrative proceedings and commercial or contractual disputes, which could have a material adverse effect on our business, results of operations and financial condition”.

[REDACTED] FOR [REDACTED] ON THE STOCK EXCHANGE

We have [REDACTED] to the Listing Committee for the [REDACTED] of, and permission to [REDACTED], the [REDACTED] being [REDACTED] under the [REDACTED].

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, without taking into account of the Treasury A Shares, (i) Mr. Shen, our Chairman and executive Director, directly held 17,440,726 A Shares, representing approximately 11.3% of the total issued share capital of our Company; (ii) Mr. Shen Ming, our General Manager and executive Director, as well as the son of Mr. Shen, directly held 5,901,228 A Shares, representing approximately 3.8% of the total issued share capital of our Company; (iii) Mr. Shen acted as the general partner of Huaying III LP and controlled the voting rights underlying 3,103,000 A Shares held by Huaying III LP, representing approximately 2.0% of the total issued share capital of our Company; (iv) Mr. Shen Ming acted as the general partner of Huaying II LP and controlled the voting rights underlying 5,597,000 A Shares held by Huaying II LP, representing

SUMMARY

approximately 3.6% of the total issued share capital of our Company; (v) by virtue of the Concert Party Agreement, Mr. Shen and Mr. Shen Ming are deemed to control the voting rights underlying the 8,012,003 A Shares held by the Concert Parties, representing approximately 5.2% of the total issued share capital of our Company; and (vi) by virtue of the Voting Trust Agreements, Mr. Shen controlled the exercise of the voting rights of an additional 53,069,444 A Shares held by Jinonglian Entities and Dunxing Entities, representing approximately 34.3% of the total issued share capital of our Company. In light of the above, as of the Latest Practicable Date, Mr. Shen, Mr. Shen Ming, Huaying II LP, Huaying III LP and the Concert Parties are deemed to be entitled to exercise the voting rights underlying 93,123,401 A Shares, representing approximately 60.2% of the total issued share capital of our Company (excluding the Treasury A Shares), and were considered as our Controlling Shareholders.

Immediately after the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised, no changes are made to the total issued share capital of our Company between the Latest Practicable Date and the [REDACTED] and without taking into account of the effect of the Potential Share Reduction Plan), Mr. Shen, Mr. Shen Ming, Huaying II LP, Huaying III LP and the Concert Parties will remain as our Controlling Shareholders and shall be deemed to be entitled to exercise the voting rights underlying approximately [REDACTED]% of the total issued share capital of our Company (excluding the Treasury A Shares). See “Relationship with our Controlling Shareholders” in this document for details.

OUR LISTING ON THE STAR MARKET OF THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Since July 2022, our Company has been listed on the STAR Market of the Shanghai Stock Exchange. Since our listing on the STAR Market of the Shanghai Stock Exchange and as of 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 Exchange.

We seek to be [REDACTED] on the Stock Exchange to further enhance our capital strength and overall competitiveness, boost our international brand profile and image, satisfy our international business development needs, and continue advancing our global strategy. See “Business — Our Strategies” and “Future Plans and [REDACTED]” of this document for more details.

[REDACTED] STATISTICS⁽¹⁾

The statistics in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] H Shares are newly [REDACTED] in the [REDACTED], (ii) the [REDACTED] is not exercised, and (iii) [REDACTED] Shares are [REDACTED] and outstanding following the completion of the [REDACTED] (excluding Treasury A Shares):

	Based on an [REDACTED] of HK\$[REDACTED] per H Share	Based on an [REDACTED] of HK\$[REDACTED] per H Share
Market [REDACTED] ⁽¹⁾	HK\$[REDACTED] million	HK\$[REDACTED] million
Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

SUMMARY

Notes:

- (1) The calculation of market [REDACTED] is based on the aggregation of the market [REDACTED] of [REDACTED] H Shares expected to be issued immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and the market [REDACTED] of the total share capital of [REDACTED] A Shares (excluding Treasury A Shares) as of the Latest Practicable Date with an average closing price of RMB120.95 during the five trading days of A Shares immediately preceding the Latest Practicable Date.
- (2) The [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at December 31, 2025 is arrived at after adjustments and on the basis that a total of [REDACTED] Shares (representing 159,500,000 Shares excluding 4,690,088 treasury shares as at December 31, 2025 and [REDACTED]) were in issue assuming that the [REDACTED] is not exercised and the [REDACTED] had been completed on December 31, 2025. Considering the impact of the subsequent repurchase of an aggregate of 90,846 Shares and assuming that the [REDACTED] would not be exercised as of the Latest Practicable Date, the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at December 31, 2025 would be RMB[REDACTED](HK\$[REDACTED]) and RMB[REDACTED](HK\$[REDACTED]), based on an [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per Share, respectively.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] and fees incurred in connection with the [REDACTED] and the [REDACTED]. We did not incur [REDACTED] expenses during the Track Record Period and expect to incur [REDACTED] expenses of approximately HK\$[REDACTED] million (including [REDACTED]) accounting for [REDACTED]% of the [REDACTED] of the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the [REDACTED] of the [REDACTED] range stated in this document, and no exercise of the [REDACTED]), consisting of (i) approximately HK\$[REDACTED] million [REDACTED] expenses, (ii) approximately HK\$[REDACTED] million [REDACTED] expenses and fees of the legal advisors and reporting accountant, and (iii) approximately HK\$[REDACTED] million for other [REDACTED] expenses and fees. Among our [REDACTED], approximately HK\$[REDACTED] million is directly attributable to the [REDACTED] and will be charged to equity upon completion of the [REDACTED]. The [REDACTED] expenses above are the best estimate as of the Latest Practicable Date and for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such expenses to materially impact our results of operations.

DIVIDENDS

We are incorporated under the laws of the PRC. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. We do not currently have a formal dividend policy.

Under the applicable PRC laws and regulations, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. We may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, our PRC companies cannot pay dividends if such companies are in an accumulated loss position.

We declared and paid dividends of RMB110.0 million, RMB47.3 million and nil in 2023, 2024 and 2025, respectively. For further details, see Note 12 to the Accountants' Report in Appendix I to this document. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Subject to our constitutional documents, our Directors are entitled to propose dividend distributions to the shareholders' meeting, which shall have the final discretion to determine whether to implement such distributions. We cannot assure you that we will be able to declare dividends of any amount each year or in any year.

SUMMARY

FUTURE PLANS AND [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the [REDACTED] of the indicative [REDACTED] range of HK\$[REDACTED] and HK\$[REDACTED]) and the [REDACTED] is not exercised. We currently intend to apply these [REDACTED] for the following purposes:

- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to develop the 60,000-tonne VC production project of Hubei Huasheng.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the industrialization of our novel products, including silicon-carbon anode materials, functional lithium-ion battery electrolyte additives and solid-state lithium-ion battery materials;
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for R&D activities. We plan to invest R&D efforts in novel lithium-ion battery materials, such as solid-state electrolytes, novel silicon-carbon anode materials and lithium-ion and sodium-ion battery electrolyte materials.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to pursue mergers and acquisitions opportunities to enhance our vertical integration across the electrochemical value chain.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for working capital and other general corporate purposes.

See “Future Plans and [REDACTED]” for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the Latest Practicable Date, (i) there had been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees, prospects, the industry where we operate, our market or regulatory environment to which we are subject since December 31, 2025, being the date of the latest consolidated financial position of our Group as set out in the Accountants’ Report in Appendix I to this document; and (ii) there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants’ Report in Appendix I to this document.