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OVERVIEW

Who We Are

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.

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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. For anode materials, we focus on novel silicon-carbon material synthesis. Through continuous research and development (“R&D”) efforts, we have resolved industry pain points such as graphite surface modification and volume expansion of silicon-based anodes. We are also exploring new technologies for novel batteries such as solid-state and sodium-ion batteries.

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 additive 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%. As a global leader in the lithium-ion battery electrolyte additive market, we believe that we will be well-positioned to capture the opportunities to further grow our business.

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. Such development trends are creating sustained, high-volume demand for high capacity level and stable anode materials. 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%. New applications such as humanoid robotics and advanced consumer electronics are creating additional demand for novel silicon-carbon anode materials with ultra-high capacity level and stability, which aligns with our development efforts. We believe we are well-positioned to benefit from these growing market opportunities.

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. We value our product development and technological capabilities as our core competitive strength for business growth. As of the Latest Practicable Date, we had obtained 138 patents, including 87 invention patents, 49 utility model patents and 2 design patents, covering our key technologies such as electrode interface treatment, product structure design, and synthesis processes.

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”).

In the emerging sectors of the lithium-ion battery industry, we actively pursue technological innovation and have independently developed multiple technologies. Specifically, we have mastered various production routes for key emerging materials including the “one-step” synthesis for lithium difluoro(oxalato)borate (“LiDFOB”), the high-efficiency purification process for lithium bis(oxalato)borate (“LiBOB”), the continuous refining process for lithium bis(fluorosulfonyl)

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imide (“LiFSI”) and the “one-step” high-efficiency synthesis for methylene methanedisulfonate (“MMDS”) products. For solid-state battery materials, we have validated the technical route for the mass production of high-purity lithium sulfide. For the novel lithium-ion battery materials, we have validated the novel industrialized production of single-walled carbon nanotubes (“SWCNTs”), through molecular grafting technology. For novel binders, we have achieved molecular-level control through cross-linking technology.

In the anode material sector, leveraging our proprietary organic molecule grafting and controlled fluidized bed chemical vapor deposition (“CVD”) technologies, we have developed high-performance silicon-carbon anode materials. These materials are engineered to mitigate the volumetric expansion of silicon while harnessing its high energy density, thereby significantly extending cycle life and enhancing the overall performance of lithium-ion batteries.

Our R&D strategy integrates internal expertise with external collaboration. Currently, we host a national postdoctoral workstation and four other provincial-level research platforms. We maintain long-term partnerships with leading academic institutions, such as Nanjing University, the Institute of Chemistry of CAS, Soochow University, North China Electric Power University, and Yantai University, to stay at the forefront of lithium-ion battery technology. This integrated R&D system facilitates transition from laboratory-scale theoretical findings to practical industrial applications. See “Business — Research and Development — Our R&D Collaboration”.

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.

High product quality and a robust product portfolio are the dual pillars of our growth. We implement stricter-than-industry production standards and offer a reliable material supply with high quality for global customers. Our extensive product portfolio covers the entire lithium-ion battery material value chain, including high-performance lithium-ion battery electrolyte additives and novel silicon-carbon and solid-state battery materials. By serving the diverse end-markets such as ESS and NEVs globally, we have established an international platform that can support our further global expansion.

Our emphasis on quality control enables us to have products with exceptionally high quality that distinguish us in the lithium-ion battery electrolyte additive market. Our products are recognized for their superior purity, enhanced storage life, and high-degree stability and consistency. We have implemented a sophisticated, full-process quality control system that spans the entire production and operational lifecycle to consistently achieve 99.9999% (6N-grade) purity for our key products. We also provide products with extended storage life. In addition, by utilizing our automated distillation production line and batch-to-batch quality control system, we are able to deliver products with high batch consistency. Through multi-stage film-forming and in-situ moisture/acid removal process, our products can achieve high-degree stability at varied

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temperatures. The characteristics of our products work together to provide our downstream customers with enhanced supply chain reliability, increased product reproducibility and large-scale production efficiency, and seamless operational continuity.

Our product portfolio is comprehensive in catering to both current market demands and future technological shifts. This includes a robust foundation in mainstream lithium-ion battery electrolyte additives including VC and FEC, complemented by forward-looking product development in novel lithium-ion battery materials. This two-pronged approach allows us to consolidate our market share and diversify our revenue streams across the lithium-ion battery material value chain. Our key product portfolio features mainstream lithium-ion battery electrolyte additives, including VC and FEC. Simultaneously, we have continuously intensified our R&D and production of novel lithium-ion battery electrolyte additives, including LiDFOB and MMDS, novel lithium salt materials, anode materials, solid-state battery materials. For novel lithium-ion battery electrolyte additives, we can produce LiDFOB through “one-step” liquid-phase synthesis and MMDS through liquid-phase synthesis. As of the Latest Practicable Date, our LiDFOB and MMDS products had passed our customers’ sample tests. For novel lithium salt materials, we have established an annual production capacity of 3,000 tonnes of LiFSI (in solid-state). For anode materials, we have invested substantial R&D efforts in novel silicon-carbon materials, for which we have obtained solutions in relation to graphite surface modification and volumetric expansion of silicon-based anodes. As of the Latest Practicable Date, we were entering into the mass production phase for novel anode materials, with an expected annual production capacity of 1,000 tonnes in 2027. For solid-state battery materials, we have validated the technical route for the mass production of high-purity lithium sulfide. At the same time, our R&D has expanded into emerging functional materials, including SWCNTs and advanced polyacrylic acid (“PAA”) binder. See “— Our Product Offerings” for details.

Our high product quality, comprehensive product portfolio and strong R&D capabilities work together to assist us in establishing long-term, stable business relationship with blue-chip customers both domestically and overseas, which in turn further consolidate our market position in the global lithium-ion battery material industry.

Market Leadership and Industry-leading R&D and Technical Capabilities.

As the first Chinese player to enter into the global lithium-ion battery electrolyte additive market, we have consistently positioned R&D and technical development as our strategic focus. Our R&D and technical capability is recognized by our designation as a National High-tech Enterprise (國家高新技術企業) and National Specialized and New Key “Little Giant” Enterprise (國家級專精特新「小巨人」企業) by the Ministry of Industry and Information Technology.

Our R&D and technical strength is reflected by our industry-recognized lithium-ion battery electrolyte additive products, various novel anode material products as well as our efforts in the novel solid-state battery material sector:

- In the lithium-ion battery electrolyte additive sector, our technical strength is reflected by a sophisticated R&D framework and a robust intellectual property portfolio, ensuring our continued delivery of high-barrier products that set industry benchmarks. For example, we contributed to the development of the lithium-ion battery electrolyte additive industry by being the lead drafter of the national standard for VC products and the industrial standard for FEC products. This ensures that our key products, VC and FEC, remain the industrial standard for quality and reliability. Our technological establishment is built on decades of R&D efforts. Before 2004, we led the industrial development of VC production techniques and managed to improve the quality of VC products significantly. Our VC production technology obtained the High-Tech Product of Jiangsu Province (江蘇省高新技術產品) recognition in 2005 and the National Torch Program (國家火炬計劃項目) designation in 2006. For FEC, we were the first in the world to develop a proprietary halogen exchange process, an innovation that garnered significant national support with a

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first prize of the Scientific and Technological Invention Award from the China National Light Industry Council (中國輕工業聯合會科學技術發明獎) in 2013 and a second prize of the National Technological Invention Award (國家技術發明獎) in 2013. See “— Awards and Recognitions” for details. Beyond traditional lithium-ion battery electrolyte additives, we continue to focus on the R&D and production of novel materials including LiDFOB and MMDS. As of the Latest Practicable Date, our novel additives had addressed critical industry challenges by significantly enhancing battery cycle life and battery cycling stabling. See “— Our Products Offerings — Lithium-ion Battery Materials — Lithium-ion Battery Electrolyte Additives”. These innovations, supported by our mature liquid-state lithium-ion battery technology, reinforce our status as a premier supplier of high-performance lithium-ion battery electrolyte additive solutions that meet the evolving demands of the global lithium-ion battery electrolyte additive market.

- In the anode material sector, our technologies allow us to deliver high-performance, cost-efficient anode products that are capable of enhancing overall lithium-ion battery energy density and safety. We have independently developed an organic molecule grafting technology that constructs a functional interface film on graphite surfaces, effectively suppressing side reactions and bolstering structural stability. Furthermore, we utilized controlled fluidized bed CVD technology to engineer novel silicon-carbon anodes. This process encapsulates nano-silicon with molten salt-activated carbon, which can preserve silicon’s high energy density while suppressing its inherent volume expansion and enhancing cycle life. See “— Our Products Offerings — Lithium-ion Battery Materials — Other Products”.
- In the solid-state battery material sector, diverging from the industry’s mainstream production routes, our proprietary liquid-phase synthesis for high-purity lithium sulfide allows us to utilize our existing liquid-state battery infrastructure for new products. Our laboratory trials have already yielded high-performance product samples of solid-state compatible materials, including semi-solid electrolyte additives, lithium bis(trifluoromethanesulfonyl)imide (“LiTFSI”), high-purity lithium sulfide and SWCNT conductive agents. See “— Our Products Offerings — Lithium-ion Battery Materials — Future Products”. Our technical readiness provides a robust foundation for the future industrialization of our new products and reinforces our market position in novel lithium-ion battery materials.

During the Track Record Period, we consistently increased our R&D investment, with cumulative R&D expenses of RMB140.3 million. This financial commitment is powered by a high-caliber R&D team that anticipates industry shifts and provides R&D innovations to stay ahead of evolving market demands. As of December 31, 2025, our R&D and technical team comprised 147 professionals. See “— Research and Development — Our R&D Capabilities”.

Supply Chain Synergy and Process-driven Technical Innovation Leading to High-capacity Manufacturing Excellence.

Scale and cost control are critical competitive factors in the lithium-ion battery material industry. We have been able to achieve high product quality and reliability with efficient cost control through our supply chain integration efforts. As of the Latest Practicable Date, we had established a robust production network, including five production bases consisting of eight facilities across Jiangsu Province (four facilities in Zhangjiagang City, one in Taixing City and one in Jiangyin City), Hubei Province (in Yunmeng County) and Zhejiang Province (in Wuyi County), achieving an annual production capacity of 20,500 tonnes in total for VC and FEC products. See “— Production — Production Facilities”.

We have expanded into the upstream of the lithium-ion battery electrolyte additive industry to achieve supply chain synergies. For our VC products, we produce one of the key raw materials, chloroethylene carbonate (“CEC”), independently, with an annual capacity of 40,000 tonnes. For

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our FEC products, we secure a stable supply of fluorine-based raw materials through a major fluorine-based raw material supplier, which is our long-term business counterparty. Such vertical supply chain integration is further optimized by logistics co-operated by us with third-party service providers at our production base in Hubei Province, which partially reduces our transportation costs and enables rapid operational response. This end-to-end integration guarantees our production and delivery stability and technical reliability, helping us to maintain close relationships with a global customer base.

In terms of process-driven technical innovations, we have achieved production and cost efficiency through the continuous development of our core production technologies, including:

- *Photocatalytic efficiency enhancement*: through a self-developed UV-emitting system with optimized intensity and voltage parameters, we managed to significantly boost the reaction efficiency of the photocatalytic chlorination process while effectively suppressing side reactions.
- *Thermal sensitivity management*: addressing the thermal sensitivity of the products, we engineered custom thin-film evaporators (“TFE”) and continuous rectification processes. These creations minimize heat exposure duration, preventing product decomposition and polymerization during refining, which ensures superior purity and batch-to-batch consistency for power battery applications.
- *Stability and global logistics*: to overcome the inherent instability of VC, we have developed specialized methods to inhibit discoloration. This has extended product shelf life and broadened the allowable storage temperature range, making long-distance delivery feasible.
- *Short-Process Halogen Exchange*: for our FEC products, we have transitioned to a “one-step” short-process method. By triggering a targeted reaction between CEC and fluorinating agents, we have significantly shortened the production cycle, resulting in enhanced yield rates, fortified safety protocols and a structurally lower cost base.
- *Resource Recycling & Solvent Recovery*: we have industrialized the recovery of triethylamine (“TEA”) from TEA hydrochloride, reducing total consumption by over 85%. Combined with our solvent recovery units which decrease consumption by over 75%, this proprietary closed-loop process achieves both resource recycling and cost reduction.
- *Novel VC Synthesis*: our VC production workflow substantially minimizes the consumption of Class A solvents and acid-binding agents. By circumventing the redundant recovery and waste-treatment stages inherent in traditional methods, we have enhanced the end-to-end operational efficiency of our VC products.
- *Advanced Silicon-carbon Engineering*: the controlled fluidized bed CVD technology enables deposition of nano-silicon within molten salt-activated carbon. This continuous and controlled process ensures high batch-to-batch consistency. It also preserves silicon’s high energy density, suppresses volume expansion and becomes suitable for mass production. It is the core technology route for the industrialization of silicon-carbon anode materials.

See “— Production — Production Technologies”.

Global Blue-chip Customers Base and Strong Brand Influence through Strategic Collaborations.

We have established a global customer base encompassing the lithium-ion battery value chain across Asia, Europe and North America. As of the Latest Practicable Date, we had served all of the world’s top ten lithium-ion battery electrolyte manufacturers in 2025, demonstrating our dominant market position and strong R&D capabilities. We have maintained business relationships with two

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of them for over 20 years. Such long-lasting relationship has allowed us to participate in the early-stage R&D of downstream products and deeply understand our customers’ evolving needs, enabling us to align our technology development and capacity expansion with our customers roadmaps and secure product orders on an ongoing basis.

Our established position within the downstream supply chain is protected by rigorous, ongoing supplier-selection standards. Leading lithium-ion battery electrolyte manufacturers apply stringent criteria for supplier selection, evaluating various factors including supply capacity. Consistently passing these annual audits and maintaining a high market share among the top industry players is a testament to our product excellence and comprehensive service capabilities, both of which have garnered widespread market recognition. These long-term relationships foster a collaborative R&D environment where we customize high-performance lithium-ion battery electrolyte additive products to meet the precise and evolving requirements of leading lithium-ion battery electrolyte manufacturers. This also helps us to transform our technical capabilities into customer loyalty that solidifies our role as an indispensable partner to the top industry players.

Leveraging this global blue-chip customer base, we evaluate our production capacity from time to time to meet surging demand in the downstream application of the lithium-ion battery value chain, such as the ESS and NEV sectors. We have built a resilient business model capable of navigating industry cycles through establishing relationships with renowned manufacturers. Our established brand influence ensures we are well positioned to identify and address shifting market demands. This further assists us to capture incremental market share and achieve sustainable long-term growth.

ESG Competitiveness and Operational Excellence.

We have integrated environmental, social and governance (“ESG”) commitments into our operational standards by implementing sustainable manufacturing and rigorous safety protocols. This has yielded a track record of zero material safety accidents since our incorporation, reinforcing our operational resilience through energy efficiency, emission control, resource recycling and operational safety management.

- *Full-process environmental governance:* we operate a robust environmental indicator control system, supported by “three-wastes” (waste gas, waste water and solid waste) treatment facilities and an automated waste disposal mechanism. This systematic approach ensures environmental compliance and secures our production continuity amidst an increasingly stringent regulatory landscape.
- *Pioneering transition to clean production:* we have superseded high-pollution traditional methods with our proprietary “non-phosgene” process for the production of isocyanate silanes. Coupled with independently developed recycling technologies, we have substantially elevated raw material utilization and reduced material consumption intensity through the conversion of by-products.
- *Safety empowerment through digital and smart infrastructure:* our commitment to operational safety is attested to by our Smart Production Model Factories (示範智能車間). See “— Awards and Recognitions”. We have smart and automated manufacturing facilities supporting our production lines. Leveraging smart and automated manufacturing and digitalized operations, these facilities maximize process precision human-related risk. Consequently, this digital empowerment significantly enhances both overall production efficiency and operational safety.

The combination of clean production processes and recycling technologies has resulted in reduction in energy and material consumption. By aligning our safety management with international ESG standards, we have built a production barrier that not only ensures zero material accident operational stability but also strengthen our relationship with global blue-chip customers.

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Experienced Management Team with Strategic Market Insight and Business Acumen.

We are led by an experienced and visionary management team and have established talent incentive mechanisms to drive sustained development.

Our management team has profound expertise in the lithium-ion battery material industry, and in particular, our founding team has an average of over 20 years of experience in the lithium-ion battery materials industry. Our founding team averages over 20 years of experience in the lithium-ion battery materials industry, providing deep technical roots and strategic stability. Our Chairman, Mr. Shen Jinliang, a pioneer in China’s lithium-ion battery electrolyte industry, leveraged his chemical background to strategically enter into the lithium-ion battery electrolyte additive market in 2003. Led by Mr. Shen and supported by General Manager Mr. Shen Ming, Deputy General Managers Mr. Li Weifeng and Mr. Lin Gang and Chief of our R&D institute Mr. Zhang Xianlin, our leadership team commands significant industry influence and a track record of navigating market cycles through continuous technology development. See “Directors and Senior Management — Executive Directors”.

Our R&D team is led by nationally recognized experts including Mr. Zhang Xianlin, Chief of our R&D institute, who has spearheaded multiple scientific innovation projects including the Jiangsu Province Technology-Based SME Innovation Fund Project (江蘇省科技型中小企業創新資金項目), the Technology-Based SME Technology Innovation Fund Project (科技型中小企業技術創新基金項目) and the Jiangsu Province Science and Technology Support Project (江蘇省科技支撐項目) and was awarded the second prize of the State Technological Invention Award by the State Council of the PRC, the first prize of the Scientific and Technological Invention Award (科學技術發明獎) by China National Light Industry Council (中國輕工業聯合會) and the second prize of the Jiangsu Province Science and Technology Progress Award (江蘇省科技進步獎) by the People’s Government of Jiangsu Province for his technical contributions. In addition, Mr. Zheng Honghe, a pre-eminent figure in China’s electrochemical sector and a distinguished professor and doctoral supervisor at Soochow University’s College of Energy. His leadership in high-performance lithium-ion and sodium-ion battery research bridges the gap between fundamental electrochemistry and industrial application, assisting us to be well positioned in the novel battery material sectors. See “Directors and Senior Management — Senior Management”.

We prioritize the development of a high-caliber talent pool through multidimensional mechanisms including equity incentives and performance assessment. We implement equity incentives for key positions, aligning the interests of core personnel with our long-term corporate growth. We also have a rigorous internal performance assessment system and clearly defined promotion tracks designed to recognize and reward technical achievements. These mechanisms ensure the stability of our R&D team and sustain our R&D momentum, bolstering our competitiveness in global talent market.

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.

We aim to strengthen our market position and enhance profitability by combining large-scale capacity expansion with systematic technology upgrades. This dual-pronged strategy is designed to achieve economies of scale and enhance cost control. Through maximizing resource efficiency, our production capacity is able to meet the escalating global demand for high-performance lithium-ion battery materials.

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Our capacity expansion is anchored by a robust pipeline of industrialization projects across key material sectors. Notably, as of the Latest Practicable Date, our 80,000-tonne CEC annual production project had commenced mass production. We had also completed the construction of production facilities with designed annual production capacities of 200,000 tonnes of high-performance anode materials, 2,000 tonnes of MMDS and 500 tonnes of LiDFOB, all of which had commenced pilot production as at the Latest Practicable Date. We will further continue to expand our production capacity through the establishment of production facilities with designed annual production capacity of 60,000 tonnes of VC and 3,000 tonnes of LiFSI (in solid-state), both of which are expected to commence industrialization production in 2026. As of the Latest Practicable Date, we had also completed the construction of further production lines, including the production facilities with designed annual production capacities of 200,000 tonnes high-performance anode materials, 3,000 tonnes of LiFSI (in solid-state), 2,000 tonnes of MMDS and 500 tonnes of LiDFOB. These production capabilities enable us to provide customized, high-purity products that address the sophisticated requirements of global blue-chip customers.

To complement our physical scaling, we are implementing systematic technology upgrades across our existing production lines by leveraging automated manufacturing and digital operations. We aim to maximize throughput and significantly reduce per-unit operational costs with purified proprietary processes and enhanced automation. This continuous modernization transforms our manufacturing capabilities to increased production capacity and enhanced cost efficiency, which drive long-term business expansion and market share growth.

Accelerate Industrialization of Novel Materials to Drive New Market Growth.

Driven by evolving market demand, we are prioritizing the commercialization of novel, silicon-carbon anode materials, functional lithium-ion battery electrolyte additives and solid-state lithium-ion battery materials to cultivate new growth drivers.

To meet the escalating demand for higher energy density of lithium-ion batteries, we are also accelerating the industrialization of silicon-carbon anode materials. We are currently overcoming technical barriers to ensure its commercial viability of large-scale manufacturing, with mass production preparations expected to conclude by mid-2026. This business expansion into the anode material sector will allow us to diversify our revenue streams and provide a comprehensive set of lithium-ion battery materials product to our global customer base.

Our expansion also extends to functional lithium-ion battery electrolytes as well as electrolyte additives, where we leverage our extensive industrial expertise and market resources to broaden our high-margin portfolio. Following the successful industrialization of the novel lithium-ion battery electrolyte additives, MMDS and LiDFOB, we are commencing the small-scale pilot production of sodium salts and cathode film-forming additive. We aim to consolidate our market share and industry influence through our proprietary production processes of these functional lithium-ion battery electrolytes additives.

In the solid-state lithium-ion battery material sector, we are increasing R&D investment to ensure our sustained technological advantage and market leadership amidst industry trends.

Advance R&D and Pursue Innovations in Emerging Sectors

Leveraging our robust R&D platform, we are accelerating the development of novel lithium-ion battery materials, with a focus on solid-state battery technologies and high-performance functional additives. Solid-state lithium-ion batteries represent a pivotal shift in the global lithium-ion battery industry due to their superior energy density and safety profiles. We are exploring into sulfide-based solid-state electrolytes and their key material, lithium sulfide. We have validated the technical route for the mass production of high-purity lithium sulfide, a critical material for sulfide-based solid-state electrolytes. As of the Latest Practicable Date, we had completed initial small-scale pilot production

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of high-purity lithium sulfide. We are currently further optimizing product purity and particle size to transition toward large-scale industrialization so as to secure our early-mover advantage in the solid-state battery material sector.

Simultaneously, we are directing our R&D efforts towards novel silicon-carbon anode materials with high capacity, novel lithium-ion and sodium-ion battery electrolyte materials and high-performance novel functional materials, with a focus on SWCNTs and advanced binders. In relation to novel silicon-carbon anode materials, we are researching into porous carbon materials. We are exploring the molecular size-control technology to precisely regulate the porosity and pore size of the carbon framework, optimizing pore architectures tailored for silicon deposition. For novel lithium-ion and sodium-ion battery electrolyte materials, we intend to carry out interface mechanism study to develop novel lithium-ion and sodium-ion battery electrolyte core materials. For SWCNTs, our research is centered on the stable synthesis of CNT arrays and the optimization of growth conditions to enhance product quality. In the binder sector, we are developing silicon-based functional binders (acrylic acid and PAA-based), aiming to secure superior domestic market position in PAA graft modification. By integrating these new products into our portfolio, we are able to provide market solutions that push the performance boundaries of existing lithium-ion battery systems and consequently maintain our market leadership in the evolving lithium-ion battery material market.

Explore Strategic Mergers and Acquisitions Opportunities to Amplify Value Chain Integration.

We aim to reinforce our global market position by consolidating industrial resources through diversified business opportunities. We utilize mergers and acquisitions (“M&A”) as a vital catalyst, proactively targeting entities with proprietary technological strengths, unique resource endowments or high growth potential. This approach enables us to integrate high-value assets that supplement our business operations and accelerates our transition into an integrated lithium-ion battery material platform.

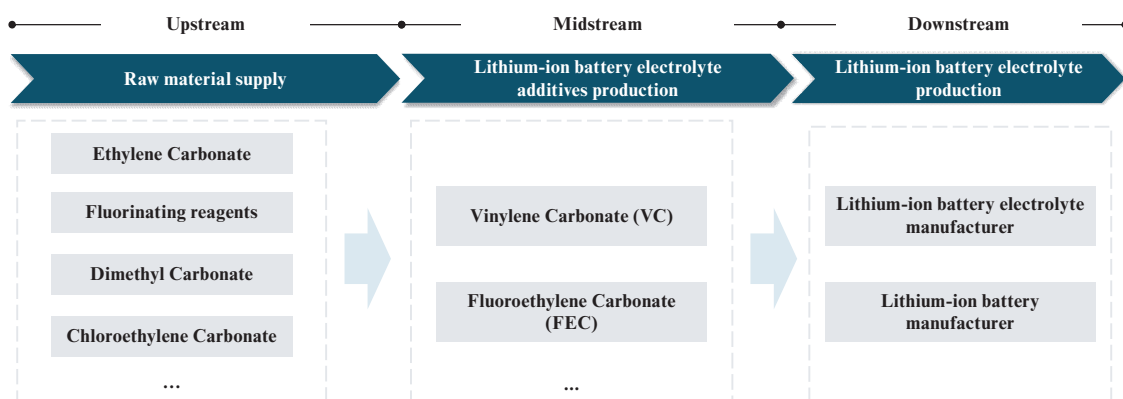
We are executing a bi-directional value chain acquisition strategy. Our acquisition follows both horizontal and vertical trajectories to maximize synergistic value and profitability. Horizontally, we are diversifying into emerging sectors of lithium-ion battery materials to broaden our revenue streams and leverage our existing customer base. Vertically, we are further integrating into the lithium-ion battery value chain by extending upstream into critical raw materials, including lithium salts, to fortify our supply chain resilience. Simultaneously, we are deepening ties with downstream industry leaders to optimize supply-demand synchronization. These initiatives collectively enhance our operational efficiency and reinforce our risk resilience against market volatility.

Furthermore, we are exploring diversified collaboration models to foster industrial synergy, including strategic joint ventures, joint R&D and technology licensing. These partnerships complement our M&A initiatives, creating an ecosystem that facilitates value chain integration. By mastering critical nodes along the industrial chain and reinforcing our proprietary technological barriers, we are positioned to sustain long-term growth and maintain a strong market position in the global lithium-ion battery market.

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 additive market, which produces both lithium-ion battery electrolyte additive 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.

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Battery manufacturers require good-quality and high-performance lithium-ion battery materials such as lithium-ion battery electrolyte. As lithium-ion battery electrolyte additives play a critical role to enhance the performance of lithium-ion battery electrolyte, downstream electrolyte manufacturers attach significant importance to the selection of their additive suppliers. Since we produced lithium-ion battery electrolyte additives for lithium-ion batteries in 2005, we have always been focusing on technological innovation to obtain more advanced products. We produce high-quality lithium-ion battery electrolyte additives with electronic-grade purity, thermal stability and high purification characteristics. Lithium-ion battery electrolyte additives with such nature can enable lithium-ion battery electrolyte to have higher ionic conductivity and thermal stability as well as lower hydrofluoric acid (“HF”) and moisture level and interfacial impedance, which would ultimately enhance battery performance. Thus, our additives have been well recognized in the industry enabling us to have established long-term and stable business relationships with a wide range of leading domestic and international lithium-ion battery value chain participants.

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 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.

The table below sets out our total revenue by products 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	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.

See “Financial Information — Description of Selected Items of Our Consolidated Statements of Comprehensive Income — Revenue” for details regarding the fluctuations of our revenue during the Track Record Period.

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OUR PRODUCT OFFERINGS

Lithium-ion Battery Electrolyte Additives

Lithium-ion battery electrolyte additive is one of the critical components of lithium-ion battery electrolytes. 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. Different lithium-ion battery electrolyte additives are added to lithium-ion battery electrolytes in order to obtain tailored optimization of different characteristics of lithium-ion battery electrolytes, such as ionic conductivity, flame resistance, overcharge protection and rate capability. The performance of lithium-ion battery electrolyte additives is primarily determined by key indicators such as purity, color, and moisture content. Purity measures the level of primary active ingredient inside the additive. Higher purity indicates fewer organic impurities, which is critical for preventing degradation of the battery’s cycle life. Color reflects the presence of chromogenic impurities, mainly residual heavy metal ions, such as iron, chromium and copper, and anions such as chloride and sulfate. These are considered harmful impurities in lithium-ion batteries as they can easily trigger performance deterioration. Moisture content measures residual water. Even traceable amounts of moisture can cause the decomposition of the lithium-ion battery electrolyte salt, such as lithium hexafluorophosphate (“**LiPF₆**”), producing harmful by-products, such as HF, that damages battery performance. Therefore, 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.

Lithium-ion battery electrolyte additives are popularly utilized in mainstream application sectors including ESS, NEVs, consumer electronics, humanoid robotics and low-altitude economy. In particular, VC serves as a critical solid electrolyte interphase (“**SEI**”) forming agent, creating a dense protective layer on graphite anodes. It is helpful in improving battery capacity and extending cycle life. In practice, it is heavily utilized to significantly extend the cycle life of NEV power batteries and ESS. Meanwhile, FEC has become indispensable for premium smartphones and foldable devices, where it stabilizes silicon-based anodes against volume expansion to enable higher energy densities and faster charging. Furthermore, in cutting-edge applications such as electric vertical take-off and landing aircraft (“**eVTOLs**”) and industrial drones, the synergistic effect of these additives enhances thermal stability, ensuring reliable power output under extreme discharge rates.

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. When added as an SEI-forming additive, VC undergoes polymerization on the anode surface in the lithium-ion battery electrolyte to create a dense SEI film, thereby suppressing further reductive decomposition of the lithium-ion battery electrolyte. The SEI separates the electrode material from the lithium-ion battery electrolyte, allowing lithium ions to be transported into the electrode surface for embedding or detachment operations. On the other hand, the SEI can block the passage of solvent molecules in the lithium-ion battery electrolyte so as to effectively prevent co-embedding of solvent molecules or damages caused to the electrode material by such co-embedding. One of the SEI’s electrochemical properties, stability, inhibits the embedding of solvent molecules in the lithium-ion battery electrolyte.

Our VC production utilizes EC as the primary raw material. The process begins with chlorination to produce CEC. Using dimethyl carbonate (“**DMC**”) as the solvent and TEA as the acid-binding agent, VC is synthesized under refluxed conditions. Industrial-grade VC is then

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obtained through purification. To meet the stringent requirements of the energy sector, we apply a series of proprietary purification methods to further purify the industrial-grade material into electronic-grade VC.

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. According to CIC, VC constituted the single largest component of the global lithium-ion battery electrolyte additive market, accounting for approximately 52.7% of the entire lithium-ion battery electrolyte additive market in terms of shipment volume in 2025.

Through independent R&D, we established a 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. Our revenue generated from VC amounted to RMB328.1 million, RMB343.5 million and RMB580.9 million in 2023, 2024 and 2025, respectively, accounting for 62.5%, 68.0% and 66.8%, respectively, of our total revenue in the same periods.

FEC

FEC is a crucial lithium-ion battery electrolyte additive in lithium-ion batteries. Its core function lies in preferentially undergoing reductive decomposition on the electrode surface, particularly the anode, ahead of the main lithium-ion battery electrolyte solvents, forming a thin, dense SEI film rich in LiF. This SEI film exhibits good mechanical toughness and ionic conductivity, effectively suppressing continuous lithium-ion battery electrolyte decomposition and reducing internal battery resistance, thereby significantly enhancing cycle life, initial Coulombic efficiency, and high-rate performance. The resulting SEI film structure is robust and possesses self-healing properties, enabling it to accommodate volume changes in the electrode during charge/discharge cycles. The most typical application scenario for FEC is significantly mitigating issues associated with the substantial volume expansion (up to 300%) of silicon-based anodes, such as silicon carbon composites, during lithiation, which otherwise causes repeated SEI film rupture and electrode pulverization. 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. However, this process involves the use of highly toxic and explosive fluorine gas, necessitating specialized tail gas recovery systems, and suffers from low reaction selectivity due to the high reactivity of fluorine gas. To solve these issues, 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.

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Case Study — Development and further purification of HSI003

Background and Challenges

As the industry pivots toward higher energy density, higher rate capacity and longer cycle life, lithium-ion battery electrolytes often struggle with interfacial instability and parasitic side reactions at the cathode. This critical gap has intensified the demand for specialized cathode film-forming additives, leading to our development of innovative solutions designed to enhance interfacial integrity and extend cycle life.

Our customer, a lithium-ion battery manufacturer, supplies high-voltage NCM batteries. To ensure that their lithium-ion battery electrolyte work well under high-voltage conditions, they impose strict requirements for our novel additives and specifically identified the issue of batteries’ storage capacity degradation under high temperature, rate capacity and cycling under low temperature for our further solution.

Development Process

Our R&D is centered around our customer’s application scenarios and the related technical needs. By continuously delivering samples and collecting feedback, we established a “data feedback to development optimization” closed loop to guide precise iterative improvements and process consolidation, enabling mass production and stable supply of our products.

<u>Stage</u>	<u>Tasks</u>	<u>Solutions</u>
I . . .	Requirement analysis	Key targets: to optimize materials that can be added to lithium-ion battery electrolyte to resolve batteries’ storage capacity degradation under high temperature and gas evolution, as well as capacity reduction and gas generation during battery cycling. Solutions and measures: to explore alternative compounds to improve battery capacity and reduce gas generation.
II . . .	Laboratory sample development	We rapidly reacted to the customer difficulties to improve batteries’ performance in terms of battery capacity enhancement and gas generation reduction. We timely offered optimized alternative and performed tests on it to validate its functionalities.
III. . .	Pilot production and validation	Sample improvement: synthesize new batch samples to resolve the performance bottleneck and facilitate the next-round customer testing. Validation: joint validation process that prove the property of the novel compound.
IV . . .	Production	We have finished the R&D on HSI003 and completed laboratory trials.

Conclusion

We successfully optimized HSI003 and completed laboratory trials. This novel additive has assisted to resolve the issues of reduced storage capacity under high temperature, poor cycling performance and gas generation. This collaborative development project demonstrates our ability to provide high-end solutions beyond a traditional lithium-ion battery electrolyte additive supplier, and our capability to provide high-performance lithium-ion battery electrolyte additives.

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Key Development Focus

In addition to our established lithium-ion battery electrolyte additives portfolio, we are advancing the development of novel additives to serve the industry needs in ESS and NEV sectors. Our R&D focus are primarily on novel lithium-ion battery electrolyte additive materials to enhance lithium-ion batteries’ high-rate cycle performance. Key ongoing projects include the novel S1521 and S1522.

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.

Anode Materials

Anode materials represent one of the most critical raw material components of lithium-ion batteries. They are the negative electrode components in a battery that store lithium ions during charging and release them during discharge. Graphite is expected to remain the mainstream anode material over the next few years due to its technological maturity, cost-effectiveness, and established supporting infrastructure, playing a vital role in battery performance and safety. Graphite is determinative for batteries’ energy density, cycle life, rate capability and safety. However, processes such as high-temperature graphitization during production involve high energy consumption and costs. Reducing energy consumption and production costs is therefore a key development trend and requirement for the future of anode materials.

We have independently developed an organic molecule grafting technology. This technology constructs a functional molecular interface film on the surface of graphite, which effectively suppresses side reactions during the charging and discharging processes and enhances the stability of the graphite anode. It has been verified that this technology can effectively improve the initial coulombic efficiency (“ICE”) of graphite, extend battery cycle life, reduce self-discharge, and enhance overall stability and safety. Through multiple batches of pilot production and laboratory evaluations, our new anode materials have demonstrated high specific capacity, high initial efficiency, and long cycle life, pioneering the industry for evolving market demand. In addition, we have addressed key industry demand with our silicon-carbon anode materials, utilizing controlled fluidized bed CVD technology to suppress volumetric expansion of silicon while utilizing its high energy density to improve cycle life of lithium-ion batteries. As of the Latest Practicable Date, we had completed the pilot production of this technology and is preparing for mass production of advanced anode material products.

LiBOB

LiBOB is a chelated borate-based salt widely utilized as a multifunctional lithium-ion battery electrolyte additive in high-performance lithium-ion batteries. In cathode lithium manganese oxide (“LMO”), LiBOB undergoes preferential oxidation to form a robust, chemically stable cathode electrolyte interphase (“CEI”). This protective film acts as a kinetic barrier that effectively suppresses side reactions between the highly reactive electrode surface and the organic lithium-ion battery electrolyte. Furthermore, LiBOB is instrumental in mitigating the dissolution of transition metal ions, specifically preventing the “Jahn-Teller” distortion and subsequent manganese leaching. Beyond its surface-protective qualities, LiBOB significantly enhances high-temperature performance and thermal stability, preventing capacity fade under strenuous operating conditions. Consequently, it is an essential component in the development of long-life power batteries for two wheelers and power tools.

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MMDS

MMDS is a versatile lithium-ion battery electrolyte additive widely deployed in lithium iron phosphate (“LFP”) and NCM battery systems to enhance interfacial stability. MMDS significantly improves safety and thermal stability in LFP cells by inhibiting iron ion dissolution, while in high-voltage ternary systems, it forms a dense, nanometer-scale protective layer that suppresses transition metal leaching and reduces internal resistance. These mechanisms collectively optimize the cycle life and kinetic performance of energy storage and EV batteries. Our MMDS products are currently extensively utilized in LFP energy storage and power battery systems, as well as in select ternary power battery systems.

Specialty Silicones

Our specialty organosilicon products consist of isocyanate silanes, such as 3-isocyanatopropyltriethoxy silane (“**IPTS**”) and triethoxysilylpropyl isocyanate (“**TESPI**”). Isocyanatopropyl silane is a novel, highly reactive specialty silane coupling agent that significantly enhances the thermal resistance, weatherability and UV resistance of coupled organic polymers. Containing highly reactive isocyanate functional groups, it can couple with various high polymers such as polycarbonate and polyurethane. Our specialty silanes, including primarily IPTS and TESPI, are widely utilized in high-end polyurethane materials (coatings, sealants and stoving paints) and organic resins (acrylic resins, polyvinyl alcohol (“**PVA**”) and polyesters) as a structural modifier. It enhances the adhesion of polymers to substrates such as metal matrices and polyolefin materials, while improving the aging resistance of the resins.

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.

LiFSI

LiFSI is lithium salt that significantly enhances battery cycle life and stability. In the lithium-ion battery industry, it is currently mass produced and marketed for utilization in power batteries and holds immense market potential. We expect to enter into the mass production phase for LiFSI products in the second quarter of 2026.

Solid-State Battery Materials

For the solid-state battery sector, we placed a specific focus on high-purity lithium sulfide, which is the core raw material for sulfide-based solid-state electrolytes used in solid-state batteries. Utilizing a proprietary liquid-phase synthesis method, we have succeeded in producing high-purity lithium sulfide under mild reaction conditions. According to CIC, the purity level of our lithium sulfide products is higher than the industry average. Through optimization of the synthesis route, we have achieved mass production capability for high-purity lithium sulfide. As of the Latest Practicable Date, we had completed initial small-scale validation of the lithium sulfide production process, which produced qualified samples and were in the pilot phase for industrialization.

RESEARCH AND DEVELOPMENT

We believe our strong R&D capabilities and integrated R&D platform give us a significant competitive advantage, enabling us to be at the forefront in the development of novel products and securing us a market leadership position. 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.

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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. As of the Latest Practicable Date, we held a number of core technologies in the field of lithium-ion battery materials. As of the Latest Practicable Date, we had a total of 138 patents, including 87 invention patents, 49 utility model patents and 2 design patents. As of December 31, 2025, our R&D and technical team comprised 147 employees, accounting for 12.1% of our total workforce.

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

As of December 31, 2025, we have two main R&D centers, focusing on lithium-ion battery materials, anode materials (including silicon-carbon anode materials) and novel materials. 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 adopt a customer-centric approach in developing various lithium-ion battery materials, working hand-in-hand with customers to tailor solutions that meet their specific performance requirements. This collaborative model strengthens long-term customer relationships and increases customer retention, as our product development is driven by customer engagement rather than standardized offerings.

We also initiate collaborative R&D projects with research institutes in anticipation of market development to produce innovative products to suit future market needs. For instance, in strategic partnership with Wuhan University, we have pioneered a comprehensive industrial chain for high-specific-energy silicon-carbon (Si-C) materials. This proprietary system integrates three core technologies: molten-salt activated porous carbon preparation, CVD, and advanced surface modification. Leveraging precise pore-structure control and innovative CVD scaling techniques, our Si-C products deliver exceptional performance with capacities of 1,600–2,000 mAh/g and ICE of 92%–96%. The technology is entering into the industrialization phase with an expected annual capacity reaching 1,000 tonnes in 2026. Our solutions, spanning biomass and resin-based substrates, have already achieved hundred-kilogram-scale shipments and are utilized in high-specific-energy batteries in drones and power tools.

The following sets out the salient terms of a typical collaborative research and development agreement with our customers or research institutes:

- **Objective:** the R&D objectives are specified in the research and development agreements.
- **Costs and resources:** we provide funding for R&D, along with raw materials for development and composition data for solutions, while our partners provide technical guidance and support, helping us address challenges during pilot-scale testing and facilitating the transition to mass production.

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- **Intellectual property rights:** the ownership of intellectual property rights are specified in the cooperation agreements. The ownership is either solely owned by us or jointly owned. If not solely owned by us, we always reserve the exclusive right of use in relation to the intellectual property.
- **Confidentiality:** both parties shall maintain confidentiality of related documents and commercial secrets, and should not disclose any information to third parties without written consent.
- **Term and termination:** two years since the signing of the agreement.

By working closely with industry development and customer needs, we are capable of producing customized products across various specifications to meet the diverse and high-performance requirements of our existing and potential customers. We will continue to enhance our technology through our R&D efforts. For our lithium-ion battery electrolyte additives, we aim to suppress decomposition, reduce impedance, increase temperature stability, enhance anti-gassing and safety features in the lithium-ion battery electrolyte and thereby increase battery cycle life and battery performance. In addition, we are entering the solid-state lithium-ion battery market by making R&D progress in the sulfide-based solid-state electrolytes (“SSE”).

The following table presents some of our notable R&D projects that were initiated during the Track Record Period.

Project	Key Targets	Progress
R&D on high-performance binders for lithium-ion batteries	Product performance aligns with industry standards	Small-scale trial
Industrialization of LiDFOB	Enhance product purity and reduce residual levels of acidity, moisture, and metal ions	Pilot production
R&D on high-performance binders for lithium-ion batteries	Ensure product performance meets industry requirements	Small-scale trial/Small-batch pilot production
Refining process of VC	Achieve product purity of over 99.99% and improve refining production efficiency	Pilot production, project completed
Refining process of FEC	Achieve product purity of over 99.9% and improve refining production efficiency	Pilot production

We have made significant investments in R&D to diversify our product portfolio, enhance the performance, efficiency and safety of our products, and to develop expertise in the production of our key products. We conduct most of our R&D activities in-house and do not rely on collaborators with third parties. We intend to continue to invest in R&D to maintain our technological advantages. Our R&D expenses amounted to RMB47.5 million, RMB41.0 million and RMB51.8 million in 2023, 2024 and 2025, respectively.

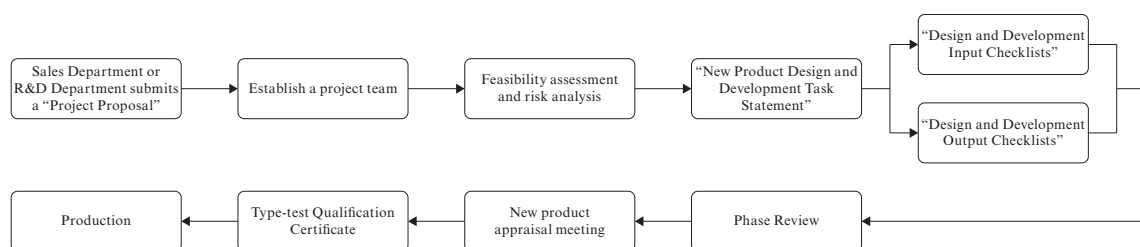
As a testament to our excellent R&D capability, we have won numerous national awards in China. See “— Awards and Recognitions” in this section.

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Our R&D Process

Our R&D initiatives are primarily driven by two channels: (i) market-oriented proposals, where the sales department submits a “Project Proposal” based on market research or customer feedback; and (ii) technological-innovation proposals, where the R&D department initiates projects following insights from industry exhibitions or academic seminars. Once a project is approved at the general manager level, a dedicated project team comprising cross-functional members is established. This team conducts comprehensive feasibility assessments and risk analyses, integrating product requirements with technical viability to formulate a “New Product Design and Development Task Statement”, which defines technical specifications, quality targets, production costs, EHS (Environment, Health, and Safety) standards, and project milestones.

Throughout the R&D phase, all information flows are documented by “Design and Development Input/Output Checklists”. To ensure the outcomes meet pre-defined requirements, the R&D team organizes periodic reviews and verifications with relevant functional departments. Upon approval from all functional departments, a new product appraisal meeting may be convened with participants including industry experts and key customers. Only after successful customer trials and the receipt of a formal test report from a nationally accredited laboratory, the R&D phase is officially concluded. Thereafter, the product transitions to the mass production stage. The figure below sets out the entire R&D process.



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 industrial application. Our end-to-end capability ensures continuous improvement across production technologies and processes, supporting a seamless progression from early-stage experimentation to full-scale commercialization.

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. Furthermore, our joint laboratory with Nanjing University serves as a hub for cutting-edge academic collaboration, allowing us to translate frontier research into high-value industrial milestones. Our track record of leading national and provincial-level science and technology projects, coupled with numerous prestigious awards, underscores our technical leadership in the industry.

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Through accumulated expertise in laboratory testing, synthesis, purification, and process control, we have developed a robust suite of pilot-scale and commercial technologies. This systemic integration ensures the perfect alignment of our manufacturing capability with ongoing R&D advances, allowing us to bring novel products to market more quickly, with higher quality, and at a lower cost per iteration.

PRODUCTION

Production Facilities

As of the Latest Practicable Date, we operated five production bases, consisting of eight facilities across Jiangsu Province (four facilities in Zhangjiagang City, one in Taixing City and one in Jiangyin City), Hubei Province (one facility in Yunmeng County) and Zhejiang Province (one facility in Wuyi County), achieving an annual production capacity of 20,500 tonnes in total for VC and FEC products. Our production bases are automated and operate with advanced equipment applying the latest production technologies, enabling us to produce products of high quality and reliability, while ensuring cost efficiency.

The table below sets out the breakdown of our annual production volume and production capacity for VC and FEC for the years indicated:

	Years ended December 31,								
	2023			2024			2025		
	Production capacity ⁽¹⁾ (tonnes/ year)	Production volume (tonnes)	Utilization rate ⁽²⁾ (%)	Production capacity ⁽¹⁾ (tonnes/ year)	Production volume (tonnes)	Utilization rate ⁽²⁾ (%)	Production capacity ⁽¹⁾ (tonnes/ year)	Production volume (tonnes)	Utilization rate ⁽²⁾ (%)
VC	13,000.0	5,281.8	40.6 ⁽³⁾	13,000.0	8,241.2	63.4	13,000.0	12,348.1	95.0
FEC	4,500.0	2,820.6	62.7	7,500	3,275.7	43.7 ⁽⁴⁾	7,500	7,692.8	102.6

Notes:

1. Production capacity is stipulated in the government approval for the product facility.
2. Utilization rate is calculated by dividing production volume by the production capacity for the same period.
3. In 2023, we commissioned new production facilities and gradually scaled up our production, resulting in a relatively low production utilization rate.
4. We temporarily shutdown our certain production facilities for technology upgrades in 2024.

Production Technologies

We have adopted various industry-leading technologies in produce our main products, include VC and FEC. See “— Major Products Production Process” in this section. The industrialization of such technologies has substantially optimized our overall cost structure, establishing a robust cost-competitive advantage and a strong technological barrier in the lithium-ion battery electrolyte additive market. Our technological mastery significantly assists us to diversify our product portfolio and strengthen our overall profitability.

In addition, we have also developed a comprehensive suite of proprietary control technologies that ensure a formidable competitive edge across product quality, cost efficiency, and EHS performance. These technological pillars include:

- *Photocatalytic efficiency enhancement:* through a self-developed UV-emitting system with optimized intensity and voltage parameters, we managed to significantly boost the reaction efficiency of the photocatalytic chlorination process while effectively suppressing side reactions.

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- *Thermal sensitivity management*: addressing the thermal sensitivity of the products, we engineered custom TFE and continuous rectification processes. These innovations minimize heat exposure duration, preventing product decomposition and polymerization during refining, which ensures superior purity and batch-to-batch consistency for power battery applications.
- *Stability and global logistics*: to overcome the inherent instability of VC, we have developed specialized methods to inhibit discoloration and degradation. This has extended product shelf life and broadened the allowable storage temperature range, ensuring reliable global delivery.
- *Short-Process Halogen Exchange*: for our FEC products, we transitioned to an innovative “one-step” short-process method. By triggering a targeted reaction between CEC and fluorinating agents, we have drastically streamlined the production cycle, resulting in enhanced yield rates, fortified safety protocols and a structurally lower cost base.
- *Resource Recycling & Solvent Recovery*: we have successfully industrialized the recovery of TEA from TEA hydrochloride, reducing total consumption by over 85%. Combined with our solvent recovery units which decrease consumption by over 75%, this proprietary closed-loop process achieves a dual breakthrough in resource recycling and cost reduction.
- *Novel VC Synthesis*: our advanced VC production workflow substantially minimizes the consumption of Class A solvents and acid-binding agents. By circumventing the redundant recovery and waste-treatment stages inherent in traditional methods, we have enhanced the end-to-end operational competitiveness of our VC products.
- *Advanced Silicon-carbon Engineering*: the controlled fluidized bed CVD technology enables deposition of nano-silicon within molten salt-activated carbon. This continuous and controlled process ensures high batch-to-batch stability. It also preserves silicon’s high energy density, suppresses volume expansion and becomes suitable for mass production. It is the core technology route for the industrialization of silicon-carbon anode materials.

These integrated technological advancements demonstrate our transition from traditional chemical manufacturing to high-precision, green, and data-driven material synthesis, strengthening our position as a premium supplier in the global lithium-ion battery material supply chain.

Production Process

Circular Economy Model

With our proprietary processing technologies, we operate an integrated circular economy model featuring raw material consumption and by-products re-usage. In particular, we are able to recover TEA from TEA hydrochloride, which assists us to reduce our total consumption of TEA by over 85%. Simultaneously, our newly established full-process solvent recovery system is able to assist us to reduce solvent consumption by over 75%. These technologies significantly enhance our resource efficiency and overall production cost-effectiveness.

In addition, the hydrochloric acid generated during our product process is internally recycled and efficiently reused, establishing a closed-loop operational ecosystem. Such system not only enhances resource efficiency and production continuity but also strengthens our supply chain stability and quality control. Accordingly, we are able to have consistent product supply, respond rapidly to global market needs, and guarantee on-time delivery.

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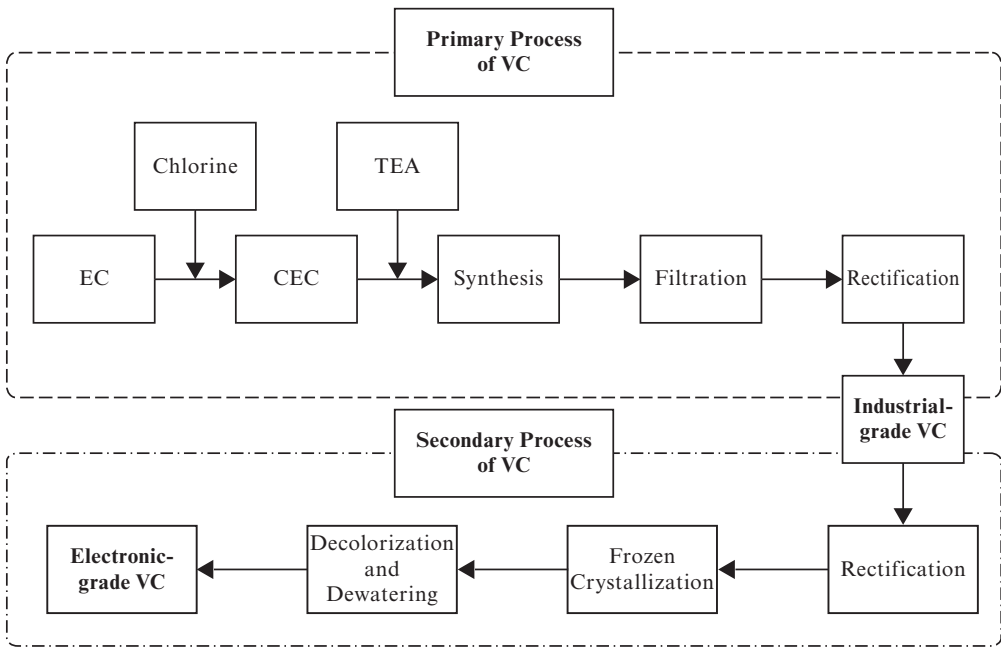
Customized Production Capability

Our automated and digitalized production process, powered by innovative technology, enables flexible product customization to meet specific requirements or deliver unique functionalities requested by our customers. For instance, our VC solutions can be customized and optimized with diverse lithium-ion battery electrolyte additives to suit specific lithium-ion battery chemistries. Furthermore, our R&D team excels in targeted development, engineering bespoke formulations that align precisely with our customers’ technical roadmaps.

Major Products Production Process

VC

For our VC products, we adopt a two-step manufacturing process to enhance VC purity and product quality. In particular, we first utilize the continuous flow reaction technology and then our proprietary purification process. We use EC as the primary raw material, which undergoes photocatalytic chlorination to produce CEC. This intermediate then undergoes an elimination reaction under reflux, using DMC as the solvent and TEA as the acid-binding agent, to yield VC. To meet the stringent requirements of the power battery industry, we apply a series of independently developed purification methods to purify industrial-grade VC into high-purity electronic-grade VC. The manufacturing process flowchart of VC is shown as below:



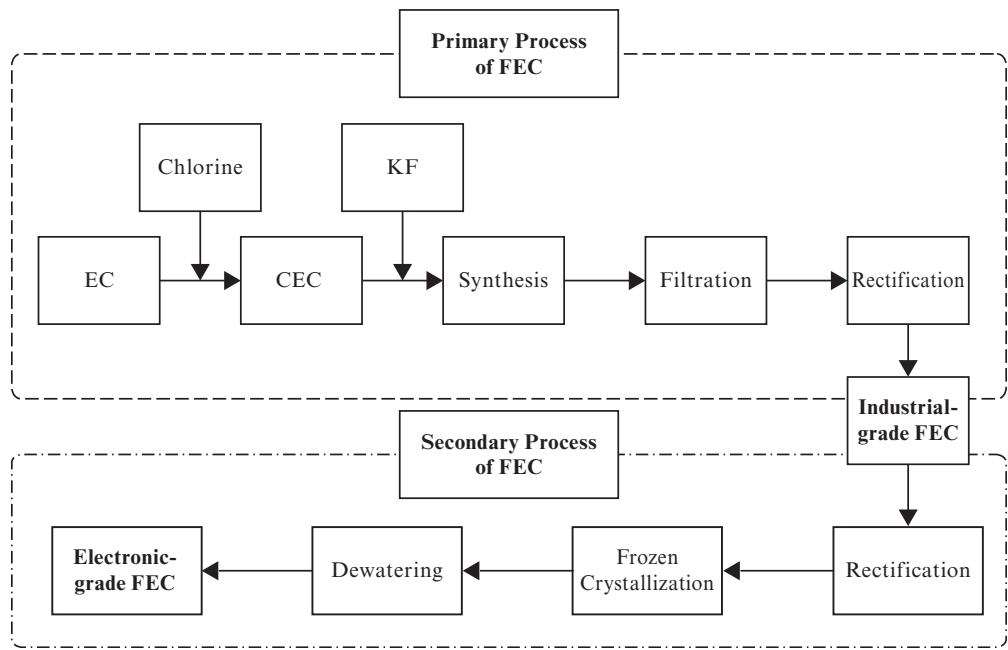
By implementing continuous flow reaction technology, we have achieved highly integrated and automated production, shortening the process flow by over 50% and significantly enhancing production efficiency and intrinsic safety. Furthermore, while maintaining premium product stability and consistency, we have reduced raw material consumption by 10%.

FEC

We have established a highly sophisticated and proprietary process route for the production of FEC. The raw material for FEC is EC. The synthesis begins with chlorination of EC to produce CEC, which subsequently undergoes a fluorination reaction with KF to synthesize FEC. Through such initial purification, we obtain industrial-grade FEC. To satisfy FEC’s high purity requirements in lithium-ion batteries, we utilize a secondary purification process to achieve electronic-grade FEC. By leveraging our proprietary purification methodologies, the initial product is further processed to eliminate traces of impurities and moisture for the production of electronic-grade FEC. We have

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optimized the fluorine-substitution process to ensure high purity and low residual impurities. These advancements provided essential material support for the development of high-energy-density lithium-ion batteries, particularly in enhancing the stability of silicon-based anode systems. The manufacturing process flowchart of FEC is shown as below:



SALES AND MARKETING

Overview

As of December 31, 2025, we had a sales and marketing team of 17 personnel, focusing on business development and customer service. Our sales and marketing personnel possess extensive industry knowledge, enabling them to effectively understand customer technical requirements and provide professional service.

Our sales and marketing personnel regularly contact existing and potential customers about our current offerings and development plans through multiple channels including:

- *Customer visits and on-site support:* we maintain regular communication with customers through on-site visits, where they engage in technical discussions regarding lithium-ion battery electrolyte additives performance requirements and collaborate on joint R&D initiatives to explore new products. In addition, our technical sales personnel work closely with customers’ R&D teams to understand their lithium-ion battery electrolyte development roadmap and product planning ensuring that our additives and product offerings are aligned with their evolving needs.
- *Industry conferences and exhibitions:* we actively participate in major industry conferences and trade shows, including China International Battery Fair, to showcase our latest product innovations, enhance brand visibility and establish connections with potential customers. These platforms enable us to demonstrate our technical capabilities and engage with industry participants.
- *Technical seminars:* we organize and participate in technical seminars focused on lithium-ion battery material innovations, where we present our latest research findings and product solutions to existing and potential customers.

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In 2023, 2024 and 2025, we derived a substantial portion of our revenue from direct sales, accounting for 96.0%, 95.6% and 98.6%, respectively, of our total revenue in the same periods. To a lesser extent, we utilized distributors to serve our overseas customers in Japan and Korea. In 2023, 2024 and 2025, our revenue generated from distribution accounted for 4.0%, 4.4% and 1.4% respectively, of our total revenue in the same periods.

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.

Sales Agreement

We generally enter into framework sales agreements with our major customers, pursuant to which the customers will place specific purchase orders with us. The purchase orders typically specify the volume and parameters of our products as well as their respective unit price. Our framework sales agreements with our major customers typically contain the following salient terms:

- ***Duration:*** the term of the agreement is typically around three years.
- ***Scope of terms:*** we supply products according to the specifications outlined in purchase orders issued by our customer from time to time.
- ***Pricing and Payment:*** the price is determined on a monthly basis. The price of our products for the following calendar month will be determined by us based on market price within the last five days of the current calendar month. Payment is made on a monthly basis. We typically grant a credit term of 30 to 120 days to our customers.
- ***Quality Control:*** we typically provide warranty period of one year commencing from the date that the end-product is registered by the terminal customer.
- ***Minimum Purchase Commitment:*** minimum purchase commitment is typically set out in the framework sales agreement with mutually agreed fluctuation allowances.

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.

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The table below sets forth the movement of the number of our distributors for the years indicated:

	Year ended December 31,		
	2023	2024	2025
At the beginning of the year	7	3	2
Increase	—	1	1
Decrease	4	2	—
At the end of the year	3	2	3

We and our distributors have a buyer-seller relationship, and they maintain their own inventories. 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. We control channel stuffing risks through our internal management policies for distributors, including keeping track of the information of end customers and regularly monitoring shipments of distributors. In general, our distributors are required to record the end customer information, including sales information and shipping addresses of end customers. We require our distributors to provide proof of product shipment, enabling us to track actual sales and logistics of products sold by distributors and thereby mitigating risks associated with channel stuffing. We can monitor our products’ usage utilizing information and feedback provided by our distributors on regular basis and adjust our supply to prevent channel stuffing accordingly. We prohibit any distributor from approaching our direct sales customers and end customers by constantly tracking their orders and end-customer identities. We generally do not allow product returns for reasons other than product quality issues.

We carry out evaluation on our distributors annually, assessing a range of criteria including sales performance, inventory, technical support, key customer assistance, payment and compliance status, among others. To prevent kickbacks or bribery to distributors, we formulated the Employee Commercial Conduct Manual to regulate employee interactions with customers and distributors, provide training and review expense reimbursements. We require our distributors’ compliance with our anti-corruption policies as part of our annual evaluation process, reinforcing our commitment to ethical business conduct throughout our distribution network. In addition, we generally provide recommended price range as well as support on sales and marketing to our distributors. Distributors are typically required to ensure that any quotations provided to end customers adhere to the price ranges stipulated by us. Should we discover any prohibited behavior by our distributors, we will impose punitive measures, or, in severe instances, terminate the distributorship.

The salient terms of our standard distribution agreements with distributors during the Track Record Period are set out below:

- **Scope of terms:** we supply products according to the specifications outlined in the distribution agreement.
- **Pricing and Payment:** the price is pre-determined in the distribution agreement. In terms of payment, we generally grant a credit period to our distributors of around 20 to 70 days from the date of delivery.
- **Warranty:** we provide product warranty for our products for 60 to 270 days since the acceptance of goods by our distributors.
- **Termination:** parties’ contractual obligations end upon delivery of our products and payment to us by our distributors.

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Different from the conventional distribution model, our distribution agreements do not contain the typical distribution terms, such as sales targets, designated sales territories, exclusivity, or sub-distribution restrictions.

To the best knowledge of our Directors, all of our distributors during the Track Record Period and up to the Latest Practicable Date were Independent Third Parties, and none were controlled by our current or former employees. None of our Directors or their respective associates or any shareholder of our Company who, to the knowledge of our Directors, owns more than 5.0% of the issued share capital of our Company, have any interest in any of these distributors, and none of our Directors or their respective associates and our Controlling Shareholders have any present or past relationship (other than their relationship through our Group) with any of these distributors. Additionally, to our best knowledge, except for being our distributors, there was no past or present relationship or arrangement, including family, business, financing, guarantee or otherwise, between us and our distributors during the Track Record Period.

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.

After-Sales Service

We have established an efficient and responsive customer service mechanism, acknowledging feedback and providing solutions swiftly, forming a complete closed loop of feedback, resolution, improvement and verification.

We typically enter into quality assurance agreements with our customers to formalize our quality commitments and service standards. Internally, we have established a comprehensive Non-Conforming Output Management Procedure (不合格輸出管理程序) to systematically handle product replacements and returns. When customer feedback identifies defective products, our sales department records the details and requirements, then promptly informs the quality department. The quality team investigates to determine responsibility. For issues confirmed as our fault, we perform root cause analysis, implement corrective actions, and provide investigation and improvement reports to customers in line with their requirements and timelines. Confirmed non-conforming products are reviewed by our material review board, comprising quality, R&D, and relevant departments, which decides on appropriate disposition methods. Throughout the process, we maintain full traceability and record all quality issues in our knowledge management system to drive continuous improvement.

During the Track Record Period and up to the Latest Practicable Date, (i) we were not subject to any material administrative or other penalties from any governmental authority in connection with product quality; (ii) we were not ordered to undertake any mandatory product recalls as required by any government authorities, which could have a material adverse effect on our business, financial condition and results of operations; (iii) we did not experience any incidents related to material product liability exposure; and (iv) we did not receive any material complaints from customers in connection with product quality.

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CUSTOMERS

Our Major Customers

Our customer base consisted primarily of industry-leading lithium-ion battery and lithium-ion battery electrolyte 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.

The following tables set out certain information of our five largest customers during each period of the Track Record Period, including their identities, background information and transaction details with us.

Year ended December 31, 2023

Customer	Background	Products sold by us	Revenue <i>RMB'000</i>	As a percentage of our total revenue %	Credit terms and settlement information	Commencement of business relationship
Customer A . . .	A company specialized in the R&D, production and sales of lithium-ion battery materials and daily chemical materials.	VC/FEC	166,328.0	31.7	Bank acceptance notes within 120 days from the month of sale	2006
Customer B . . .	A company specialized in the R&D, production and sales of rechargeable batteries, NEV and electronic components.	VC/FEC	107,087.0	20.4	Bank acceptance notes within 30 days upon receipt of invoice	2006
Customer C . . .	A company specialized in the R&D production, and sales of lithium-ion battery electrolytes and silane coupling agents.	VC/FEC	62,825.4	12.0	Bank acceptance notes within 100 days from the month of sale	2006
Customer D . . .	A company specialized in the R&D, production and sales of high-performance lithium-ion battery electrolytes	VC/FEC	44,018.5	8.4	Bank transfer within 60 days upon issuance of bill of lading	2015
Customer E . . .	A company specialized in the R&D, production and sales of lithium-ion battery electrolytes.	VC/FEC	33,915.7	6.5	Bank acceptance notes within 90 days from the month of sale	2006
Total			414,174.6	79.0%		

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Year ended December 31, 2024

<u>Customer</u>	<u>Background</u>	<u>Products sold by us</u>	<u>Revenue</u> <i>RMB'000</i>	<u>As a percentage of our total revenue</u> %	<u>Credit terms and settlement information</u>	<u>Commencement of business relationship</u>
Customer A . . .	A company specialized in the R&D, production and sales of lithium-ion battery materials and daily chemical materials.	VC/FEC	174,306.1	34.5	Bank acceptance notes within 120 days from the month of sale	2006
Customer B . . .	A company specialized in the R&D, production and sales of rechargeable batteries, NEV and electronic components.	VC/FEC	165,505.0	32.8	Bank acceptance notes within 30 days upon receipt of invoice	2006
Customer F . . .	A company specialized in the R&D, production and sales of lithium-ion battery electrolytes and additives	VC/FEC	26,379.5	5.2	Bank transfer within 120 days upon issuance of bill of lading	2006
Customer C . . .	A company specialized in the R&D, production and sales of lithium-ion battery electrolytes and silane coupling agents.	VC/FEC	21,723.4	4.3	Bank acceptance notes within 100 days from the month of sale	2006
Customer D . . .	A company specialized in the R&D, production and sales of high-performance lithium-ion battery electrolytes	VC/FEC	17,644.5	3.5	Bank transfer within 60 days upon issuance of bill of lading	2006
Total			405,558.5	80.3%		

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Year ended December 31, 2025

Customer	Background	Products sold by us	Revenue <i>RMB'000</i>	As a percentage of our total revenue %	Credit terms and settlement information	Commencement of Business relationship
Customer A . . .	A company specialized in the R&D, production and sales of lithium-ion battery materials and daily chemical materials.	VC/FEC	330,500.6	38.0	Bank acceptance notes within 120 days from the month of sale	2006
Customer B . . .	A company specialized in the R&D, production and sales of rechargeable batteries, NEV and electronic components.	VC/FEC	245,152.1	28.2	Bank acceptance notes within 30 days upon receipt of invoice	2006
Customer F . . .	A company specialized in the R&D, production and sales of lithium-ion battery electrolytes and additives	VC/FEC	46,373.1	5.3	Bank transfer within 60 days upon issuance of bill of lading	2014
Customer E . . .	A company specialized in the R&D, production and sales of high-performance lithium-ion battery electrolytes	VC/FEC	40,953.8	4.7	Bank acceptance notes within 90 days from the month of sale	2006
Customer G . . .	A company specialized in the R&D, production and sales of lithium-ion battery electrolytes.	VC/FEC	29,579.7	3.4	Bank acceptance notes within 90 days from the month of sale	2007
Total			692,559.3	79.6%		

To the best knowledge of our Directors, each of our five largest customers for each period during the Track Record Period is an Independent Third Party. Additionally, to the best knowledge of our Directors, except for being our customers, there was no past or present relationships (including financing, trust or otherwise) between us and each of our five largest customers, their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period. None of our Directors, their close associates, or any Shareholder, which to the best knowledge of our Directors owns more than 5% of the total number of issued Shares, had any interest in any of our five largest customers for each period during the Track Record Period.

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 rapid expansion of our production capacity, we are continuously exploring new opportunities to

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further diversify our customer composition. Concurrent with our successful engagement of new customers, our Directors believe that it is unlikely that there will be a material adverse change in or termination of our relationship with Customer A or Customer B for the following reasons:

Customer A's and Customer B's Dominant Market Leadership

Our business model is characterized by strategic, long-term partnerships with leading industry players, a well-established norm in the lithium-ion battery industry. The close cooperation between lithium-ion battery electrolyte additive suppliers and major electrolyte and lithium-ion battery material manufacturers, where parties commit to stable supply relationships, represents standard industry paradigm. According to CIC, such pattern of customer concentration is consistently observed across the industry, reflecting the concentration nature and the stringent qualification requirements of downstream customers.

Specifically, Customer A and Customer B has been the world's largest and second largest, respectively, lithium-ion battery electrolyte supplier for multiple consecutive years, according to CIC. According to the same source, the market share of Customer A and Customer B in the global lithium-ion battery electrolyte industry in 2024 was 35.7% and 15.6%, respectively. As a result, it is inevitable for lithium-ion battery electrolyte additive supplier, like us, to have significant transactions with Customer A and Customer B if we desire to improve or maintain our market share in the lithium-ion battery electrolyte additive sector. This in turn demonstrates our market leadership and industry recognition, and serves as a testament for our cooperation with other customers.

Mutual Benefits with Customer B

The mutual benefits derived from our relationship with Customer B extend beyond commercial transactions to encompass shared technological advancement and joint market development, creating a sustainable competitive advantage for both companies in the rapidly evolving new energy landscape. For example, we had entered into joint R&D with Customer B in relation to exploring functional lithium-ion battery electrolyte additive that could enhance lithium-ion batteries' storage capacity under high temperature and reduce resistance during cycle life. Such collaboration assists us to maintain as a competent lithium-ion battery electrolyte additive supplier for Customer B, as well as gives us priority to participate in certain of Customer B's new product development initiative and opportunities to continuously supply our products to Customer B.

Customer Diversification and Ability to Develop New Customers

Our demonstrated capability to consistently develop and deliver high-purity lithium-ion battery electrolyte additives has been validated through our successful, long-term partnerships with established key customers. Building upon these foundational relationships, we have expanded our customer portfolio by cultivating new customer relationships across diverse market segments. During the Track Record Period, we secured significant supply agreements with multiple prominent lithium-ion battery value chain players, representing crucial milestones in our market penetration strategy. As we have scaled our production capacity, we believe that we will be able to serve more customers. We had 7, 5 and 9 new customers, respectively, in 2023, 2024 and 2025.

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Costs and Barriers for Replacing Lithium-ion Battery Electrolyte Additive Suppliers

Lithium-ion battery electrolyte additives serve as a critical component in lithium-ion battery electrolytes, which are key to lithium-ion batteries, influencing batteries’ capacity, initial efficiency, and cycling performance. The specialized nature of producing high-purity lithium-ion battery electrolyte additives creates significant barriers to supplier substitution, fostering generally stable relationships between lithium-ion battery electrolyte additive suppliers and their customers for several compelling reasons:

Technical Integration and Qualification Requirements

We, as an lithium-ion battery electrolyte additive supplier, engage in extensive collaborative R&D development with our customers to tailor specific additive products to suit each individual customer’s needs. The supplier qualification process typically involves a lengthy process. We have passed high threshold supplier validation requirements of both Customer A and Customer B, jointly developed electrochemical materials with them, and supplied a scale, stable supplies of lithium-ion battery electrolyte additive products to both Customer A and Customer B, forming a robust solidarity and making us not easily replaceable in their supply chain. To transition to an alternative lithium-ion battery electrolyte additive supplier, lithium-ion battery electrolyte manufacturers must replicate this entire qualification process, engaging multiple departments, and obtain battery manufacturers’ customers’ approvals. The substantial investment of time, resources, and engineering effort required represents a significant switching cost that naturally discourages frequent supplier changes.

Market Concentration and Production Capability

The high-purity lithium-ion battery electrolyte additive market features concentrated supply, with a limited number of manufacturers possessing the technical capability and production scale to meet the requirements of leading lithium-ion battery electrolyte manufacturers. Specifications for advanced lithium-ion battery electrolyte additive products like electronic-grade purity, thermal stability and high purification further limit the pool of qualified suppliers. Our demonstrated production capability positions us among the few suppliers capable of supporting the massive scale requirements of major battery manufacturers.

Performance and Safety Considerations

Lithium-ion battery electrolyte additive’s quality directly impacts the performance of lithium-ion battery electrolyte in terms of stability and cycle life. Any impurity in lithium-ion battery electrolyte additives would lead to lowered performance of lithium-ion battery electrolytes, which impact the quality of lithium-ion batteries. This sensitivity makes lithium-ion battery electrolyte manufacturers exceptionally cautious in their supplier selection. Our proven track record in the industry, International Automotive Task Force (“IATF”) 16949 certification, and numerous customer quality awards demonstrate our ability to meet the most demanding standards. This established reliability makes customers unlikely to risk transitioning to unproven suppliers.

PROCUREMENT AND SUPPLIERS

Our operations involve substantial amounts of upstream key chemical raw materials and auxiliary raw materials. For chemical raw materials, we mainly require various chemicals, including EC, and DMC. For auxiliary raw materials, we procure TEA, steel barrels and activated carbon to support our production. By leveraging a multi-vendor network with a diverse pool of qualified vendors, we ensure a steady supply of our core chemical inputs and auxiliary materials. While the supplies of our raw materials have remained stable, market prices have experienced fluctuations driven by national supply-side structural reforms and increasingly stringent environmental regulations.

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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. The following tables set out certain information of our five largest suppliers during the Track Record Period.

Year ended December 31, 2023

Supplier	Background	Major products purchased by us	Amount of purchases <i>RMB'000</i>	As a percentage of our total purchases %	Credit terms and settlement information	Commencement of business relationship
Supplier A	A company mainly engaging in the construction and operation of power grids and the supply of electricity.	Electricity	47,163.6	12.9	Advance payment by bank transfer	1997
Supplier B	A company mainly engaging in the R&D, production and sales of ethylene oxide derivatives and high-performance fine chemical products.	EC	26,198.8	7.2	Bank acceptance notes within 60 days from the month of purchase	2020
Supplier C	A company mainly engaging in the production and sales of chlor-alkali products, styrenes and other basic chemical raw materials.	Liquid chlorine and liquid caustic soda	21,654.0	5.9	Bank acceptance notes within 10 days from the month of purchase	2017
Supplier D	A company mainly engaging in the R&D and sales of new energy technology, battery materials and related technical services.	EC	21,343.1	5.8	Bank acceptance notes within 30 days from the month of purchase	2020
Supplier E	A company mainly engaging in the production and distribution of thermal power, steam and electricity.	Steam	17,374.6	4.8	Bank transfer within 15 days from the month of purchase	2008
Total			133,734.1	36.6%		

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Year ended December 31, 2024

Supplier	Background	Major products purchased by us	Amount of purchases <i>RMB'000</i>	As a percentage of our total purchases %	Credit terms and settlement information	Commencement of business relationship
Supplier A	A company mainly engaging in the construction and operation of power grids and the supply of electricity.	Electricity	55,384.8	15.7	Advance payment by bank transfer	1997
Supplier B	A company mainly engaging in the R&D, production and sales of ethylene oxide derivatives and high-performance fine chemical products.	EC	23,421.5	6.6	Bank acceptance notes within 60 days from the month of purchase	2020
Supplier C	A company mainly engaging in the production and sales of chlor-alkali products, styrenes and other basic chemical raw materials.	Liquid chlorine and liquid caustic soda	22,140.9	6.3	Bank acceptance notes within 10 days from the month of purchase	2017
Supplier E	A company mainly engaging in the production and distribution of thermal power, steam and electricity.	Steam	20,100.8	5.7	Bank transfer within 15 days from the month of purchase	1997
Supplier F	A company mainly engaging in the R&D, production and sales of high-performance fine chemical materials and lithium-ion battery additives.	EC	16,584.7	4.7	Bank acceptance notes within 75 days from the month of purchase	2024
Total			137,632.7	38.9%		

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Year ended December 31, 2025

Supplier	Background	Major products purchased by us	Amount of purchases <i>RMB'000</i>	As a percentage of our total purchases %	Credit terms and settlement information	Commencement of business relationship
Supplier A	A company mainly engaging in the construction and operation of power grids and the supply of electricity.	Electricity	72,837.0	12.8	Advance payment by bank transfer	1997
Supplier G	A company mainly engaging in the R&D, production and sales of carbonate solvents and lithium-ion battery electrolytes	EC	52,676.7	9.3	Bank acceptance notes within 60 days from the month of purchase	2008
Supplier F	A company mainly engaging in the R&D, production and sales of high-performance fine chemical materials and lithium-ion battery additives.	EC	32,208.6	5.7	Bank acceptance notes within 75 days from the month of purchase	2024
Supplier E	A company mainly engaging in the production and distribution of thermal power, steam and electricity.	Steam	29,354.0	5.2	Bank transfer within 15 days from the month of purchase	1997
Supplier C	A company mainly engaging in the production and sales of chlor-alkali products, styrenes and other basic chemical raw materials.	Liquid chlorine and liquid caustic soda	25,442.3	4.4	Bank acceptance notes within 10 days from the month of purchase	2017
Total			212,518.6	37.4%		

To the best knowledge of our Directors, each of our five largest suppliers for each period during the Track Record Period is an Independent Third Party. Additionally, to the best knowledge of our Directors, except for being our suppliers, there was no past or present relationships (including financing, trust or otherwise) between us and each of our five largest suppliers, their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period. None of our Directors, their close associates, or any Shareholder, which to the best knowledge of our Directors owns more than 5% of the total number of issued Shares, had any interest in any of our five largest suppliers for each period during the Track Record Period.

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Procurement

Raw materials, including chemical raw materials, such as EC and DMC, and auxiliary raw materials, such as TEA, steel barrel and activated carbon, constitute the primary component of operational costs as we consistently require chemical raw materials and auxiliary raw materials from external sources for production. 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. As a leading manufacturer of lithium-ion battery electrolyte additives, we leverage long-term strategic partnerships with key upstream suppliers to secure stable supply at preferential rates. 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.

The majority of our key raw materials are sourced from large, well-established suppliers based in the PRC. Over the years, we have developed stable, long-term partnerships with these suppliers, which contributes to a reliable and consistent supply of raw materials for our operations.

Procurement Agreement

We generally enter into framework procurement agreements with our major raw materials suppliers. The salient terms of such agreements typically include:

- **Product:** the product to be supplied, the specifications and initial quantities are included in the framework procurement agreement, while the other details are specified in the individual purchase order.
- **Duration:** the term of the agreement is typically one year.
- **Pricing and Payment:** determined in each purchase order on a monthly basis based on the benchmark price stipulated in the framework procurement agreement. We typically settle payments on a monthly basis. We are usually granted a credit term of around 10 to 75 days by our raw material suppliers.
- **Delivery:** unless specified in the purchase order, all products are delivered to our designated locations, and the suppliers bear all risks and costs regarding transportation, insurance and packaging until acceptance.
- **Packaging:** packaging must meet our specifications, as well as national and industry standard to ensure safety. Strict labelling requirements apply, including product name, batch number and warning signs.
- **Quality control:** products are only accepted in accordance with our specifications, as well as national, local and industry standards. We typically require a one-year warranty period. Should any quality issues arise during the warranty period, the suppliers are responsible for replacement or repairs.

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

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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.

Customer C, one of our five largest customers in 2023 and 2024, was also our supplier in 2023, 2024 and 2025. During the Track Record Period, we sold VC and FEC to Customer C. We procured high-purity solvents and liquid-state battery electrolyte from it in 2023 and 2024, and liquid-state battery electrolyte in 2025. Revenue generated from Customer C amounted to RMB62.8 million, RMB21.7 million in 2023 and 2024, respectively, accounting for 12.0%, 4.3%, respectively, of our total revenue in the same periods. Our purchases from Customer C amounted to RMB2.8 thousand, RMB1.8 thousand and RMB4.7 thousand, respectively, in 2023, 2024 and 2025, accounting for less than 0.1% of our total purchases in each of those same years.

Customer E, one of our five largest customers in 2023 and 2025, was also our supplier in 2024 and 2025. During the Track Record Period, we sold VC and FEC to Customer E. We procured product samples from it in 2024 and liquid-state battery electrolyte in 2025. Revenue generated from Customer E amounted to RMB33.9 million and RMB41.0 million, respectively, in 2023 and 2025, accounting for 6.5% and 4.7%, respectively, of our total revenue in the same periods. Our purchases from Customer E amounted to RMB1.1 thousand and RMB11.3 thousand, respectively, in 2024 and 2025, accounting for less than 0.1% of our total purchases in each of those same years. We did not make procurements from Customer E in 2023.

Supplier G, one of our five largest suppliers in 2025, was also a customer of ours in 2023, 2024 and 2025. We procured EC from it in 2025, and we sold VC and FEC to it during the Track Record Period. Our purchases from Supplier G amounted to RMB52.7 million in 2025, accounting for 9.3% of our total purchases in the year, while our revenue generated from Supplier G accounted for 0.5%, 0.9% and 2.1%, respectively, of our total revenue in the same periods.

Our Directors confirmed that all of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on arm’s length basis. Salient terms of our transactions with our overlapping customers and suppliers are generally similar to those of our other customers and suppliers, and we do not have special arrangement with overlapping customers and suppliers that is materially different from other normal transactions.

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Our Historical Loss

Our financial performance is subject to industry cyclicality. During the Track Record Period, the lithium-ion battery electrolytic additive industry underwent cyclical adjustments, which materially affected our financial performance. See “Financial Information — Key Factors Affecting Our Results of Operations.” According to CIC, as an increasing number of market participants entered into the lithium-ion battery industry in 2022, the selling prices of our products gradually declined. Market competition intensified significantly in 2024 with substantial industry-wide over-capacity, resulting in a further sharp decrease in the selling prices of our products. Driven by the strong market demand from ESS and NEV industries and the phase out of overcapacity in 2025, the market price of our VC and FEC products has started to increase in the third quarter of 2025 and increased significantly in the fourth quarter of 2025. See “Financial Information — Description of Selected Items of Our Consolidated Statements of Comprehensive Income — Revenue” for details regarding the fluctuations of average selling prices. As a result, we recorded net loss of RMB33.9 million, RMB188.6 million and RMB2.6 million in 2023, 2024 and 2025, respectively. According to CIC, most of the global lithium-ion battery electrolyte additive suppliers was loss-making 2023 to 2025. See “Industry Overview — Competitive landscape of the lithium-ion battery electrolyte additive industry”. As a result, our pricing is adversely influenced by competitive dynamics within the industry.

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Our Path to Sustainable Profitability

Notwithstanding the industry challenge in 2024, our financial performance had a recovery trajectory in 2025 primarily driven by: (i) the growing industry landscape and favorable policy support enhancing our bargaining power; (ii) cost and expenses control and economics of scales; and (iii) product diversification.

Growing Industry Landscape and Favorable Policy Support

We operate in an industry with substantial long-term growth potential supported by the global transition to clean energy and electrification. According to CIC, it is expected that the shipment volume of lithium-ion battery electrolyte additives in China will exceed 342.8 kilotonnes by 2030, representing a CAGR of 22.4% from 2025 to 2030. In addition, driven by the fast-paced and continued development in ESS, NEVs, consumer electronics, humanoid robotics and low-altitude economy, the global lithium-ion battery electrolyte additive shipments are expected to reach 391.5 kilotonnes by 2030, representing a CAGR of 23.7% from 2025 to 2030. This substantial market expansion is underpinned by strong growth of shipment volume in VC (expected CAGR of 25.0% from 2025 to 2030) and FEC (expected CAGR of 23.1% from 2025 to 2030). Further, in 2025, the price of lithium-ion battery electrolyte additives in China was RMB50 thousand per tonne. Driven by growing downstream demand and supply constraints, the price will continue to climb and peak at around RMB160 thousand per tonne in 2028.

In addition, the lithium-ion battery industry in general benefits from favorable government policies and regulatory support. Supported by the “Opinions of the CPC Central Committee and the State Council on Accelerating the Comprehensive Green Transformation of Economic and Social Development” (《中共中央、國務院關於加快經濟社會發展全面綠色轉型的意見》), policy frameworks have clearly emphasized accelerated progress in high energy density, long cycle life and high safety battery technologies, while continuing to advance the electrification of the NEV sector. The “Development Plan for the New Energy Vehicle Industry (2021–2035)” (《新能源汽车產業發展規劃(2021–2035年)》) explicitly outlines and promotes the implementation initiatives for development of cathode and anode materials and battery electrolytes. The “Work Plan for Stabilizing Growth in the Automotive Industry (2025–2026)” (《汽车行业穩增長工作方案(2025–2026年)》) also offers strong policy support for technology breakthroughs in various sectors, including solid-state batteries. In Europe, “Regulation (EU) 2019/631” and its subsequent amendments have progressively tightened vehicle-level carbon emission standards, reinforcing the central role of power batteries within the vehicle architecture.

We believe that the combination of a growing industry landscape with robust demand growth across key application sectors and favorable policy support positions us well to enhance our bargaining power, thereby further improving our profitability.

Cost and Expenses Control and Economies of Scale

Our future profitability depends significantly on our ability to control costs and operating expenses, which are affected by a number of factors, such as costs of raw materials, manufacturing costs, and operational efficiency.

We place a strong emphasis on cost control and supply-chain efficiency. To this end, we have developed proprietary core technologies for key raw materials recycling. For example, in the production of VC, we have successfully industrialized the recovery of TEA from TEA hydrochloride, reducing total consumption by over 85%. In addition, our solvent recovery units are able to decrease consumption by over 75%. Such production process greatly assists us in resource recycling and cost reduction. Our cost control had been effective as evidenced by the improvement of our costs-to-revenue ratio from 122.9% in 2024 to 90.3% in 2025, leading to a successful transition from gross loss to gross profit. The total of our research and development expenses, administrative and other operating expenses and selling expenses, as a percentage of our total revenue, also decreased from 29.4% in 2024 to 19.6% in 2025.

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In addition, we expect to achieve effective reductions in unit production costs as we continue to expand our production capacity and improve overall utilization rates, which is expected to achieve further economies of scale. As production volumes increase, our fixed manufacturing costs per tonne are expected to decline due to improved economies of scale, thereby enhancing cost competitiveness. Our expanded scale is also expected to strengthen our bargaining power with suppliers, which is expected to effectively control our costs of raw materials. We believe that our success in cost and expenses control and our further economies of scale will enhance our ability to improve profitability.

Product Diversification

We are continuing to expand and enhance our product portfolio to capture future growth opportunities and address evolving industry trends. For example, we were in the process of developing solid-state battery materials technologies and high-performance functional additives as of the Latest Practicable Date. By providing more advanced products with high technology, we expect to charge satisfactory prices to improve our profitability.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

Our inventories comprise raw materials, spare parts, semi-finished goods, work-in-progress (WIP), finished goods, goods dispatched (or goods out on consignment), and materials in outsourced processing. To better control and manage our inventories, we have implemented an inventory management system whereby incoming and outgoing materials and supplies are documented and monitored on a regular basis to ensure an optimal inventory level to satisfy the needs of our customers and to minimize any wastage on inventory and to avoid obsolete inventory.

We engage qualified third-party logistics service providers for the delivery of all finished goods from our warehouse and packaging and testing facilities to locations specified by our customers. We select logistics service providers based on their reputation, scale of operations, track record and price. We set strict standards for the transportation of our products and conduct regular evaluations to ensure compliance and efficient delivery. In addition, our strategic supply system offers comprehensive coverage throughout China and our key overseas markets. This extensive network enables us to provide focused services to key domestic customers located within a 200-kilometer radius ensuring delivery within one to two days.

QUALITY CONTROL

Guided by a customer-centric philosophy, we are committed to the continuous improvement of our quality control standards. To ensure the highest standards of operational integrity, we have implemented a comprehensive total quality control (TQC) framework in strict accordance with international management system standards. Our quality control system focuses on the following key pillars:

- **Rigorous supply chain management:** we enforce a stringent supplier qualification system. Beyond initial entry barriers, we conduct periodic performance reviews of existing vendors to guarantee the long-term stability and reliability of raw material supply.
- **Audit-driven optimization:** through a combination of internal quality audits and external customer-led inspections, we identify opportunities for systemic improvement. We employ a closed-loop corrective action mechanism to ensure that all identified issues are resolved and prevented from recurring.
- **Continuous improvement initiatives:** we systematically conduct management reviews and quality audits with different focuses. These initiatives facilitate the ongoing purification of our quality management architecture and foster a culture of technical excellence.

In recognition of our quality control measures, have received ISO9001 certifications illustrating our ability to consistently provide quality products and/or services that meet our customers’ needs and regulatory requirements.

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During the Track Record Period and up to the Latest Practice Date, we did not experience any material product recall that adversely impacted our reputation, business operations or financial condition, and were not subject to any material product liability claim.

INTELLECTUAL PROPERTY

We possess extensive intellectual property rights and a robust patent portfolio. As of the Latest Practicable Date, we had obtained a total of 138 patents, including 87 invention patents, 49 utility model patents and 2 design patents. The details of the intellectual property rights owned by our Group are set out in “Appendix VI — Statutory and General Information — Further information about our Business — B. Intellectual Property Rights”.

We have established a robust intellectual property protection system to safeguard our core technological innovations and R&D investments, including (i) filing for patent and other intellectual properties protection; (ii) regularly review patent notices; (iii) timely file motions and answers when our patents are being infringed upon; (iv) pay annual fees for our patents; (v) entering into strict confidentiality agreements with technical personnel; and (vi) encrypting our advanced data. We also monitor changes in intellectual property laws to ensure our projects and latest technology are protected. In addition, by actively participating in the formulation of industry and group standards, we strive to promote sectoral standardization and demonstrate our technical leadership.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our intellectual property rights. It is difficult to monitor unauthorized use of technology or know-how. Furthermore, any IP infringement by upstream suppliers could affect us by involving us in secondary disputes regarding the downstream product sales. Any such misappropriation or legal conflict could result in costly litigation, distract management or lead to claims for damages, which may ultimately have a material adverse effect on our business, financial condition and results of operations.

PROPERTIES

We own and lease certain properties primarily to be used as production facilities, R&D centers, warehouses, offices and other ancillary purposes.

Owned Properties

As of December 31, 2025, we had 12 properties in the PRC with a total gross floor area (“GFA”) of 511,912.8 square meters, which is mainly used for production, research and development, warehousing, office and other supporting purposes. We had obtained the ownership certificates for all of our land as of the Latest Practicable Date.

Leased Properties

As of the Latest Practicable Date, we leased four properties in the PRC with an aggregate GFA of 1,106.6 sq.m. Our leased properties are primarily used as dormitories. As of the Latest Practicable Date, one of our leased properties had not been registered with the relevant PRC authorities. As advised by our PRC Legal Advisor, such non-registration will not affect the validity of the lease agreement, but the relevant local housing administrative authorities may require us to complete registrations within a specified timeframe and we may be subject to a fine of between RMB1,000 and RMB10,000. Our Directors believe that such registration defect does not and will not materially impact our ability to use the properties, as the leases remain valid, and sufficient alternative premises are available in the market should relocation become necessary. We will continue to liaise with the respective lessors to complete the registrations where feasible.

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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. See “Industry Overview”.

EMPLOYEES

As of December 31, 2025, we had a total of 1,211 employees. The table below sets out the number of employees in each of our business functions as of December 31, 2025.

Function	Number of employees	Percentage of total employees (%)
Production	805	66.5
R&D and technical	147	12.1
Sales and marketing	17	1.4
Financial	15	1.2
Administration	227	18.8
Total	1,211	100.0%

Our workforce comprises highly trained workers and professionals from various fields and academic backgrounds, many of which have extensive knowledge and experience in the lithium-ion battery industry. In particular, our management team possesses profound industry insight and extensive practical experience, with founding members averaging over 20 years of tenure in the lithium-ion battery materials sector. This deep expertise allows us to seize market opportunities at suitable timings and drive exponential growth, solidifying our leading position in the industry.

In addition, we recognize human capital as our cornerstone of innovation. We offer competitive remuneration and benefits, with opportunities for career development in order to attract the best talent. We have established a multi-dimensional incentive framework, comprising equity incentives and specialized awards, to ensure the long-term stability and growth of our R&D and management teams. Our employees’ remuneration is determined based on functions, performance appraisals and market practices. For critical positions, we implement performance-oriented equity incentive schemes to align core personnel interests with our long-term development. Our compensation and reward scheme aim to cultivate a skilled team of research and development who form the pillar to our continued growth and success. We are constantly growing our team of junior- and middle-level managers with technical expertise and experience, cultivating them to be our future leaders.

As required by the PRC laws and regulations, we participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, maternity insurance, work-related injury insurance and the housing provident fund and pay social insurance premiums and housing provident fund contributions in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees.

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We believe we maintain good relationships with our employees. Our employees are represented by a labor union through elected representatives. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes or labor disputes with our employees which have had or are likely to have a material effect on our business.

INSURANCE

As of December 31, 2025, we had property insurance, product liability insurance, work safety liability insurance and group accident insurance. Most of our insurance policies are subject to standard deductions, exclusions and limitations. We believe that these insurance policies cover the major risks in our day-to-day operations. During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies. According to CIC, our insurance coverage during the Track Record Period and up to the Latest Practicable Date was in line with industry practices. However, the risks related to our business and operations may not be fully covered by insurance. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may be inadequate to cover all significant risk exposures”.

LICENSES, PERMITS AND CERTIFICATES

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite material licenses, permits and approvals from relevant authorities for our operations. We are required to renew some of such licenses, permits and approvals from time to time, and we currently do not expect any material difficulties in or legal impediment to such renewals.

The following table sets out a list of material licenses, permits and approvals held by us (apart from those pertaining to general business requirements, such as business licenses) as of the Latest Practicable Date:

<u>License/Permit</u>	<u>Holder</u>	<u>Authority</u>	<u>Granting Date</u>	<u>Expiration Date</u>
Safety production license	Company	Emergency Management Department of Jiangsu Province	October 25, 2025	May 22, 2028
Safety production license	Taixing Huasheng	Emergency Management Department of Jiangsu Province	November 15, 2024	December 27, 2027
Safety production license	Xianghe New Energy	Emergency Management Department of Hubei Province	December 11, 2025	December 10, 2028
Pollutant discharge permit	Company	Suzhou Municipal Ecology and Environment Bureau	February 27, 2024 June 20, 2024	February 26, 2029 June 19, 2029
Pollutant discharge permit	Taixing Huasheng	Taizhou Municipal Ecology and Environment Bureau	April 16, 2025 December 9, 2024	April 15, 2030 December 8, 2029
Pollutant discharge permit	Xianghe New Energy	Xiaogan Municipal Ecology and Environment Bureau	September 9, 2024	September 8, 2029

We have also obtained various ISO management system certifications for our operations, such as Certificate of Environmental Management System (環境管理體系認證證書) (ISO 14001), Certificate of Quality Management System (質量管理體系認證證書) (ISO 9001) and Certificate of Occupational Health and Safety Management System (職業健康安全管理体系认证证书) (ISO 45001).

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RISK MANAGEMENT AND INTERNAL CONTROL

We have established a robust risk management and internal control system which we continually enhance to ensure the compliance of our business operations. Our internal control mechanisms are regularly reviewed and updated to maintain their effectiveness and adequacy. Additionally, we conduct periodic assessments of our risk management policies and internal control measures to ensure they align with our operational needs and regulatory requirements.

Financial Management

Our financial management covers accounting, budgeting, financial reporting and internal controls over cash and asset management. To foster accountability and operational efficiency, we maintain a clear segregation of duties within the finance team by assigning distinct roles and responsibilities. All financial activities are subject to rigorous approval procedures, with regular financial and variance analysis conducted to uphold accuracy, transparency and sound decision-making. Comprehensive policies guide our budgeting, forecasting, investment and cash management practices, while ongoing training and development for finance personnel ensure excellence, professionalism and compliance in all aspects of our financial operations.

Compliance Management

Our compliance management framework is structured to proactively monitor and address changes in laws and regulations, upholding the highest standards of integrity through strong anti-fraud, anti-bribery, anti-money laundering and anti-economic sanctions controls. Regular compliance training equips our staff with the knowledge needed to foster a culture of accountability and awareness. Robust systems are in place to identify, report and resolve non-compliance issues, supported by well-established procedures for managing compliance matters and legal disputes. Designated personnel continuously track regulatory developments to ensure our policies and procedures remain up to date.

Intellectual Property Management

We take a systematic approach to intellectual property management by developing clear policies for the application, registration, maintenance, renewal and protection of patents and copyrights. Our intellectual property assets are routinely audited and recorded in dedicated registers to ensure proper oversight. Procedures are in place to identify and address potential infringements, and employees and partners are generally required to sign confidentiality and intellectual property protection agreements. To reinforce compliance, we conduct regular training and awareness programs to ensure that all staff understand the importance of safeguarding intellectual property.

Human Resource Management

We have implemented clear policies covering recruitment, onboarding, performance appraisal, compensation, benefits and disciplinary actions. Strict measures are in place to manage personnel files, control access and maintain the confidentiality of employee information. Employees receive regular training and development opportunities, including orientation, compliance and professional development programs. We have established channels for employee feedback and complaints, with safeguards to protect those who raise concerns. Additionally, we are dedicated to promoting diversity, equity and inclusion while ensuring full compliance with all applicable labor laws and regulations in all material respects.

To ensure the effectiveness of our risk management policies, we have established an audit committee to oversee our financial reporting and internal control systems. The committee reviews the effectiveness of these systems and addresses any identified weaknesses, reporting significant issues to the Board of Directors in a timely manner.

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INFORMATION TECHNOLOGY

Our information technology systems are critical to our operations, including contract management, safety and quality control, documentation management, engineering management, human resources and accounting and finance. From time to time, we procure or develop new or upgrade existing information technology systems based on our business needs. We ensure the integrity and security of operational data through strict network security protocols and access control mechanisms. During the Track Record Period, we did not suffer any major information technology system failures or related losses.

The information technology systems we use in our business operations include, among others: (i) an enterprise resource planning (ERP) system, covering financial management, supply chain and cost management, enabling integrated business and financial management; (ii) a supplier relationship management (SRM) system, covering supplier onboarding, qualification review, sourcing and quotation, order synchronization, delivery management, performance evaluation, reconciliation and settlement and e-invoicing; (iii) an office automation (OA) system, covering workflow approval, document management, knowledge management and schedule management; (iv) a human resource management (HR) system, covering full-lifecycle of employee management and shift scheduling; (v) an identity and access management (IAM) system, enabling centralized identity management and access control services for all information systems and ensuring security and credibility of user identities and compliance with information security regulatory requirements; and (vi) a data encryption (DES) system, providing high-strength encryption protection and audit for our core business data, documents and storage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We attach great importance to environmental, social and governance (“ESG”) matters, actively advocate the low-carbon environmental protection concept, and are committed to improving the relevant working mechanisms. We integrate the ESG concept into all business links of the company, guide and coordinate the subordinate companies to fulfill social responsibilities, create favorable social and environmental benefits, and facilitate the long-term sustainable development of the company.

ESG Governance

We have formulated a series of policies and procedures to promote the management of the company’s environmental, social and corporate governance matters. Going forward, our objective is to proactively identify and assess the actual and potential ESG risks that may affect our business, strategy and financial performance, comply with the recommendations set out in the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Listing Rules, and incorporate the consideration of ESG issues into our business, strategic and financial planning.

We are committed to building a sound ESG supervision system, deeply integrating environmental, social and corporate governance elements into the entire business process, and strictly abiding by the relevant laws and regulations on environmental protection. We will systematically identify potential ESG-related risks and opportunities, and proactively address various ESG issues through conducting environmental impact assessment and management. While actively exploring risk mitigation measures, we focus on the coordination and unification of economic benefits and sustainable development. We will adopt a phased promotion strategy and formulate clear, quantifiable ESG goals and timetables to ensure the effective implementation of tasks at each stage. In addition, we strive to foster a full-staff compliance culture and ensure that all employees fully understand and effectively fulfill ESG-related laws, regulations and internal requirements by establishing an inter-departmental coordination mechanism.

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The company’s board of directors fully performs the supervisory duties of ESG compliance, and the management reports the progress and effectiveness of work to the board of directors on a regular basis, thereby building a normalized supervision closed loop and continuously improving the quality and efficiency of ESG compliance management.

Environment

Climate Change

Against the backdrop of the national strategic goals of “carbon peaking and carbon neutrality”, we have systematically carried out greenhouse gas emission reduction and control work in production and operation, and continuously reduced carbon emission intensity through measures such as implementing lean workshop operation management, conducting targeted technological transformation in production links, and purchasing and applying high-efficiency equipment. The table below sets out the details of the company’s greenhouse gas emissions during the track record period.

Indicator	Unit	As of 31 December		
		2023	2024	2025
Total (Scope 1 + 2) GHG emissions	tCO ₂ e	48,301.97	61,000.03	67,336.92
Scope 1 GHG emissions	tCO ₂ e	2,644.33	3,793.35	3,281.43
Scope 2 GHG emissions	tCO ₂ e	45,657.64	57,206.68	64,055.49

Notes: (1) The company’s total greenhouse gas emissions include Scope 1 and Scope 2 greenhouse gas emissions. (2) Scope 1 greenhouse gas emissions cover emissions generated by the company’s consumption of fossil energy in production; Scope 2 greenhouse gas emissions cover emissions from purchased electricity consumed by the company in production. (3) At present, Scope 3 emissions are not statistically disclosed due to difficulties in obtaining value chain data.

Environmental and Resource Management

We strictly abide by the Environmental Protection Law of the People’s Republic of China and other relevant environmental laws, regulations and standards, and attach importance to improving the corporate environmental governance system. The company’s environmental governance work implements the legal person responsibility system, with the general manager assuming overall management responsibility for the company’s environmental protection work. Meanwhile, we have established an Internal Environmental Management System covering all production bases, and promoted the standardization of the system relying on the ISO14001 Environmental Management System certification to achieve the coverage of the management system and certification scope. We are committed to minimizing the impact of operations on the ecology and natural resources, and have obtained the Green Factory certification and Cleaner Production certification, all of which are in valid existence. All the company’s plants strictly implement the daily environmental management requirements to ensure that production and operation comply with environmental protection laws, regulations and internal control norms, and achieve compliance of environmental performance. In addition, the company has established a sound emergency management system for sudden environmental incidents and organizes emergency drills every year to ensure rapid response and efficient disposal capabilities in emergency situations. No environmental pollution accidents occurred during the track record period.

Water Resource Management

In terms of water resource management, each subsidiary strictly abides by the relevant laws, regulations and standards on water resource management in the place of operation, and purifies the whole-process water use control measures to ensure the compliance and controllability of water use. All water used in the company’s production and operation is sourced from municipal tap water. For water resource conservation, we adhere to the principle of water conservation first and continuously

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promote water-saving technological transformation. We have steadily improved the utilization level of industrial circulating water and the efficiency of water resource utilization by investing in the construction of water-saving facilities such as reclaimed water reuse and cooling tower recycling.

Packaging Material Management

The company deeply recognizes the environmental impact of packaging materials and incorporates the recycling of packaging into daily operation management. For plastic pallets and steel ton barrels, we have established a recycling mechanism to achieve an efficient closed-loop management through standardized recycling, cleaning and re-input processes.

Emission Management

Upholding the concept of green development, we strictly follow the Air Pollution Prevention and Control Law of the People’s Republic of China, the Solid Waste Pollution Prevention and Control Law of the People’s Republic of China and various environmental protection laws, regulations and standards applicable to the company’s places of operation and target markets to ensure that all types of pollutant emissions always meet the limit requirements stipulated by the state and local governments. The company has established internal management systems such as the Waste Management System, continuously improved the pollution prevention and control system, strengthened the operation management of environmental protection facilities, improved environmental performance, and minimized the impact of business activities on the ecological environment.

Waste Gas Management

The company has built supporting treatment facilities such as RTO regenerative thermal oxidation and activated carbon adsorption for production waste gas to conduct comprehensive collection and effective treatment of waste gas; online monitoring systems are installed at all exhaust outlets to realize dynamic control of the whole emission process and ensure the stable up-to-standard discharge of waste gas.

Indicator	Unit	As of 31 December		
		2023	2024	2025
Particulate matter	ton(s)	0.30	0.19	0.94
VOC emissions	ton(s)	4.43	2.82	1.99

Wastewater Management

All the company’s plants strictly implement the sewage and clean water diversion system, and have built supporting special sewage treatment stations and reclaimed water reuse systems to realize the classified collection and standardized disposal of wastewater.

Indicator	Unit	As of 31 December		
		2023	2024	2025
Total wastewater discharge . .	m ³	62,359.18	73,570.47	51,987.76
Chemical Oxygen Demand (COD)	ton(s)	2.41	4.62	1.51
Suspended solids	ton(s)	0.98	0.83	0.24
Ammonia nitrogen	ton(s)	0.12	0.27	0.05

Waste Management

The company has set up full-time positions responsible for waste management and established a sound classified storage and account registration control system. General solid waste is entrusted to qualified third-party units for harmless or resource-based disposal; hazardous waste is disposed of in

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a classified manner. The company co-processes part of the hazardous waste through its own incineration facilities and strictly controls the up-to-standard discharge of incineration tail gas; the remaining hazardous waste is disposed of in a standardized manner by qualified third parties. All hazardous waste disposal processes comply with the requirements of environmental protection laws and regulations.

Indicator	Unit	As of 31 December		
		2023	2024	2025
General solid waste.	ton(s)	30	40	30
Hazardous waste	ton(s)	6,801.46	8,567.08	12,489.96

Energy Management

We attach great importance to the effective utilization of energy, have established internal systems such as the Energy Management System, and continuously promote energy-saving technological transformation, clean energy substitution and digital control.

We have actively promoted a series of measures such as production line transformation and equipment optimization to effectively reduce energy consumption. By optimizing the forced circulation pump in the MVR workshop, the company has improved the unit processing efficiency compared with the previous year, and the power consumption per ton of brine treatment has been significantly reduced. Meanwhile, the company has promoted the replacement of transportation vehicles with new energy sources. At present, electric forklifts are fully used in the plants, and new energy buses are adopted for employee commuter shuttles, which effectively boosts the company’s low-carbon transformation. In addition, the company has built a dedicated energy monitoring platform to collect real-time energy consumption data of all links, accurately identify abnormal energy consumption through intelligent analysis and visual display, and provide data support for the scientific formulation of energy-saving strategies.

Social

Supply Chain Management

We are actively building a low-carbon and efficient supply chain system, strengthening the whole-process management of the supply chain, and striving to integrate ESG elements into the supply chain management system. The company strictly implements the Supplier Procurement Control Procedure and maintains close cooperation with supply chain partners relying on a standardized access process; key raw material suppliers must pass sample testing and trial use before being included in the Qualified Supplier List to ensure the quality control of suppliers from the source. Meanwhile, we implement a hierarchical management system for suppliers and conduct dynamic adjustments based on performance.

Product Quality and Customer Service

The company regards product quality and safety as the core criteria for business development. In accordance with the Product Quality Law of the People’s Republic of China, the Metrology Law of the People’s Republic of China and other laws and regulations, we have formulated and implemented the Quality Management System, building a full-process quality management system covering raw material procurement, production control and finished product delivery, and realizing the standardization and traceability of key links.

To improve the accuracy and reliability of testing data, the company implements standardized management of various testing instruments and conducts regular metrological calibration. At the same time, the Quality Inspection Department improves employees’ quality management level through regular training to ensure the effective improvement of relevant personnel’s quality awareness and operational skills.

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In terms of customer service management, we have established a customer feedback handling mechanism, with the Quality Inspection Department being uniformly responsible for the response to customer complaints and product return incidents. For the problems reflected by customers, the Quality Inspection Department, in conjunction with relevant departments, conducts an in-depth analysis of the root causes, promotes the improvement and implementation of internal measures, and improves the quality management system while solving problems, effectively enhancing customer satisfaction.

R&D Innovation and Intellectual Property

We strive to enhance our innovation capability and continuously improve the internal intellectual property management. The Group Research Institute is responsible for the overall management of intellectual property, taking the lead in carrying out matters such as project application, confidentiality agreement and non-compete restriction control to effectively protect the company’s legitimate rights and interests. As of the Latest Practicable Date, the total number of authorized patents of the company reached 138, including 87 invention patents.

Focusing on core fields such as lithium-ion battery additives and solid-state battery electrolytes, the company has built an R&D innovation system with the headquarters research institute as the core and multi-professional departments operating in coordination, and set up a technical committee and an evaluation committee to ensure the standardized and efficient development of R&D work. In addition, the company actively deepens the industry-university-research collaborative innovation and has established industry-university-research cooperation with the Institute of Chemistry of the Chinese Academy of Sciences, Soochow University and other institutions to provide strong support for continuous innovation.

Data Security and Privacy Protection

In accordance with the Cyber Security Law of the People’s Republic of China, the Data Security Law of the People’s Republic of China, the Personal Information Protection Law of the People’s Republic of China and other laws and regulations, the company has built an information security management system covering the entire cycle life of data with reference to the ISO/IEC 27001 standard and obtained the ISO27001 Information Security System certification.

We have formulated and implemented the Information Security Management System, clearly requiring employees to fulfill the confidentiality obligation for sensitive information such as the company’s technical data, business data and customer information. Meanwhile, the company further uses technical means such as unified identity authentication and data encryption to continuously improve the information security protection system and effectively safeguard the security of information systems and data.

In daily operation and control, the company implements purified control around the whole process of information security: on the one hand, it carries out regular work such as cross-border information control, phishing email prevention and cyber security protection; on the other hand, it adopts a dual backup mechanism of local and network storage, and formulates a sound disaster recovery emergency plan to comprehensively improve the information security risk prevention and control and emergency disposal capabilities.

No major information security risk incidents occurred during the track record period, nor did any losses occur due to the disclosure of customer privacy.

Employee Employment and Rights Interests

We strictly abide by the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China and other laws and regulations, sign employment contracts with employees, and formulate internal management systems such as the Employee Handbook. We follow

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the employment principles of legality, fairness, equality, free will and good faith, actively practice the concept of employee diversity, and strictly prohibit the use of child labor, forced labor and any form of infringement of employees’ rights and interests.

The company attaches great importance to employees’ opinions and feedback and has built an open, transparent and unobstructed channel. To further listen to employees’ voices and understand their needs, we conduct an employee satisfaction survey oriented to promoting growth for all employees every year, and promote problem rectification and management optimization based on the survey results to continuously improve employees’ sense of happiness and satisfaction.

Talent Training and Development

We attach great importance to employees’ growth and career development, and have established a multi-level career development system covering management, functions, production, technology, R&D, sales and other fields, providing employees with clear promotion paths and diversified development platforms. The company has formulated supporting systems such as the Management System for Promotion, Job Transfer and Demotion, improved an open, transparent, fair and impartial promotion mechanism, and systematically supported employees to achieve continuous growth in different sequences to realize the common development of individuals and enterprises.

Centering on the sustainable development and talent development strategy, the company has formulated and implemented internal systems such as the Training Management System and the Internal Trainer Management System, building a multi-level training system that combines off-the-job training with on-the-job training, theory with practice, and internal training with external training. Each business department plans training topics based on annual business needs, adopts a mixed teaching model combining centralized teaching and online learning, and carries out systematic training relying on internal and external teachers to effectively promote the transformation of learning results into work performance and continuously improve employees’ professional capabilities and comprehensive quality.

Meanwhile, the company encourages eligible employees to join the internal trainer team, and improves the internal talent training and knowledge inheritance mechanism through diversified incentive measures such as providing personal growth opportunities, external training, post subsidies and course rewards, so as to provide solid talent support for the sustainable and healthy development of the company.

Remuneration and Benefits

The company’s Employee Handbook clearly stipulates the remuneration management system. On the basis of paying the “five social insurances and one housing fund” in full and in accordance with the law, the company also purchases work safety liability insurance for employees, and provides diversified benefits and care consolations such as health check-ups, festival benefits, high-temperature subsidies, children’s further education subsidies and senior employee rewards to fully care for employees’ well-being. To stimulate employees’ enthusiasm and sense of belonging, the company has established a long-term incentive and restraint mechanism and implemented the Equity Incentive Plan, allowing core employees to participate in corporate governance and share development results as shareholders. In addition, the company focuses on creating a positive workplace atmosphere and regularly organizes a variety of activities such as fun sports meets, single friendship events and team building trips to enhance team cohesion and employees’ sense of happiness.

Occupational Health and Safety

We strictly abide by the Work Safety Law of the People’s Republic of China and the Occupational Disease Prevention and Control Law of the People’s Republic of China, formulate and implement relevant systems such as the Integrated Management Manual, and comprehensively

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protect the occupational health and safety of employees in high-risk positions. At present, the company’s major subsidiaries and branches have obtained the ISO 45001 Occupational Health and Safety Management System certification, and carry out regular safety education and training, organize emergency drills, identify risk sources regularly and formulate emergency plans. Meanwhile, the implementation of various safety measures is incorporated into daily performance appraisal to ensure that responsibilities are assigned to individuals and implemented in place.

In addition, the company has deployed and operated a “five-in-one” coordination system, equipped with intelligent facilities such as personnel positioning and intelligent positioning cards, and implemented the whole-process online monitoring of key process and safety parameters such as major hazard sources, temperature and pressure. It strengthens the whole-process and whole-chain safety control by virtue of digital means, and effectively builds a strong defense line for production safety.

Community Communication

We actively assume corporate social responsibilities and contribute corporate warmth to public welfare fields such as education assistance, people’s livelihood security and community care. In recent years, the company has continuously donated money to public welfare organizations such as the Charity Foundation of Zhangjiagang Free Trade Zone, and the Charity Association of Deji Street to pass on love. As of 31 December 2025, our cumulative donations reached RMB490,000.

Corporate Governance

Anti-Commercial Bribery

We always adhere to the core principles of honest operation and integrity and self-discipline, adopt a zero-tolerance attitude towards any form of bribery, corruption and improper commercial practices, and resolutely safeguard a fair, just and transparent business order to effectively protect the legitimate rights and interests of the company, shareholders and all stakeholders.

The company fully integrates business ethics and anti-corruption compliance requirements into the corporate governance system. The Audit Committee of the Board of Directors regularly organizes special ethical compliance audits to systematically investigate potential risks in business operations, identify problems in a timely manner and urge rectification and implementation, so as to continuously improve the company’s overall risk prevention and control capabilities.

Meanwhile, we have established an unobstructed, safe and efficient reporting channel, supporting both real-name and anonymous reports, and formulated a strict whistleblower protection mechanism to strictly prohibit any form of retaliation. We keep the reported information strictly confidential, conduct independent and impartial investigations and verifications on the reported matters, and make every effort to build a sunny, credible and fair business ecosystem.

IMPACT OF GEOPOLITICAL TENSIONS

Since early 2025, the U.S. administration has implemented a series of tariff increases on Chinese imports, with rates fluctuating significantly throughout the year. On October 10, 2025, the U.S. announced its intention to impose new tariffs of 100% on imports from China starting November 1, 2025.

Our revenue generated from overseas markets accounted for 15.9%, 11.8% and 4.5% in 2023, 2024 and 2025 of our total revenue, respectively. We do not rely on any U.S.-originated technologies or raw materials for our operations. Our raw materials are sourced entirely within China. Given our limited export activities in connection with the U.S. during the Track Record Period, our Directors believe that the recent tariffs have had no material or immediate direct impact on our supply chain, production, operations and financial performance during the Track Record Period and up to the Latest Practicable Date. Additionally, as we currently do not target nor plan to shift our strategic

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focus to the U.S. market and the U.S. market is not expected to account for a significant portion of our revenue, our Directors are of the view that the recent tariffs will not have any material adverse impact, directly or indirectly, on our operations and financial performance in the near to mid-term.

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. During the Track Record Period and up to 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”.

AWARDS AND RECOGNITIONS

During the Track Record Period, we have received various awards recognizing our achievements and capabilities in innovation, R&D, manufacturing and corporate responsibility. The table below sets out a summary of significant awards and recognitions that we have received during the Track Record Period and up to the Latest Practicable Date.

Year	Award	Awarding Body
2025	Provincial Green Factory (省級綠色工廠)	Department of Industry and Information Technology of Jiangsu Province (江蘇省工業和信息化廳)
2025	Provincial Smart Factory (省級智能工廠)	Department of Industry and Information Technology of Jiangsu Province (江蘇省工業和信息化廳)
2024	National Post-doctoral Research Station (國家級博士後科研工作站)	Office of National Post-Doctoral Regulatory Commission (全國博士後管理委員會辦公室)
2023	Suzhou Headquarters Enterprise (蘇州市總部企業)	Office of the Suzhou Leading Group for Headquarters Economic Development (蘇州市總部經濟發展領導小組辦公室)
2013	Second Prize of the National Technological Invention Award (國家技術發明二等獎)	State Council of the PRC (中華人民共和國國務院)
2013	First Prize of the Scientific and Technological Invention Award (科學技術發明一等獎)	China National Light Industry Council (中國輕工業聯合會)
2006	National Torch Program (國家火炬計劃項目)	Ministry of Science and Technology of the PRC (中華人民共和國科學技術部)
2005	High-Tech Product of Jiangsu Province (江蘇省高新技術產品)	Department of Science and Technology of Jiangsu Province (江蘇省科學技術廳)