This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire Document before you decide to [**REDACTED**] *in the* [**REDACTED**].

There are risks associated with any [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in the section headed "Risk Factors". You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**]. *Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this Document.*

OVERVIEW

Who We Are

We are one of the earliest explorers in recycling and manufacturing critical metal resources and recycling lithium-ion batteries, as well as holding a leading position in manufacturing new energy materials. We adopt an "urban mining" recycling business model that reduces pollution while regenerating resources, through which we mitigate global greenhouse effects and advance carbon reduction and neutrality, implementing green development principles and driving the global transition to sustainable growth.

Since our inception in 2001, we have formed an integrated business operation covering three key businesses as below:

Critical Metal Resources: Leveraging our technology advantages, we engage in the recycling of critical metal resources, and we generate revenue primarily from the sales of nickel-based, cobalt-based and tungsten-based products, which are widely used as raw materials for the production of batteries and alloy. According to Frost & Sullivan, based on recycling volumes in 2025, we ranked first in China in the recycling of nickel, cobalt, tungsten resources. We are one of the early explorers in the industry in developing smelting technologies for nickel, cobalt and tungsten and applying hydrometallurgy to produce mixed hydroxide precipitate ("**MHP**") and other related intermediates. We started to produce MHP and other nickel-based metal products in 2023 and have developed the world's largest laterite nickel ore autoclave. In collaboration with our industrial partners, we have led the development of the production base in Indonesia with annual MHP production capacity of 150,000 tons. We rank among the top three globally in terms of MHP equity production volume in 2025.

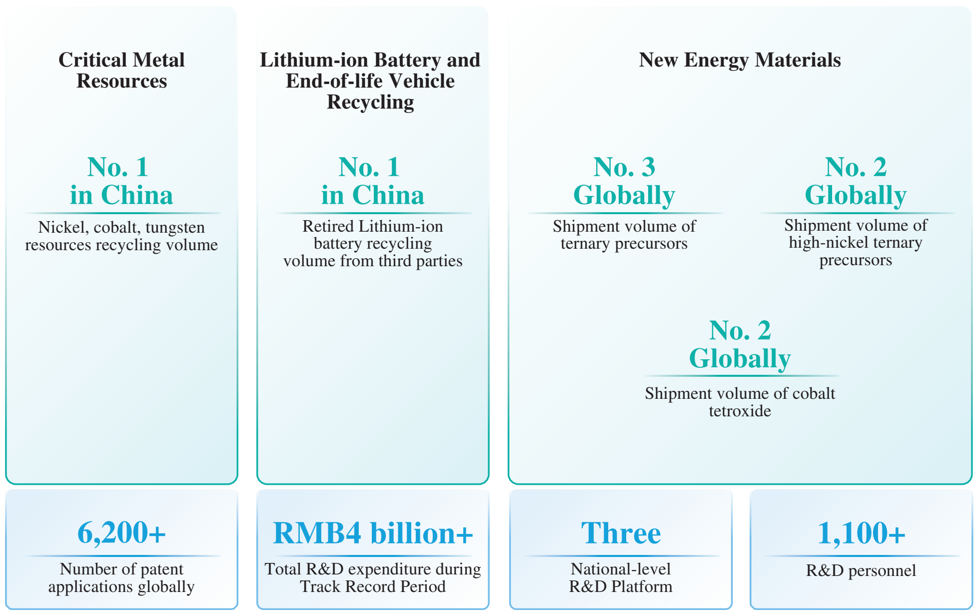
Lithium-ion Battery and End-of-Life Vehicle Recycling: We recycle batteries sourced from third parties and end-of-life electric vehicles ("**EVs**") and generate revenue from the sales of (i) re-use batteries, (ii) metal intermediates for battery production, such as black mass, lithium phosphate, iron phosphate and lithium carbonate. We also generate revenue from the sales of metal products recycled from end-of-life vehicles, such as steel, aluminum and copper. We have formed partnerships with over 1,100 automotive companies and battery manufacturers worldwide and established six lithium-ion battery recycling subsidiaries in China that are included in the Ministry of Industry and Information Technology ("**MIIT**") whitelist. In 2025, we ranked first in China in terms of retired lithium-ion battery recycling volume from third parties, according to Frost & Sullivan.

New Energy Materials: Our new energy materials business generates revenue primarily from production and sales of (i) ternary precursors for the production of lithium-ion batteries, (ii) cobalt tetroxide for the production of 3C electronics batteries and (iii) cathode materials for the production of lithium-ion batteries. We have formed long-term and stable partnerships with nine of the world's top ten lithium-ion battery companies. In terms of shipment volume in 2025, we were the third largest supplier of ternary precursors and the second largest supplier of cobalt tetroxide globally, according to Frost & Sullivan. In addition, with our production capabilities of refined intermediates from MHP production, critical metal resources and lithium-ion battery recycling, we have the capabilities to self-supply certain key raw materials for the production of our new energy materials. During the Track Record Period, our revenue is mainly derived from new energy materials business.

- **Ternary Precursors and Cathode Materials**: We have a comprehensive product portfolio covering mainstream nickel cobalt manganese and nickel cobalt aluminum series products. Our high-nickel products and high-voltage products accounted for over 90% of total shipments in 2025. The shipment volume of our 8-series and 9-series high-nickel ternary precursor materials ranked second globally in 2025, according to Frost & Sullivan. In 2025, we ranked among the top 15 global ternary cathode material suppliers by shipment volume, with shipments of approximately 26.6 thousand tons, representing a market share of approximately 2.7%.

- **Cobalt Tetroxide**: Our cobalt tetroxide is widely used for lithium cobalt oxide products and we have been certified by the MIIT as a "Manufacturing Single-Product Champion" (製造業單項冠軍). According to Frost & Sullivan, in terms of shipment volume in 2025, our cobalt tetroxide accounted for over 20% of global supply.

Leveraging our technology expertise, synergies among our business segments, global production capability, and industrial alliances, we have the following achievements in each industry in 2025 and R&D achievements as of the Latest Practicable Date and/or during the Track Record Period:



See "Business – Overview."

OUR BUSINESS AND PRODUCTS

Centered on circular economy within our business, we have been dedicated to the recycling and utilization of critical metal resources since our inception. Building on our established market position in the critical metal resources industry, we have further expanded our operations to lithium-ion battery and end-of-life vehicle recycling and new energy materials manufacturing, establishing a fully integrated closed-loop business model that spans critical metal resources, lithium-ion battery and end-of-life vehicle recycling and new energy material manufacturing.

- ***Critical Metal Resources***

  Since our establishment in 2001, we have built a strong presence in the critical metal resources industry. We made early investments in the refining of raw metal intermediates and ore smelting particularly in the sectors of nickel and cobalt. While steadily enhancing our R&D capabilities across these critical metals, we have successfully commercialized the recycling of nickel, cobalt, tungsten and other critical metals. We are also one of the early explorers in the industry in using hydrometallurgy to produce nickel-based products, which is an extractive metallurgy process that uses aqueous solutions to extract and recover metals. We operate the world's largest high-pressure acid leaching ("**HPAL**") facility, utilizing this advanced technology to smelt limonite nickel ore, which could hardly be smelted through traditional pyrometallurgy. The process also enables the efficient smelting of other metal resources associated with laterite nickel ore, enhancing overall economic value of our critical metal resource business. Compared with the traditional pyrometallurgical methods, our HPAL technology offers significant advantages in carbon emissions and energy consumption, with electricity usage amounting to only approximately 10% to 20% of that required by pyrometallurgy, resulting in substantially lower carbon emissions. Furthermore, the HPAL process allows for the co-extraction of critical metals such as cobalt during the production of MHP, thereby increasing the profitability of our operations and enabling cost-sharing across multiple metal products.

We primarily produce MHP and refined metal intermediates, including nickel plates, cobalt powder, cobalt flakes, ammonium paratungstate ("**APT**"), tungsten powders, and tungsten carbide powders. We flexibly allocate MHP and refined metal intermediates between internal use and external sales based on prevailing market conditions and pricing dynamics in different regions. As we mainly produce MHP in Indonesia, we may sell MHP externally when MHP prices in Indonesia and other overseas markets are high, and procure MHP or similar raw materials in domestic markets for the production of our new energy materials business, where prices are more favorable during the same period to achieve cost management and maximize our profitability. Our capability to self-supply key raw materials for our new energy materials business ensures stable raw material supply and cost competitiveness. This flexible internal and external supply arrangement strengthens our supply chain resilience and supports revenue diversification. During the Track Record Period, among all the MHP we produced, 32.3%, 12.2% and 20.2% were used as raw material for our own production.

The table below sets forth the revenues, sales volumes and average selling prices of our critical metal resources products during the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Nickel-based products			
Revenue (RMB'000)	2,402,038	5,848,146	7,328,925
Sales volume (tons)	21,113	57,825	68,763
Average selling price(1) (RMB/ton)	113,771	101,135	106,582
Cobalt-based products			
Revenue (RMB'000)	1,628,141	2,055,122	2,493,614
Sales volume (tons)	7,120	12,557	12,432
Average selling price(1) (RMB/ton)	228,672	163,663(2)	200,580(2)
Tungsten-based products			
Revenue (RMB'000)	1,013,236	1,656,889	2,438,465
Sales volume (tons)	4,968	6,486	7,266
Average selling price(1) (RMB/ton)	203,952	255,456	335,599(3)

Notes:

(1) Average selling price is calculated as revenue for the year divided by sales volume for the same year.

(2) The average selling price of cobalt-based products was generally in line with the market price trend of cobalt metal.

(3) The average selling price of tungsten-based products was generally in line with the upward market price trend of tungsten.

- ***Lithium-ion Battery and End-of-Life Vehicle Recycling***

In light of the accelerating pace of lithium-ion battery retirements and increasingly stringent global policies on battery recycling, we have expanded our operations to lithium-ion battery recycling. We sourced retired lithium-ion battery from leading automakers, battery manufacturers, fleet operators and vehicle dismantling companies. We also recycle lithium-ion batteries from end-of-life EVs we have collected from our end-of-life vehicle recycling business. The procurement costs are mainly determined by the metal content for ternary lithium batteries and remaining capacity for lithium iron phosphate ("**LFP**") batteries, as well as relevant market prices. Some of these batteries are reused while other batteries are dismantled through a series of physical and chemical process to produce metal intermediates for battery production, such as black mass, lithium phosphate, iron phosphate and lithium carbonate. We also generate revenue from the sales of other metal products recycled from end-of-life vehicles such as steel, aluminum and copper.

In terms of our total recycling volume of retired lithium-ion batteries from third parties, we recycled 27 thousand tons, 36 thousand tons and 52 thousand tons of lithium-ion batteries in 2023, 2024 and 2025, respectively. We also recycled 120 thousand tons, 280 thousand tons and 300 thousand tons of end-of-life vehicles in 2023, 2024 and 2025, respectively.

- ***New Energy Materials***

Leveraging the synergistic integration of our critical metal resources business and lithium-ion battery recycling operations, as well as our advanced technologies and global production capacity, we have become a well-established manufacturer of new energy materials, establishing a full life-cycle value chain for lithium-ion batteries. Our new energy materials manufacturing contributed significantly to our revenue during the Track Record Period. Our new energy materials business generates revenue primarily from production and sales of (i) ternary precursors for lithium-ion batteries, (ii) cobalt tetroxide for 3C electronics batteries and (iii) cathode materials for lithium-ion batteries. As lithium-ion batteries advance towards higher capacity and new applications such as low-altitude aircraft and humanoid robots, demand for high-energy-density and high-performance battery materials is increasing. In response to these industry trends, we have proactively developed new materials and have already achieved mass production of ultra-high-nickel 9-series core-shell ternary/quaternary precursors. Our 9-series ultra-high-nickel core-shell precursors enable us to supply high-energy-density and long-range battery applications, particularly for high-end EV models and other products with stringent performance requirements, thereby strengthening our competitiveness and positioning us to better capture opportunities in premium application sectors. During the Track Record Period, our revenue generated from high-nickel ternary precursors, amounted to approximately RMB14.7 billion, RMB12.4 billion and RMB9.1 billion, representing approximately 48.2%, 37.4% and 24.5% of our total revenue and approximately 83.6%, 77.3% and 79.1% of our revenue generated from sales of ternary precursors in 2023, 2024 and 2025, respectively.

The table below sets forth the revenues, sales volumes and average selling prices of our new energy material products for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Ternary Precursor			
Revenue (RMB'000)	17,582,393	16,075,007	11,501,723
Sales volume (tons)	177,992	186,029	139,863(4)
Average selling price(1) (RMB/ton)	98,782	86,411(2)	82,236(2)
Cobalt Tetroxide			
Revenue (RMB'000)	1,627,991	2,032,043	5,504,961
Sales volume (tons)	11,002	20,664	29,040
Average selling price(1) (RMB/ton)	147,972	98,337	189,565(5)
Cathode materials			
Revenue (RMB'000)	1,756,270	1,807,281	2,955,477
Sales volume (tons)	10,046	20,168	26,578
Average selling price(1) (RMB/ton)	174,823	89,611	111,200(3)

Notes:

(1) Average selling price is calculated as revenue for the year divided by sales volume for the same year.

(2) The average selling price of ternary precursors was generally in line with the global market price, other than that in 2024, which was higher than the global market price during the same periods, primarily because a substantial portion of our sales of ternary precursors during the periods were ultra-high-nickel precursors, which featured higher average selling price due to their premium value.

(3) The average selling price of cathode materials in 2025 increased compared to that in 2024, while the global market price of cathode material remained relatively stable. This was primarily attributable to the recovery in our overseas demand and a higher proportion of sales of high-nickel cathode materials, which featured higher average selling price due to their premium value.

(4) The sales volume of ternary precursors in 2025 decreased compared to that in 2024 was primarily attributable to reduced production volume of ternary precursor, as we sold more of our nickel resources at the upstream stage in 2025 in order to maintain a relatively high profit margin.

(5) The average selling price of cobalt tetroxide in 2025 increased compared to that in 2024 was primarily attributable to the DRC's increasingly tight cobalt export policies which led to the upward market price trend of cobalt metal.

OUR PRODUCTION BASES

We have strategically located our production bases near major hubs of the new energy industry chain or main sites of critical metal resources. Our production bases mainly include pretreatment plants, processing plants and materials production factories. As of December 31, 2025, we owned a total of 12 production bases across China, Indonesia, and South Africa. Furthermore, we maintained equity investments in three production bases. See "Business — Our Production Facilities and Process."

The following table sets forth key operational metrics of our new energy materials segment:

	As of/for the year ended December 31								
	2023			2024			2025		
Products	**Production Capacity**	**Production Volume**	**Utilization Rate**	**Production Capacity**	**Production Volume**	**Utilization Rate**	**Production Capacity**	**Production Volume**	**Utilization Rate**
	(ton)	*(ton)*	*(%)*	*(ton)*	*(ton)*	*(%)*	*(ton)*	*(ton)*	*(%)*
Ternary Precursor	190,000	180,362	94.9	200,000	197,115	98.6	200,000	142,835	71.4
Cobalt Tetroxide	20,000	11,093	55.5	25,000	22,821	91.3	30,000	29,321	97.7
Cathode materials	12,500	10,183	81.5	22,500	20,449	90.9	30,000	26,996	90.0

The following table sets forth key operational metrics of our critical metal resources segment:

	As of/for the year ended December 31								
	2023			2024			2025		
Products	**Production Capacity**	**Production Volume**	**Utilization Rate**	**Production Capacity**	**Production Volume**	**Utilization Rate**	**Production Capacity**	**Production Volume**	**Utilization Rate**
	(ton)	*(ton)*	*(%)*	*(ton)*	*(ton)*	*(%)*	*(ton)*	*(ton)*	
Nickel-based products	35,000	30,329	86.7	75,000	64,641	86.2	106,667	85,567	80.2
Cobalt-based products	8,900	7,217	81.1	17,400	13,023	74.8	17,400	12,002	69.0
Tungsten-based products	7,000	5,010	71.6	7,000	6,531	93.3	9,000	7,443	82.7

Our Market Opportunities

Demand for critical new energy metals continues to grow alongside the expansion of new energy applications. According to Frost & Sullivan, nickel demand in China is expected to rise from 354.6 thousand metal tons in 2026 to 1,296.1 thousand metal tons in 2031, with the proportion of recycled nickel in total demand increasing to 32.1%; cobalt demand in China is projected to grow from 112.9 thousand metal tons in 2026 to 371.7 thousand metal tons in 2031, while the proportion of recycled cobalt in total demand is expected to increase to 36.5%. The demand for tungsten in China is expected to increase from 117.3 thousand metal tons in 2026 to 160.1 thousand metal tons in 2031, while the proportion of recycled tungsten in total supply is expected to reach 42.0% in 2031. Under the combined effects of policies supporting environmental protection and resource security, the recycling of critical metals will become increasingly prominent.

The rapid development in the EVs and 3C electronics industries has driven continuous increase in lithium-ion battery usage, leading to an increasing volume of retired lithium-ion batteries and creating significant opportunities for recycling business. According to Frost & Sullivan, the volume of retired EV batteries in China is estimated to grow at a CAGR of 53.6% from 2026 to 2031. It is projected that by 2031, approximately 15% of the nickel, cobalt and lithium required for that year's new EV battery production demand would be supplied through recycling.

According to Frost & Sullivan, in terms of shipment volume, lithium-ion battery cathode materials is expected to rise from 7,280.2 thousand tons in 2026 to 20,776.9 thousand tons in 2031, representing a CAGR of 23.3% from 2026 to 2031. In terms of shipment volume, ternary precursors is expected to rise from 996.2 thousand tons in 2026 to 3,472.2 thousand tons in 2031, representing a CAGR of 28.4% from 2026 to 2031. Driven by long-range requirements in EVs and new demand from low-altitude aircrafts and humanoid robots for high-nickel, high-voltage products, the penetration rate of high-nickel ternary precursors is expected to increase significantly in the coming years. The demand for cobalt tetroxide is projected to grow steadily, with shipments expected to reach 200.6 thousand tons by 2031, representing a CAGR of 8.7% from 2026 to 2031. In the future, ternary precursors and cobalt tetroxide will be driven by their core downstream industries, including EVs and 3C electronics, and other emerging applications such as low-altitude aircrafts and humanoid robots.

See "Business – Overview."

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and position us for continued growth:

- Strong market position in critical metal resources, lithium-ion battery recycling and new energy materials, empowered by our circular economy-based business model and driven by energy transition;
- Strong R&D capabilities supported by multi-layered innovation platform;
- End-to-end solution covering recycling and material remanufacturing;
- Comprehensive operations along the industry value chain;
- Multi-faceted global expansion and strategic production capacity deployment;
- Future-oriented leadership and a future-oriented talent structure; and
- Long-term commitment to ESG responsibilities and sustainable development.

See "Business – Our Competitive Strengths."

OUR STRATEGIES

We plan to further strengthen our market position by implementing the following business strategies:

- Continuously invest in R&D innovation to expand our technology foundation and upgrade our product portfolio;

- Expand our production capacity and improve our recycling capability to further expand our layout across the industrial chain;

- Advance intelligent manufacturing and smart operations, enhancing quality and profitability through digital transformation; and

- Expand our global footprint and promote our global resource recycling strategy to achieve sustainable and value-driven growth.

See "Business – Our Strategies."

CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers were primarily major materials manufacturers, battery producers and trading companies, and we did not engage distributors for the sales of our products. Revenue from the five largest customers in each year during the Track Record Period accounted for approximately 42.4%, 33.2% and 25.3%, respectively, of our total revenue for the respective year. Revenue from the largest customer in each year during the Track Record Period accounted for approximately 20.4%, 15.1% and 10.4% of our total revenue for the respective year. See "Business – Sales and Customers."

To the knowledge of our Directors, as of the Latest Practicable Date, none of our Directors and their respective associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest customers in each year of the Track Record Period.

Our suppliers primarily included international large-scale metals and mining companies, cemented carbide manufacturers, lithium-ion battery manufacturers, and automotive OEMs. Purchases from the five largest suppliers in each year during the Track Record Period accounted for approximately 23.2%, 21.8% and 26.0% of our total purchases for the respective year. Purchases from the largest supplier in each year during the Track Record Period accounted for approximately 7.9%, 6.2% and 6.6% of our total purchases for the respective year. See "Business – Supply Chain Management."

To the knowledge of our Directors, as of the Latest Practicable Date none of our Directors and their respective associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest suppliers in each year of the Track Record Period.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

In 2023, 2024 and 2025, two, four and four customers among our five largest customers in each year during the Track Record Period were also our suppliers in the corresponding year, and our procurement from them amounted to 4.9%, 6.3% and 4.7% of our total procurement amounts of raw materials in the corresponding period, respectively.

In 2023, 2024 and 2025, four, four and three suppliers among our five largest suppliers in each period during the Track Record Period were also our customers in the corresponding year, and our sales to them amounted to 11.8 %, 16.3% and 6.2% of our total revenue in the corresponding period, respectively.

For details, please see "Business — Overlapping of Customers and Suppliers."

COMPETITION

We operate our business in the industries of critical metal resource, lithium-ion battery and end-of-life vehicle recycling and new energy material, each of which is relatively concentrated with significant barriers to entry.

- In the critical metal resource industry, entry barriers include technical, regulatory, capital, and channel-related obstacles. We ranked first in China in the recycling of nickel, cobalt, tungsten resources in terms of recycling volume in 2025. We rank among the top three globally in terms of MHP equity production volume in 2025.

- In the lithium-ion battery recycling industry, market players face technology, qualification, and channel barriers. We have formed partnerships with over 1,100 automotive companies and battery manufacturers worldwide and established six lithium-ion battery recycling subsidiaries in China that are included in the MIIT's whitelist. In 2025, we ranked first in China in terms of retired lithium-ion battery recycling volume from third parties.

- In the new materials industry, entry barriers primarily consist of resource constraints, client acquisition challenges, and capital requirements. In terms of shipment volume in 2025, we were the third largest supplier of ternary precursors and the second largest supplier of cobalt tetroxide globally.

Our competitive strengths, such as strong R&D capabilities, and our end-to-end solution covering recycling and remanufacturing, and our integrated operations along the industry value chain, enable us to compete effectively with other market players.

See "Business – Competition."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets forth a summary of our consolidated statements of profit or loss in absolute amounts and as percentages of our revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Revenue	**30,528,635**	**100.0**	**33,199,829**	**100.0**	**37,123,585**	**100.0**
Cost of sales	(26,792,156)	(87.8)	(28,123,614)	(84.7)	(31,663,382)	(85.3)
Gross profit	**3,736,479**	**12.2**	**5,076,215**	**15.3**	**5,460,203**	**14.7**
Selling expenses	(99,681)	(0.3)	(113,747)	(0.3)	(115,073)	(0.3)
Administrative expenses	(866,458)	(2.8)	(949,517)	(2.9)	(1,111,620)	(3.0)
Research and development expenses	(1,202,843)	(3.9)	(1,101,208)	(3.3)	(1,205,804)	(3.2)
Profit for the year	**1,162,079**	**3.8**	**1,328,473**	**4.0**	**1,721,630**	**4.6**

Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use non-IFRS measures, including EBITDA (non-IFRS measures) and EBITDA margin (non-IFRS measures), as additional financial metrics, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impact of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial statements in the same manner as they help our management.

However, our presentation of EBITDA (non-IFRS measures) and EBITDA margin (non-IFRS measures) may not be comparable to similar item measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as substitute for analysis of, our consolidated financial statements or financial condition as reported under IFRS. We define EBITDA (non-IFRS measures) as profit for the year adjusted for interest income, income tax expense, finance costs and depreciation and amortization. We define EBITDA margin (non-IFRS measures) as EBITDA (non-IFRS measures) as a percentage of our total revenue.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands, except for percentages)		
Profit for the year	1,162,079	1,328,473	1,721,630
Adjust for:			
Finance income	(70,071)	(64,519)	(58,238)
Finance costs	685,349	709,212	883,277
Depreciation and amortization	1,388,231	1,843,979	2,693,073
Income tax expense	198,828	289,946	292,048
EBITDA (non-IFRS measures)	**3,364,416**	**4,107,091**	**5,531,790**
EBITDA margin (non-IFRS measures)	11.0%	12.4%	14.9%

Revenue

During the Track Record Period, we derived revenue from (i) new energy materials, (ii) critical metal resources, (iii) lithium-ion battery and end-of-life vehicle recycling, and (iv) others. We experienced steady revenue growth during the Track Record Period. In 2023, 2024 and 2025, our revenue was RMB30,528.6 million, RMB33,199.8 million and RMB37,123.6 million, respectively.

Our new energy materials business generates revenue primarily from the sales of ternary precursors, cobalt tetroxide and cathode materials. Our critical metal resources business generates revenue primarily from the sales of nickel-based, cobalt-based and tungsten-based products. Our lithium-ion battery and end-of-life vehicle recycling business generates revenue primarily from the sales of re-use batteries, metal intermediates, and metal products. See "Business — Our Principal Business."

The majority of revenue from the aforementioned three businesses is recognized at a point in time, when or as we satisfy performance obligations by transferring the promised goods to our customers. Specifically, revenue from the sale of goods between us and our customers generally involves a single performance obligation — the transfer of goods — which is recognized when that obligation is satisfied at a point in time. See Note 3.17 to the Accountants' Report in Appendix I to this document.

Pricing Policy

We apply tailored pricing strategies across our business segments to align with market benchmarks, cost structures and product characteristics, while we generally do not adopt differentiated pricing strategies based on customer types or product applications.

For our new energy materials business segment, the price of our products is mainly driven by raw material costs benchmarks and manufacturing costs, with final prices adjusted dynamically along with downstream market conditions. The raw material costs are generally based on the prevailing market price for raw materials with reference to the global price of metal indices, for examples, the London Metal Exchange (LME) for nickel, the Metal Bulletin (MB) for cobalt, the Shanghai Metals Market (SMM) for precursors and Asian Metal for lithium, and consider manufacturing costs such as processing-related depreciation, utilities and transportation.

For our critical metal resources business segment, we primarily price by referencing to metal price of global indices of specific metals over an agreed period as benchmark, such as international platforms (LME and MB) and domestic benchmarks (SMM and the Shanghai Futures Exchange (SHFE)). We also take into account quotations and price guidance by other leading industry players to ensure our competitiveness.

For our lithium-ion battery and end-of-life vehicle recycling segment, re-use battery pricing is anchored to battery state of health (SoH) and key attributes. For recovered products such as black mass, lithium phosphate, iron phosphate and lithium carbonate, the prices are determined based on metal price of global indices and our production costs.

Revenue by Product Category

The table below sets forth our revenue breakdown by product category in absolute amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
New energy materials						
Ternary precursors	17,582,393	57.6	16,075,007	48.4	11,501,723	31.0
Cobalt tetroxide	1,627,991	5.3	2,032,043	6.1	5,504,961	14.8
Cathode materials	1,756,270	5.8	1,807,281	5.5	2,955,477	8.0
Subtotal	**20,966,654**	**68.7**	**19,914,331**	**60.0**	**19,962,161**	**53.8**
Critical metal resources						
Nickel-based products	2,402,038	7.9	5,848,146	17.6	7,328,925	19.7
Cobalt-based products	1,628,141	5.3	2,055,122	6.2	2,493,614	6.7

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Tungsten-based products	1,013,236	3.3	1,656,889	5.0	2,438,465	6.6
Others(1)	1,155,385	3.8	536,856	1.6	673,183	1.8
Subtotal	**6,198,800**	**20.3**	**10,096,013**	**30.4**	**12,934,187**	**34.8**
Lithium-ion battery and end-of-life vehicle recycling						
Products from lithium-ion battery recycling	1,131,201	3.7	1,144,131	3.5	1,252,131	3.4
Products from end-of-life vehicle recycling	370,041	1.2	634,444	1.9	564,691	1.5
Subtotal	**1,501,242**	**4.9**	**1,778,575**	**5.4**	**1,816,822**	**4.9**
Others(2)	**1,861,939**	**6.1**	**1,409,910**	**4.2**	**2,410,415**	**6.5**
Total	**30,528,635**	**100.0**	**33,199,829**	**100.0**	**37,123,585**	**100.0**

Notes:

(1) Others mainly include electronic waste recycling and sales of other processed metal products.

(2) Others mainly include metal commodity trading.

During the Track Record Period, we derived revenue from (i) new energy materials, (ii) critical metal resources, (iii) lithium-ion battery and end-of-life vehicle recycling, and (iv) others. We experienced steady revenue growth during the Track Record Period. In 2023, 2024 and 2025, our revenue was RMB30,528.6 million, RMB33,199.8 million and RMB37,123.6 million, respectively. During the Track Record Period, we generated a majority of our revenue from new energy materials and critical metal resources, which accounted for over 85% of our total revenue in each period.

New Energy Materials

- Ternary precursors

Our revenue from sales of ternary precursors amounted to RMB17,582.4 million, RMB16,075.0 million and RMB11,501.7 million in 2023, 2024 and 2025, respectively. The decrease in 2024 was primarily attributable to a decrease in average selling price, which was in line with the downward market price trend of nickel and cobalt metal. The decrease in 2025 was primarily attributable to (i) a decrease in average selling price, which was in line with the downward market price trend of nickel metal, and (ii) decreased sales volume and production volume, reflecting our shift to selling more nickel resources at the upstream stage in 2025 to maintain a relatively high profit margin.

- Cobalt tetroxide

Our revenue from sales of cobalt tetroxide amounted to RMB1,628.0 million, RMB2,032.0 million and RMB5,505.0 million in 2023, 2024 and 2025, respectively. The increase in revenue mainly driven by increased sales volume as production at the Taixing facility returned to normal levels without the impact of the fire. The increase in 2025 was primarily attributable to (i) the production expansion of our Jingmen Production Base, and (ii) an increase in average selling price, which was in line with the upward market price trend of cobalt metal.

- Cathode materials

Our revenue from sales of cathode material amounted to RMB1,756.3 million, RMB1,807.3 million and RMB2,955.5 million in 2023, 2024 and 2025, respectively. The upward trend during the Track Record Period was primarily due to increased sales volume and production capacity from 12,500 tons in 2023 to 30,000 tons in 2025, mainly resulting from our production expansion of Jingmen and Wuxi production bases.

Critical Metal Resources

- Nickel-based products

Our revenue from sales of nickel-based products amounted to RMB2,402.0 million, RMB5,848.1 million and RMB7,328.9 million in 2023, 2024 and 2025, respectively. The increase from 2023 to 2025 was primarily attributable to our production expansion of Morowali Production Base.

- Cobalt-based products

Our revenue from sales of cobalt-based products amounted to RMB1,628.1 million, RMB2,055.1 million and RMB2,493.6 million in 2023, 2024 and 2025, respectively. The increase in 2024 was primarily attributable to increased production capacity from 8,900 tons in 2023 to 17,400 tons in 2024, mainly resulting from our production expansion of Jingmen Production Base. The increase from 2024 to 2025 was primarily attributable to an increase in average selling price, which was in line with the upward market price trend of cobalt metal.

- Tungsten-based products

Our revenue from sales of tungsten-based products amounted to RMB1,013.2 million, RMB1,656.9 million and RMB2,438.5 million in 2023, 2024 and 2025, respectively. The upward trend during the Track Record Period was primarily attributable to (i) an increase in sales volume and production volume, and (ii) an increase in average selling price from 2023 to 2025, which was in line with the upward market price trend of tungsten metal.

- Others

Our revenue from others amounted to RMB1,155.4 million, RMB536.9 million and RMB673.2 million in 2023, 2024 and 2025, respectively. The overall downward trend during the Track Record Period primarily reflects a strategic shift as we gradually phased out the electronic waste recycling business.

Lithium-ion Battery and End-of-life Vehicle Recycling

Our revenue from sales of products from lithium-ion battery recycling and end-of life vehicle recycling amounted to RMB1,501.2 million, RMB1,778.6 million and RMB1,816.8 million in 2023, 2024 and 2025, respectively. The increase from 2023 to 2024 was primarily driven by industry policies encouraging the trade-in of used vehicles. Revenue remained stable at 2024 and 2025.

Revenue by Geographical Location

Geographical location is solely based on the places of registration of our customers, which may not align with the delivery destinations or end markets of our products for the years indicated. The following table sets forth our revenue breakdown by geographic location for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Mainland China	21,473,901	70.3	25,351,755	76.4	24,313,732	65.5
Hong Kong	2,105,541	6.9	1,945,279	5.9	3,923,927	10.6
South Korea	6,410,046	21.0	2,881,913	8.7	3,880,888	10.5
Singapore	90,530	0.3	1,176,975	3.5	2,437,787	6.6
Indonesia	231,453	0.8	886,088	2.7	455,718	1.2
Others[(1)]	217,163	0.7	957,819	2.9	2,111,533	5.7
Total	**30,528,635**	**100.0**	**33,199,829**	**100.0**	**37,123,585**	**100.0**

Note:

(1) Others mainly include Japan and Europe.

During the Track Record Period, our revenue from sales to customers of Mainland China was RMB21,473.9 million, RMB25,351.8 million and RMB24,313.7 million, representing 70.3%, 76.4% and 65.5% of our total revenue in the respective period, our revenue from sales to customers of overseas was RMB9,054.7 million, RMB7,848.1 million and RMB12,809.9 million, representing 29.7%, 23.7% and 34.5% of our total revenue in the respective period. See "Financial Information – Description of Major Components of our Results of Operations – Revenue."

Cost of Sales

Our cost of sales consists of (i) raw material costs, (ii) manufacturing costs, mainly including depreciation, utilities, and transportation costs, and (iii) labor costs. The composition of raw material costs varies by business and product types. For ternary precursors, key raw materials include nickel sulfate, cobalt sulfate, and manganese sulfate; for cobalt tetroxide, key raw materials include cobalt chloride; and for cathode materials, key raw materials include ternary precursors, lithium carbonate and cobalt tetroxide. For nickel-based products, key raw materials include laterite nickel ore, mixed hydroxide precipitate, nickel sulfate, nickel scrap and black mass; for cobalt-based products, key raw materials include crude cobalt hydroxide, MHP, cobalt scrap, black mass and cobalt sulfate; for tungsten-based products, key raw materials include tungsten scrap. For lithium-ion battery and end-of-life vehicle recycling, key raw materials include retired batteries and end-of-life vehicles. The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Raw material costs	24,369,488	91.0	24,672,333	87.7	27,874,495	88.1
Manufacturing costs	2,005,410	7.4	2,853,741	10.2	3,172,025	10.0
Labor costs	417,258	1.6	597,540	2.1	616,862	1.9
Total	**26,792,156**	**100.0**	**28,123,614**	**100.0**	**31,663,382**	**100.0**

During the Track Record Period, raw material costs were the largest component of our cost of sales, accounting for over 85% in each period. Our raw material costs increased from RMB24,369.5 million in 2023 to RMB24,672.3 million in 2024, and further increased to RMB27,874.5 million in 2025, reflecting our increased production volume and business expansion. The following table sets forth a breakdown of our raw material costs by product category for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
New energy materials	16,802,963	69.0	15,135,635	61.3	15,376,103	55.2
Critical metal resources	4,463,546	18.3	6,699,636	27.2	8,655,600	31.0
Lithium-ion battery and end-of-life vehicle recycling	1,294,461	5.3	1,466,135	5.9	1,484,293	5.3
Others	1,808,518	7.4	1,370,927	5.6	2,358,499	8.5
Total	**24,369,488**	**100.0**	**24,672,333**	**100.0**	**27,874,495**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit amounted to RMB3,736.5 million, RMB5,076.2 million and RMB5,460.2 million in 2023, 2024 and 2025, respectively. Our gross profit margin was 12.2%, 15.3% and 14.7% in 2023, 2024 and 2025, respectively.

Gross Profit and Gross Profit Margin by Product Category

The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentage)					
New energy materials						
Ternary precursors	2,569,375	14.6	2,740,619	17.0	1,620,720	14.1
Cobalt tetroxide	64,091	3.9	220,591	10.9	1,167,767	21.2
Cathode materials	124,847	7.1	137,147	7.6	324,861	11.0
Subtotal	**2,758,313**	**13.2**	**3,098,357**	**15.6**	**3,113,348**	**15.6**
Critical metal resources						
Nickel-based products	677,505	28.2	1,468,881	25.1	1,328,710	18.1
Cobalt-based products	109,100	6.7	259,372	12.6	543,355	21.8
Tungsten-based products	69,211	6.8	138,063	8.3	290,501	11.9
Others(1)	55,090	4.8	(34,079)	(6.4)	20,089	3.0
Subtotal	**910,906**	**14.7**	**1,832,237**	**18.1**	**2,182,655**	**16.9**
Lithium-ion battery and end-of-life vehicle recycling						
Products from lithium-ion battery recycling	118,002	10.4	120,277	10.5	132,102	10.6
Products from end-of-life vehicle recycling	(61,438)	(16.6)	17,056	2.7	15,937	2.8
Subtotal	**56,564**	**3.8**	**137,333**	**7.7**	**148,039**	**8.1**
Others(2)	**10,696**	**0.6**	**8,288**	**0.6**	**16,161**	**0.7**
Total	**3,736,479**	**12.2**	**5,076,215**	**15.3**	**5,460,203**	**14.7**

Notes:

(1) Others mainly include electronic waste recycling and sales of other processed metal products.

(2) Others mainly include metal commodity trading.

During the Track Record Period, our gross profit margin was primarily affected by our product mix and metal prices. Our gross profit margin increased from 12.2% in 2023 to 15.3% in 2024, primarily due to (i) increases in gross profit and gross profit margin in ternary precursors and cobalt tetroxide, and (ii) the significant increase in revenue contribution from nickel-based products, which have higher gross profit margin. Our gross profit margin decreased from 15.3% in 2024 to 14.7% in 2025, primarily due to decreases in gross profit margins of ternary precursors and nickel-based products.

New Energy Materials

• Ternary precursors

We recorded gross profit margin from sales of ternary precursors of 14.6%, 17.0% and 14.1% in 2023, 2024 and 2025, respectively. The increase in 2024 was primarily attributable to (i) lower unit raw material costs following a sharp decline in cobalt prices in 2023, as purchases made earlier in 2023 when the price was relatively high had elevated those costs, and (ii) changes in product portfolio, driven by our commitment to technology innovation that enabled us to offer more competitive products with higher gross profit margin. The decrease in 2025 was primarily attributable to a decrease in production utilization rate from 98.6% in 2024 to 71.4% in 2025, which led to higher unit production costs.

- Cobalt tetroxide

We recorded gross profit margin from sales of cobalt tetroxide of 3.9%, 10.9% and 21.2% in 2023, 2024 and 2025, respectively. The increase in 2024 was primarily attributable to decreased unit production costs benefiting from the return to normal production level at our Taixing Production Base in 2024 after a fire incident in 2023. The increase in 2025 was primarily due to an increase in average selling price, which was in line with the upward market price trend of cobalt metal.

- Cathode materials

We recorded gross profit margin from sales of cathode materials of 7.1%, 7.6% and 11.0% in 2023, 2024 and 2025, respectively. The increase in 2025 was primarily attributable to an increase in average selling price, mainly resulting from (i) a recovery in overseas market demand, and (ii) a higher proportion of sales of high-nickel cathode materials, which featured higher average selling price due to their premium value.

Critical Metal Resources

- Nickel-based products

We started to record revenue and gross profit from nickel-based products in 2023. We recorded gross profit margins from sales of nickel-based products of 28.2%, 25.1% and 18.1% in 2023, 2024 and 2025, respectively. The fluctuations were primarily due to fluctuations in average selling price, which reflected the same trend in the market price of nickel metal and fluctuations in procurement costs of raw materials.

- Cobalt-based products

We recorded gross profit margin from sales of cobalt-based products of 6.7%, 12.6% and 21.8% in 2023, 2024 and 2025, respectively. The relative lower gross profit margin in 2023 was primarily due to a sharp decrease in average selling price, which was in line with the downtrend of market price of cobalt metal. The relative higher gross profit margin in 2025 was primarily due to an increase in average selling price, which was in line with the market trend of cobalt-based products.

- Tungsten-based products

We recorded gross profit margin from sales of tungsten-based products of 6.8%, 8.3% and 11.9% in 2023, 2024 and 2025, respectively. The fluctuations were primarily due to fluctuations in average selling price, which reflected the same trend in the market price of tungsten metal.

- Others

We recorded gross margin from others of 4.8%, -6.4% and 3.0% in 2023, 2024 and 2025, respectively. The overall downtrend gross profit margin was primarily due to our gradual phase-out of the electronic waste recycling business, which had an extended cash recovery cycle and was subject to policy uncertainties.

Lithium-ion Battery and End-of-life Vehicle Recycling

We recorded gross profit margin from sales of products from lithium-ion battery recycling and end-of-life vehicle recycling of 3.8%, 7.7% and 8.1% in 2023, 2024 and 2025, respectively. The improvement in 2024 was primarily attributable to the turnaround from a gross loss to a gross profit in sales of products from end-of-life vehicle recycling, driven by scrap steel price fluctuations in scrap steel during the year, together with our effective sales strategy, which enabled products produced from vehicles recycled at relatively lower scrap steel prices to be sold at relatively higher price levels as prices recovered.

Gross Profit and Gross Profit Margin by Geographical Location

The table below sets forth the breakdown of our gross profit and the gross profit margin by business nature for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB in thousands, except for percentage)					
Mainland China	2,487,159	11.6	3,672,409	14.5	3,525,728	14.5
Overseas[1]	1,249,320	13.8	1,403,806	17.9	1,934,475	15.1
Total	**3,736,479**	**12.2**	**5,076,215**	**15.3**	**5,460,203**	**14.7**

Note:

(1) Overseas mainly include countries and regions in Asia.

During the Track Record Period, the overall gross profit margin from overseas customers was higher than that of the customers in China, primarily because a greater proportion of higher-margin ternary precursors and MHP were sold overseas.

See "Financial Information – Description of Major Components of our Results of Operations – Gross Profit and Gross Profit Margin."

Our net profit increased from RMB1,162.1 million in 2023 to RMB1,328.5 million in 2024, primarily due to (i) an overall increase in gross profit as mentioned above, (ii) fluctuations in other gains and losses, net, mainly resulting from the increased valuation following the listing of a company in which we hold shares as investment, and the subsequent price fluctuations of its stock, and (iii) fluctuations in impairment loss on inventories, mainly due to significant changes in the price of cobalt metal. Our net profit further increased from RMB1,328.5 million in 2024 to RMB1,721.6 million in 2025, primarily due to an overall increase in gross profit as mentioned above, and (ii) a decrease in net other losses, mainly benefiting from gains on fair value and disposal of listed securities we hold, partially offset by a decrease in other income, mainly due to a decrease in government grants.

Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our consolidated financial statements included in the Accountants' Report in Appendix I to this document:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total non-current assets	28,052,384	40,978,126	44,934,466
Total current assets	24,579,996	25,818,599	29,198,253
Total assets	**52,632,380**	**66,796,725**	**74,132,719**
Total non-current liabilities	8,720,947	12,943,871	19,870,551
Total current liabilities	22,208,291	30,353,051	28,911,517
Total liabilities	**30,929,238**	**43,296,922**	**48,782,068**
Net current assets/(liabilities)	**2,371,705**	**(4,534,452)**	**286,736**
Net assets	**21,703,142**	**23,499,803**	**25,350,651**

See "Financial Information – Discussion of Key Items of Consolidated Statements of Financial Position."

We recorded net current assets of RMB2,371.7 million as of December 31, 2023, which subsequently turned into net current liabilities of RMB4,534.5 million as of December 31, 2024, primarily due to (i) an increase in other payables and accruals mainly resulting from an increase in construction and equipment payables in relation to equipment and infrastructure used in our

Morowali Production Base, (ii) an increase in bank and other borrowings, and (iii) an increase in trade and bills payables, which was in line with our business expansion, partially offset by an increase in prepayments, deposits and other receivables reflecting the increased purchase of raw materials to support our business expansion.

We recorded net current liabilities of RMB4,534.5 million as of December 31, 2024, which subsequently turned into net current assets of RMB286.7 million as of December 31, 2025, primarily due to (i) a decrease in other payables and accruals resulting from (a) a decrease in construction and equipment payables following our settlement, and (b) the non-recurrence of advance receipts for share transfers following the completion of the previously mentioned transaction, (ii) an increase in inventories to support our production expansion, (iii) an increase in prepayments, deposits and other receivables reflecting (a) an increase in prepayments reflecting the increased purchase of raw materials to support our business expansion, and (b) an increase in deposits and other receivables following the disposal of a subsidiary, and (iv) a decrease in contract liabilities as a results of the fulfillment of certain contractual obligations.

As of December 31, 2023, we had total equity of RMB21,703.1 million, primarily attributable to (i) profit for the year of RMB1,162.1 million, and (ii) capital contribution from non-controlling interests of RMB443.9 million, partially offset by (i) dividend declared to non-controlling interests of RMB261.1 million, and (ii) dividends of RMB256.5 million. Our total equity then increased to RMB23,499.8 million as of December 31, 2024, primarily due to (i) profit for the year of RMB1,328.5 million, and (ii) capital contribution from non-controlling interests of RMB822.1 million, partially offset by dividends of RMB409.0 million. As of December 31, 2025, we recorded a further increase in total equity to RMB25,350.7 million, primarily attributable to (i) profit for the year of RMB1,721.6 million, and (ii) capital contribution from non-controlling interests of RMB680.3 million, partially offset by dividends of RMB336.5 million. See the Consolidated Statements of Changes in Equity to the Accountant's Report in Appendix I to this document.

Cash Flow

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

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Net cash from operating activities	2,164,444	3,054,923	3,782,652
Net cash used in investing activities	(5,573,405)	(11,147,085)	(7,599,721)
Net cash from financing activities	3,638,219	7,388,196	5,280,957
Cash and cash equivalents at beginning of year	5,217,801	5,442,352	4,707,159
Effect of foreign exchange rate changes	(4,707)	(31,227)	(45,150)
Cash and cash equivalents at the end of the year	**5,442,352**	**4,707,159**	**6,125,897**

See "Financial Information – Liquidity and Capital Resources."

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years indicated:

	As of/For the year ended December 31,		
	2023	2024	2025
Gross profit margin (%)	12.2	15.3	14.7
Net profit margin (%)	3.8	4.0	4.6
Return on equity (%)	5.4	5.7	6.8
Current ratio	1.1	0.9	1.0

RISK FACTORS

We face risks including those set out in the section headed "Risk Factors." As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to [**REDACTED**] in our [**REDACTED**]. Some of the major risks that we face include: (i) Factors that adversely affect the industries in which our customers operate may reduce the downstream demand for our products, and our business, financial condition and results of operations may be thereby materially and adversely affected; (ii) We face intense competition in the new energy material and lithium-ion battery recycling industries; (iii) Our business is exposed to price fluctuations in raw materials; (iv) Our business is exposed to fluctuation in supply of raw materials; (v) Our R&D efforts may not yield the benefits that we expect; (vi) We may be subject to liabilities and disruption in operations in connection with accidents that occur during the manufacturing processes at our production bases due to, among others, failure to comply with safety measures and procedures; and (vii) We may face risks associated with enhancing our manufacturing capabilities, including production difficulties and fluctuations in utilization rates, any of which may materially and adversely affect our business, financial conditions and results of operations.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, (i) each of Mr. Xu and Ms. Wang was directly interested in 0.13% and 0.26% of the total issued share capital of our Company, respectively; (ii) Shenzhen Huifengyuan Investment Co., Ltd. (深圳市滙豐源投資有限公司) ("**Shenzhen Huifengyuan**"), which is held by Mr. Xu and Ms. Wang as to 60% and 40%, respectively, was directly interested in 8.48% of the total issued share capital of our Company; (iii) Fengcheng Xinyuanxing New Materials Co., Ltd. (豐城市鑫源興新材料有限公司) ("**Fengcheng Xinyuanxing**"), which is held by Mr. Xu and Ms. Wang as to 31.46% and 1.92%, respectively, was directly interested in 0.18% of the total issued share capital of our Company. As of the Latest Practicable Date, Mr. Xu, Ms. Wang, Shenzhen Huifengyuan and Fengcheng Xinyuanxing together held an aggregate of 9.06% of the total issued share capital of our Company.

As advised by our PRC Legal Advisor, Mr. Xu and Ms. Wang were considered as having control over Fengcheng Xinyuanxing as (i) Mr. Xu and Ms. Wang are spouses, holding 33.38% of Fengcheng Xinyuanxing in aggregate, (ii) the aggregate shareholding of Mr. Xu and Ms. Wang far exceeded the shareholding of the other shareholders of Fengcheng Xinyuanxing as the remaining 66.62% of share interest in Fengcheng Xinyuanxing was held by 32 other individuals, and (iii) Mr. Xu serves as the executive director and legal representative of Fengcheng Xinyuanxing.

As such, following completion of the [**REDACTED**], Mr. Xu, Ms. Wang, Shenzhen Huifengyuan and Fengcheng Xinyuanxing constitute a single largest group of shareholders and hold an aggregate of [**REDACTED**]% of the total issued share capital of our Company.

CONTINUING CONNECTED TRANSACTIONS

We are expected to continue with certain transactions after the completion of the [**REDACTED**] which will constitute continuing connected transactions under Chapter 14A of Listing Rules upon [**REDACTED**]. See "Connected Transactions" and "Waivers from Strict Compliance with the Listing Rules — Continuing Connected Transactions" for further details.

[**REDACTED**]

DIVIDEND POLICY

Pursuant to our Articles of Association, we may distribute dividends in the form of cash, stock dividends or a combination of both. We preferentially adopt the method of cash dividends. We shall adopt cash dividends once per year for profit distribution provided that the conditions for cash distribution are satisfied. If we record a positive net profit for the year and retain undistributed profits at the end of year, we should conduct a cash dividend distribution. When distributing profits in the form of stock dividends, we will consider true and reasonable factors such as the growth of our Company and the dilution to net assets per share.

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. Subject to meeting the conditions for cash dividends and the absence of major capital expenditures, our annual cash dividends shall not be less than 15% of the distributable profit realized in the current year, and within any three consecutive years, our distributed cumulative profits in cash shall not be less than 45% of the average distributable profits realized in the latest three years. Our Board may propose interim dividends based on our profitability and capital requirements. The specific dividend ratios shall be determined by our Board according to relevant regulations and our operating conditions, and shall be considered and resolved at our general meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

During the Track Record Period, cash dividends we declared to our Shareholders were as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Ordinary A Shares			
Final dividend in respect of the previous year, declared and paid during the following year (tax inclusive)	256,462	408,966	336,529

See "Financial Information – Dividends and Dividends Policy."

[**REDACTED**]

[**REDACTED**] represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**] will be approximately RMB[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] and no exercise of the [**REDACTED**]), representing [**REDACTED**]% of the gross [**REDACTED**] assuming that the [**REDACTED**] is not exercised) of the [**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] of RMB[**REDACTED**] million, of which approximately RMB[**REDACTED**] million was charged to the consolidated statements of profit or loss as administrative expenses. We expect to incur [**REDACTED**] of approximately RMB[**REDACTED**] million, of which approximately RMB[**REDACTED**] million is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and approximately RMB[**REDACTED**] million is expected to be recognized as a deduction in equity directly upon the [**REDACTED**]. Our Directors do not expect such expenses to materially impact our results of operations in 2026. By nature, our [**REDACTED**] are composed of (i) [**REDACTED**] of approximately RMB[**REDACTED**] million, and (ii) [**REDACTED**] related [**REDACTED**] of approximately RMB[**REDACTED**] million, which consist of fees and expenses of legal advisors and the Reporting Accountant of approximately RMB[**REDACTED**] million and other fees and expenses of approximately RMB[**REDACTED**] million.

[**REDACTED**] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] H Shares are newly issued in the [**REDACTED**], (ii) the [**REDACTED**] is not exercised, and (iii) [**REDACTED**] Shares[1] (excluding our treasury shares) are in [**REDACTED**] and outstanding following the completion of [**REDACTED**].

	Based on the maximum [REDACTED] of HK$[REDACTED] per [REDACTED]
Market capitalization of our Shares[1]	HK$[**REDACTED**] million
Market capitalization of our H Shares[2]	HK$[**REDACTED**] million
Unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of the Company per Share[3]	HK$[**REDACTED**]

Notes:

(1) The calculation of market capitalisation of our Shares is based on the assumption that (i) [**REDACTED**] H Shares will be in [**REDACTED**] immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) based on the maximum [**REDACTED**]; and (ii) the average closing price of the A Shares of RMB8.35 per share for the five business days immediately preceding the Latest Practicable Date and the total share capital of 5,090,175,307 A Shares as of the Latest Practicable Date (excluding 13,158,200 treasury shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders as of the Latest Practicable Date).

(2) The calculation of market capitalization of our H Shares is based on [**REDACTED**] H Shares expected to be in issue immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) based on the maximum [**REDACTED**].

(3) The unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of the Company per Share as at December 31, 2025 is calculated after making the adjustments referred to in "Appendix II — Unaudited [**REDACTED**] Financial Information" to this Document. For more details, please refer to the section headed "Appendix II — Unaudited [**REDACTED**] Financial Information" to this Document.

USE OF [REDACTED]

Assuming that the [**REDACTED**] is not exercised, after deducting the [**REDACTED**] and other estimated [**REDACTED**] payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**]. We intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below: (i) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to enhance production capabilities at our Jingmen Production Base for critical metal resources and lithium-ion battery recycling businesses; (ii) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to strengthen our global R&D and technology innovation capabilities; (iii) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to expand our global sales and marketing network; (iv) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to selectively pursue strategic initiative through potential investments, mergers and acquisitions; and (v) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, as working capital and for general corporate uses.

See "Future Plans and Use of [**REDACTED**]."

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND SIX SWISS EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange, the SIX Swiss Exchange and other applicable securities laws and regulations in any material respects since our listing on the Shenzhen Stock Exchange and our GDR Listing, and, to the best knowledge of our Directors having made all reasonable inquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shenzhen Stock Exchange and the SIX Swiss Exchange. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

See "History, Development and Corporate Structure."

We believe the [**REDACTED**] and the [**REDACTED**] on the Hong Kong Stock Exchange will help enhance our international profile, better attract overseas investors and talents, optimize our shareholding structure, and provide an additional source of capital to improve our core competitiveness. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]."

IMPACT OF COVID-19

Since the first quarter of 2020, the outbreak of the COVID-19 pandemic has had a widespread impact on the global economy, particularly in areas such as supply chains, logistics, and production operations.

In 2022, one of our suppliers experienced pandemic-related disruptions and failed to deliver raw materials to us on schedule, which in turn led to our inability to deliver certain products to a customer within the agreed timeframe. The customer initiated legal proceedings against us in 2023, and we received an unfavorable first-instance judgment in 2024. As a result, we incurred liquidated damages of RMB98.0 million in 2024. We believe this was an one-off incident, and we have promptly implemented mitigation measures, including strengthening our self-supply capacity in

Indonesia, diversifying supplier channels, and improving safety inventory management mechanisms. See "Financial Information — Description of Major Components of Our Results of Operations — Other Operating Expenses."

Despite the widespread global impact of COVID-19, which had faded out in early 2023, our Directors are of the view that the pandemic did not have any material adverse effect on our business operations, financial condition, or operating results during the Track Record Period. This assessment is based on the continued stability of our production activities, the resilience of our financial performance, and the limited and manageable nature of the liquidated damage incurred. Nonetheless, we remain vigilant and will continue to closely monitor developments related to the pandemic or other force majeure events to ensure the robustness of our operations.

GOVERNMENTAL ECONOMIC SANCTIONS TRADE RESTRICTIONS AND TARIFF POLICIES

Business Activities in Relation to Entities Subject to International Sanctions

We have identified transactions during the Track Record Period with an entity designated on the SDN List (the "**Relevant Entity**"). These transactions with the Relevant Entity involved (i) sales of raw materials for cemented carbide to the Relevant Entity; and (ii) our minority shareholding in the Relevant Entity. All such sales were denominated in RMB. The revenue generated from such sales was RMB45.0 million, RMB49.1 million, and RMB29.3 million, representing approximately 0.15%, 0.15% and 0.08% of our total revenue in 2023, 2024 and 2025, respectively. We had gradually reduced the transactions with the Relevant Entity since January 2025, and we have entirely suspended all transactions with the Relevant Entity since June 2025. U.S. persons are prohibited from dealing with or facilitating dealings with individuals, entities and organisations that have been designated as SDNs by OFAC; and activities involving a U.S. nexus with such SDNs are prohibited. We plan to dispose our equity interests in the Relevant Entity.

As advised by our International Sanctions Legal Advisors who have performed procedures they deem necessary, given the nature of our transactions with the Relevant Entity (including that no U.S. nexus was involved and the gradual cessation of sales to the Relevant Entity since January 15, 2025), the risk is relatively limited that our transactions with the Relevant Entity during the Track Record Period and up to the Latest Practicable Date would result in the imposition of sanctions on the Relevant Persons. For details on our business operations with the Relevant Entity, please see "Business — Business Activities in relation to Entities subject to International Sanctions" and "Risk Factor — We are subject to governmental economic sanctions and export controls laws that could subject us to liability and impair our ability to compete in overseas markets. Geopolitical tensions resulting in worsening relationship between countries and regions in which we operate may further negatively affect our business and results of operations."

Trade Restrictions and Tariff Policies

During the Track Record Period and up to the Latest Practicable Date, our overseas sales have primarily originated from China and Indonesia and have been directly sold to South Korea, Japan, Hong Kong, Singapore, and Indonesia. Sales to Europe, which accounted for only a small portion of our total revenue, during the Track Record Period were subject to a stable tariff rate, while relevant customers were responsible for customs clearance and tariff payments. During the Track Record Period and up to the Latest Practicable Date, our sales to oversea markets have not be materially and adversely affected by any specific trade restrictions or punitive tariffs. In addition, we have not made any direct sales to the U.S. market during the Track Record Period and have no current plans to do so. Our procurement of key raw materials from overseas markets has not been materially and adversely affected by tariffs or trade restrictions, and our supply chain remains stable. Also see "— Recent Development".

Final Rule on U.S. Outbound Investment

Given our business does not involve sensitive technology under the Outbound Investment Rule or otherwise involve covered activity. Accordingly, after consulting with our U.S. counsel as to application of the Outbound Investment Rule, we believe that we are not a Covered Foreign Person. See "Risk Factor — We are subject to governmental economic sanctions, trade restrictions and tariff policies that could subject us to liability and impair our ability to compete in overseas markets. Geopolitical tensions resulting in worsening relationship between countries and regions in which we operate may further negatively affect our business and results of operations" and "Regulatory Overview — Final Rule on U.S. Outbound Investment".

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

During the Track Record Period, we sourced certain amount of cobalt-based raw materials from the Democratic Republic of the Congo ("**DRC**"), which is the world's largest cobalt resources exporting country. In February 2025, the Strategic Mineral Market Regulatory Authority of the DRC ("**ARECOMS**") imposed a temporary ban on the export of cobalt resources, citing the need to reduce excessive inventory and stabilize global cobalt prices. Since October 16, 2025, the DRC has lifted its ban on cobalt exports while replacing it with a strict quota system that will govern mined output and exports until at least 2027. Based on the quota system, for the remainder of 2025, permitted exports will be capped at 18,125 tons of cobalt. In 2026, the annual quota is set at 96,600 tons, of which 87,000 tons will be distributed to producers on a pro rata basis, with 9,600 tons retained under ARECOMS' discretionary control. The quota system will run through 2027, with adjustments possible if ARECOMS deems necessary. In 2023, 2024 and 2025, our procurement amount of cobalt-based raw materials from DRC amounted to 24.5 thousand metal tons, 44.7 thousand metal tons and 37.8 thousand metal tons, respectively. Given that (i) we have implemented effective inventory and procurement management measures, and (ii) we have entered into long term procurement agreements with certain suppliers for the procurement of cobalt-based raw materials originated from DRC, who has secured sufficient cobalt export quota from ARECOMS and the quota is expected to cover our procurement amount in the near future, we believe that the temporary cobalt export ban and the cobalt export quota system imposed by the DRC had not had or would not have any adverse impact on our Group's financial and operational performance.

On April 22, 2026, we issued the first tranche of our 2026 medium term notes (science and technology innovation bonds) under bond code 102681609. The notes had an aggregate principal amount of RMB500 million, bearing an interest rate of 2.60% and a three year tenor. Interest accrues from April 23, 2026, and the notes are scheduled to mature on April 23, 2029. The gross proceeds from the issuance were fully received on April 23, 2026.

On April 20, 2026, our Board of Directors resolved to propose a cash dividend of approximately RMB484.0 million in respect of the year ended December 31, 2025, which still requires approval by the Shareholders' meeting before implementation. Additionally, the Board requests the Shareholders' meeting to authorize the Board to determine whether commence an interim dividend distribution for the year 2026, subject to our future performance, with a view to enhancing returns to Shareholders.

Other than above, our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.