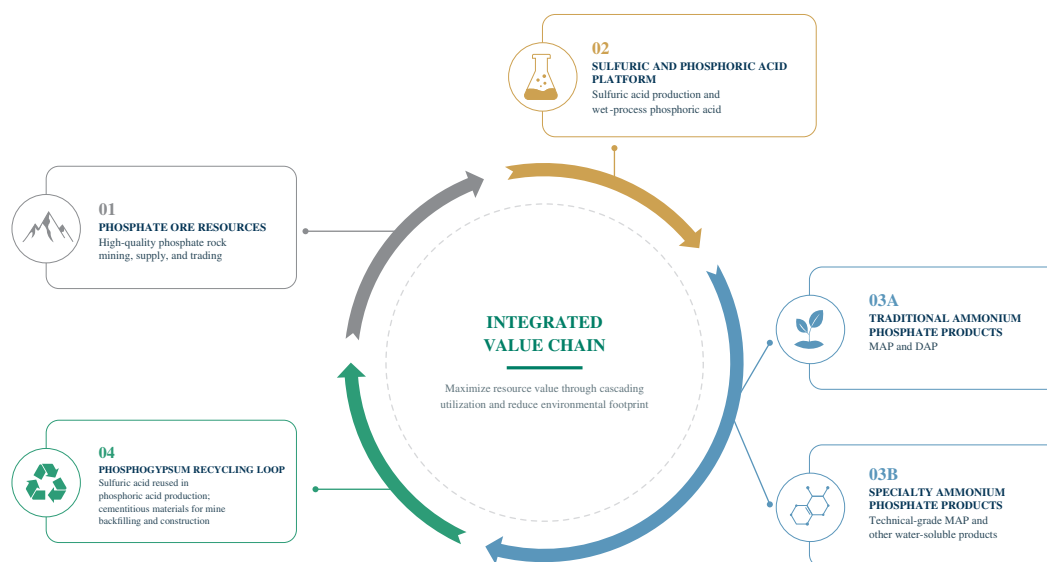


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OVERVIEW

We are a leading enterprise in China with an integrated business model based on full-life-cycle cascading utilization of phosphate resources. According to Frost & Sullivan, we ranked eighth in China in terms of domestic sales volume of technical-grade monoammonium phosphate (“MAP”) in 2025, and eighth in China in terms of domestic sales volume of diammonium phosphate (“DAP”) in 2025. Our vertically integrated business spans the entire industry chain, including phosphate rock mining, beneficiation, sulfuric acid preparation, phosphoric acid production, ammonium phosphate product manufacturing, and green recycling of phosphogypsum. During the Track Record Period, we derived revenue primarily from sales of (i) traditional ammonium phosphate products, which included MAP and DAP; (ii) specialty ammonium phosphate products, which included technical-grade MAP and other water-soluble products; (iii) phosphate rock, which included phosphate rock and residual slag after beneficiation of phosphate rock; and (iv) others, which primarily consisted of chemical by-products. During the Track Record Period, our traditional ammonium phosphate products and specialty ammonium phosphate products were sold primarily as fertilizers. Our operating model is designed to realize the value embedded in phosphate rock across fertilizers, higher-value phosphate chemical applications and solid-waste recycling.

The chart below illustrates our integrated business model:



We benefit from cost advantages arising from our resource reserves, our strategic location and proximity to transportation networks, and the internal recycling of key by-products from our production. Our core mining area and our production base are located within ten kilometers of each other and in close proximity to the Yangtze River and a dedicated railway line, forming an efficient logistical network that allows us to reach domestic and international markets at relatively low delivery costs. We have established a marketing network that covers major agricultural regions in China and extends into international markets and boasts a stable high-quality customer base. During the Track Record Period, we served over 360 domestic and international customers, including established market participants in downstream industries. Our disciplined settlement arrangements, under which we generally require payment before delivery, support our operating cash flows and credit risk management. Leveraging our integrated value chain and flexible market strategies, we achieved steady revenue growth during the Track Record Period. Our revenue increased from RMB1,506.1 million in

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2023 to RMB1,622.8 million in 2024, and further increased to RMB1,858.6 million in 2025, representing a CAGR of 11.1%. In addition, we have maintained sound operating cash flows and efficient working capital turnover. Taking into account the further development of our self-owned Yulinx Phosphate Mine and the planned increase of the production volume for specialty ammonium phosphate products, we believe that we have established a solid foundation for the continuing growth of our business.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success to date and will continue to enable us to seize industry growth opportunities and sustain our market leadership:

Diversified Product Portfolio Backed by Cascading Utilization with Strong Brand Recognition

We are a leading enterprise in China with an integrated business model based on full-life-cycle cascading utilization of phosphate resources. According to Frost & Sullivan, we ranked eighth in China in terms of domestic sales volume of technical-grade MAP in 2025, and eighth in China in terms of domestic sales volume of DAP in 2025. During the Track Record Period, we derived revenue primarily from sales of traditional ammonium phosphate products, which included MAP and DAP; and specialty ammonium phosphate products, which included technical-grade MAP and other water-soluble products. Our traditional ammonium phosphate products and specialty ammonium phosphate products were sold primarily as fertilizers during the Track Record Period.

Traditional ammonium phosphate products:

- As the foundational tier of our phosphate resource cascading utilization, our traditional ammonium phosphate products allow us to contribute to the national strategic priority of safeguarding food security. We have built a robust brand matrix, producing and selling traditional ammonium phosphate products under our well-known brands, including “Dongsheng (東聖),” “Jisheng (稷聖),” “Walch (沃爾奇),” “Xuanwu (玄武),” “Halloning (哈洛寧)” and “Tellom (特羅姆).” Our products are renowned for their high purity, stable efficiency and wide applicability and enjoy broad market recognition in core agricultural regions. This solid market footprint not only provides us with strong and sustainable operating cash flows, but also earned us a reputation for quality and brand endorsement for our strategic expansion into diversified applications.

Specialty ammonium phosphate products:

- Specialty ammonium phosphate products consist of technical-grade MAP and other water-soluble products manufactured using the wet-process phosphoric acid deep purification technology. These specialty ammonium phosphate products feature low impurity content, superior solubility and consistently high product quality, and are either currently applied or expected to be further developed for application in high-value-added fields such as high-end fertilizers, industrial-grade flame retardants and new energy materials. To align with the national strategic direction toward environmentally friendly and innovative production in the chemical industry, we continue to direct our high-quality phosphate resources toward higher value-added applications. We have achieved large-scale production of technical-grade MAP and are now progressing toward MAP for

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electronic application through iterative upgrades. During the Track Record Period, our revenue from specialty ammonium phosphate products demonstrated strong growth potential, increasing rapidly from RMB79.8 million in 2023 to RMB379.5 million in 2025, representing a CAGR of 118.1%.

Leveraging our purification technology and the resulting high-performance of products, our technical-grade MAP products have unlocked the high-value-added market in modern, efficient agriculture. Beyond conventional MAP and DAP, technical-grade MAP, as a core raw material for high-end fertilizers, offers residue-free and rapid dissolution properties that make it ideally suited for integrated water-fertilizer systems and drip irrigation. It has seen wide application in large-scale cash crop cultivation in arid regions such as Xinjiang and Inner Mongolia, responding to the national agricultural policy of “Reduce Quantity Used but Increase Efficiency of Fertilizers.” Sales in the above fields have not only strengthened the all-terrain applicability of our products and validated our technological potential and broad multi-sector application prospects in the specialty ammonium phosphate industry, but have also helped increase the overall gross profit margin of our product portfolio.

Forward-Looking Expansion into Diversified Applications

Empowered by our deep technological accumulation in the phosphate chemical sector, we have successfully branched out into the high-value-added industrial materials field, making a strategic transition from traditional agricultural use to diversified applications of our products. We currently operate a technical-grade MAP production line with a theoretical maximum production capacity of 160,000 tonnes. Technical-grade MAP can serve as a key precursor for producing LFP battery cathode materials, and is also used in other industrial applications such as flame retardants. Benefiting from the excellent physicochemical properties of our products, our technical-grade MAP has garnered positive market response in both high-end agricultural and industrial application markets, validating our execution capability in transitioning to high-value-added sectors. As of the Latest Practicable Date, we have entered into a sales agreement with a publicly-listed leading LFP battery cathode manufacturer for sales of our technical-grade MAP. To cater to the growing demand from customers in premium agriculture, industrial applications and potential new energy sectors, we are in the process of increasing our production volume of technical-grade MAP. We believe that diversified applications of our products will provide incremental growth opportunities for us.

Cost Efficiencies Enabled by Substantial Resource Reserves, Strategic Location and Internal Recycling of By-products

We are strategically located in Yichang, Hubei Province, home to abundant phosphate rock resources. We own and operate the Yulinxi Phosphate Mine, which had total estimated Mineral Resources of approximately 72.63 million tonnes and total estimated Ore Reserves of approximately 22.75 million tonnes as of December 31, 2025, as reported under the JORC Code. Under China’s Classification Standard for Mineral Resources Scale (DZ/T 0400-2022), the resource endowment of the Yulinxi Mine is categorized as a ‘large-scale’ deposit. Our self-owned mine provides an important resource base for the long-term development of our business. In addition, leveraging our strategic location within a core phosphate mineralization belt in China, we are in a position to secure potential high-quality mineral reserves in surrounding areas through strategic collaborations to increase our production volume in the future. Importantly, we boast unique locational advantages. On the production front, our core mining area is located only approximately ten kilometers from our production base. Benefiting from this short transportation distance, our average raw ore transportation cost is lower than

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the industry average, representing a competitive structural cost advantage, according to Frost & Sullivan. On the sales front, our production base is adjacent to the Yangtze River Golden Waterway and a dedicated railway line, forming an efficient logistical network that allows us to reach domestic and international markets at relatively low delivery costs. In addition, we convert phosphogypsum, a by-product of our production process, into cementitious materials and sulfuric acid, which helps reduce our environmental compliance costs and raw material procurement costs. We believe our ability to produce sulfuric acid internally will help stabilize our cost of sales in light of the significant increase of sulfur price during the Track Record Period. Our integrated model featuring self-sufficient resource reserves and internal capability to produce some of the key raw material used in our production and our logistical advantages enabled by our strategic location together support our advantageous cost structure and resilience against raw material price volatility.

Strong R&D Capabilities and Green Circular Economy Practices

We are committed to long-term development through technological innovation and adhere to a technology-driven business strategy. We have a research and development team comprising 40 professionals and 55 licensed patents. Leveraging our research and development capabilities, we have developed our proprietary “Phosphogypsum-to-Sulfuric Acid Co-producing Cementitious Materials” technology underpinning our phosphogypsum comprehensive utilization project, which is the third such project rolled out nationwide among industry participants with an integrated model. Through this proprietary technology, we have successfully converted phosphogypsum, the primary by-product of phosphate chemical production, into economically valuable sulfuric acid and cementitious materials. Subject to applicable permits and qualifications, our cementitious material products may be used in mine backfilling and construction, providing a foundation for potential future commercial expansion into external markets. During the Track Record Period, we also recovered low-temperature waste heat generated from our normal sulfuric acid production process to generate electricity, which further reduced our external electricity purchase costs. In 2025 our energy consumption per unit revenue decreased by approximately 31% compared with 2024. Our water consumption per unit revenue decreased by approximately 51% compared with 2024, primarily attributable to wastewater recycling throughout our production and process optimization. The above closed-loop system helps strengthen our ESG positioning within the industry, as well as reduce our environmental compliance costs and raw material procurement costs. It constitutes a structural competitive advantage for us in an increasingly stringent environmental regulatory environment.

Extensive Marketing Network and Stable High-Quality Customer Base

We have established a marketing network that covers major agricultural regions in China and extends into international markets and boasts a stable high-quality customer base. During the Track Record Period, we served over 360 domestic and international customers. Leveraging our central location geographically, we effectively cover key markets such as Northeast China, North China and Northwest China at relatively low logistical expenses enabled by a multimodal transport network integrating waterway, railway and road. Our domestic customers include large agricultural companies and other established market participants such as CNAMPGC Holding Limited Corporation (中農集團控股股份有限公司). During the Track Record Period, we also generated revenue from sales to overseas markets, primarily including Southeast Asia, South Asia and South America. Our overseas customers include Midgulf International Ltd. and a leading chemical conglomerate in Japan. We adopt a sales strategy which flexibly allocates product sales according to farming seasons across different geographical regions, thereby effectively smoothing seasonal fluctuations. As of December 31, 2025,

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over 80 customers had maintained business relationships with us for more than five years. Our customer relationships support our brand influence and market access. In addition, we continue to develop high-quality customers and diversify our customer base.

Experienced, Visionary Management Team with Insights into Industry Cycles

We have an experienced, visionary management team with strong execution capabilities. Our founder, Mr. Huang Changbing and the core management team have an average of over 20 years of experience in the phosphate chemical industry. Having witnessed multiple cyclical fluctuations in China’s phosphate chemical industry, our core management team members have the strategic vision and exceptional operational wisdom to navigate industry cycles, ensuring that we maintain stable operations during industry downturns and rapidly upscale production during industry upturns. Led by our current Chairman, Mr. Huang, our management team has integrated international business vision with modern corporate governance concepts. Mr. Huang holds an MBA from the National University of Singapore. Under Mr. Huang’s leadership, our Group has strategically expanded into the new energy and specialty ammonium phosphate sectors, and has driven the digitalization and environmental friendliness of our business. Furthermore, our core technical and operations teams have maintained a high level of stability, with the majority of key personnel having served the Group for over ten years. This high degree of cohesion and execution capability ensures the efficient implementation of our integrated business strategy and the successful breakthroughs in our core technologies such as phosphogypsum comprehensive utilization. For more information on our core management team, see “Directors and Senior Management” in this document.

OUR BUSINESS STRATEGIES

Optimize Our Product Mix to Enhance Our Profit Margin

We intend to optimize our product mix to focus on products with diversified applications that we believe have market potential as well as new products that will allow us to tap into new industry sectors or customer base. We plan to continue to increase our ammonium phosphate products production volume through deployment of intelligent manufacturing equipment to cater to growing demand from our customers, particularly downstream high-end industrial customers, such as the downstream LFP battery and energy storage application markets. At the same time, leveraging our existing phosphoric acid purification technology capabilities, we plan to initiate the construction of a polyphosphoric acid (“PPA”) project at an appropriate time to further enrich our high-value-added product matrix. Supported by this strategic initiative, we plan to continue to increase the revenue contribution of high-margin chemicals used in industrial applications and optimize our product mix, thereby enhancing our profitability and long-term business development.

Continue to Develop Our Proprietary Mine and Explore Additional Resource Cooperation Opportunities

Further consolidating our existing cost advantages, we aim for self-sufficiency and maximizing the cost efficiency of our key raw materials. Above all, we plan to systematically advance the detailed exploration, planning and development of our Yulinxi Phosphate Mine. We intend to introduce advanced mining technologies and digital mine management systems to further increase the supply of self-produced phosphate rock and enhance mining efficiency. We plan to achieve mine automation through the deployment of intelligent mining robots and complementary automation software systems. In addition, we plan to keep a close eye on industry dynamics to seize strategic integration

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opportunities within the industry at an appropriate time and pursue opportunities for prudent collaborations, if possible, with a view to further strengthening our strategic resource reserves and regional market dominance. By seeking ongoing improvement in our raw material self-sufficiency, we expect to be able to ensure a consistent and stable supply of high-quality phosphate resources providing a solid resource supply for the expansion of our downstream specialty ammonium phosphate production volume and further enhance our profit margin.

Enhance Our R&D Capabilities

We intend to continue to enhance our research and development capabilities, including the upgrading and enhancement of our existing products and R&D for new products and auxiliary materials. In terms of the upgrading and enhancement of our existing products, we intend to focus on (i) the R&D of electronic application through an iterative upgrade from technical-grade MAP, and (ii) desilication research on the Yulinxi Phosphate Mine to enhance phosphate ore purity. In terms of R&D for new products and auxiliary materials, it mainly includes (i) the research of an anti-caking additives for water-soluble MAP; and (ii) a formulation research project for auxiliary materials used in our production; and (iii) the PPA project. Specifically, we intend to construct a building with laboratories to be used primarily for R&D, procure equipment, experimental apparatus, supplies and consumables, recruit and train R&D personnel, and increase our collaboration with renowned domestic and international research institutions in our research and development efforts.

Expand Our Sales and Marketing Network and Increase Market Penetration

To strengthen our long-term relationships with core customers and market participants and enhance our market reach, we intend to focus on providing more value-added services such as formula recommendations. In particular, we intend to deepen our market penetration and expand our customer base for the diversified applications of our specialty ammonium phosphate products. We also plan to further expand our sales network and increase our market reach by establishing additional sales offices and recruiting more sales personnel to support our sales and marketing efforts. At the same time, we plan to continue to invest in branding efforts and strengthen our market reputation, as well as proactively participate in industry standard setting and industry conferences and exhibitions to raise our profile. We believe that this will help enhance the recognition of our brands in the high-end market, and allow us to earn market opportunities and broaden our customer base.

OUR BUSINESS OPERATIONS

We are a leading enterprise in China with an integrated business model based on full-life-cycle cascading utilization of phosphate resources. During the Track Record Period, we derived substantially all of our revenue from sales of products including traditional ammonium phosphate products, specialty ammonium phosphate products, phosphate rock, which included phosphate rock and residual slag after beneficiation of phosphate rock, and others, which primarily consisted of chemical by-products.

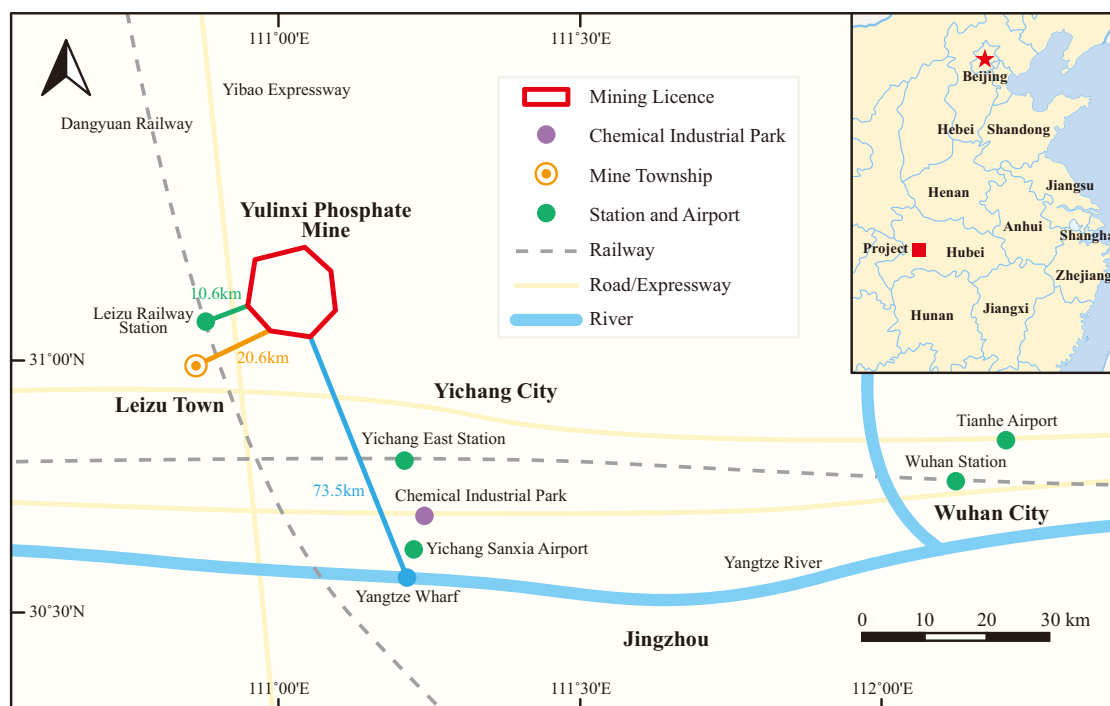
OUR MINERAL ASSETS AND MINING RIGHTS

Yulinxi Phosphate Mine

The Yulinxi Phosphate Mine is 100% owned and operated by our Group. We obtained the mining license of the Yulinxi Phosphate Mine in September 2017 and the Safety Production Permit of the Yulinxi Phosphate Mine in November 2025. The Yulinxi Phosphate Mine is in Xihe Village, Leizu

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Town, Yuan'an County, Yichang City, Hubei Province, China, with a mining area of approximately 11.0 square kilometers. Our Yulinxi Phosphate Mine benefits from a well-developed transportation network, it is only 73.5 kilometers from the Yangtze River wharf on the vital waterway, and 20.6 kilometers from the nearest exit of the Yibao Expressway. It is only approximately 10.6 kilometres from Leizu railway station on the Dangyuan Railway, which gives it a significant advantage in transportation costs. The following map illustrates the location of our Yulinxi Phosphate Mine:



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Mineral Resource and Ore Reserve

According to the Competent Person’s Report, the Mineral Resource of the Yulinxi Phosphate Mine has been classified as Measured, Indicated and Inferred based on geological confidence, Point of Observation (PoO) spacing, and the presence of underground workings. According to the Competent Person’s Report, as of March 31, 2026, our Yulinxi Phosphate Mine possesses total estimated Mineral Resources of approximately 72.5 million tonnes, comprising 4.7 million tonnes of Measured Resources, 22.9 million tonnes of Indicated Resources and 44.8 million tonnes of Inferred Resources, and total estimated Ore Reserves of approximately 22.6 million tonnes, comprising 3.8 million tonnes of Proved Reserves and 18.8 million tonnes of Probable Reserves.

The following table sets forth a summary of the Mineral Resource estimate of our Yulinxi Phosphate Mine as of March 31, 2026 and reported in accordance with the JORC Code, as contained in the Competent Person’s Report in Appendix III to this document:

Ore Layer	Resource Category	Mineral Resource (million tonne)	P ₂ O ₅ Grade (%)	A.I. Grade (%)
Ph ₁ ³	Measured	4.7	22.1	22.0
	Indicated	22.9	23.2	21.9
	Measured + Indicated	27.6	23.0	21.9
	Inferred	44.8	24.0	19.6
	Total	72.5	23.7	20.5

The following table presents a summary of the Ore Reserve estimate of our Yulinxi Phosphate Mine as of March 31, 2026 and reported in accordance with the JORC Code, as contained in the Competent Person’s Report in Appendix III to this document:

Category	Tonnage (million tonne)	P ₂ O ₅ Grade (%)
Proved	3.8	20.2
Probable.	18.8	21.1
Total	22.6	20.9

According to the Competent Person’s Report, as of March 31, 2026, at the designed annual RoM ore production volume of 1.5 million metric tonnes, the LoM of the Yulinxi Phosphate Mine was estimated to be approximately 17 years, including an one-year ramp up period, 13-year full-capacity production period and a three-year ramp down period.

As confirmed by the Competent Person, there had been no material change to the Mineral Resource and Ore Reserve estimates of our Yulinxi Phosphate Mine as of March 31, 2026, and up to the Latest Practicable Date.

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Mining License

Since 2017, we have owned the mining rights of our Yulinxi Phosphate Mine. The material terms of our mining license are set out below:

- Issuing authority: Hubei Provincial Department of Natural Resources
- Holder of mining license: Dongsheng Chemical
- Name of mine: Yulinxi Phosphate Mine of Hubei Dongsheng Chemical Group Co., Ltd.
- License number: C1000002017096110145167
- Mining method: Underground mining
- Production scale: 1.5 million tonnes per annum
- Mining area: 10.9515 sq. km
- Period of validity granted: From 6 September 2017 to 6 September 2047

On November 8, 2024, the Mineral Resources Law of the People’s Republic of China (Revised Draft) (the “**new Mineral Resources Law**”) was passed at the 12th Session of the Standing Committee of the 14th National People’s Congress, and took effect on July 1, 2025. Please refer to “Regulatory Overview” for details.

Our PRC Legal Advisors are of the view that the implementation of the new Mineral Resources Law will not adversely affect our operation and financial performance in material aspects. We aim to renew our mining license before its expiry date. As advised by our PRC Legal Advisors, there are no explicit regulations limiting the number of times a mining license may be renewed in the PRC. During the Track Record Period, we have pledged our mining rights to secure our banking facilities. See “Financial information — Indebtedness” in this document for further details of our bank facilities.

Utilization rate

The designed annual production capacity of Yulinxi Phosphate Mine approved by the Department of Natural Resources of Hubei Province (湖北省自然資源廳) is 1,500 kt.

The following table sets forth the mining utilization rates of our Yulinxi Phosphate Mine in terms of phosphate rock sourced from our Yulinxi Phosphate Mine during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Designed mining capacity ⁽¹⁾ (kt)	1,500	1,500	1,500
Actual mining volume (kt)	—	—	161.0
Mining utilization rate ⁽²⁾ (%).	—	—	10.7

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During the Track Record Period, our Yulinxi Phosphate Mine was under construction and we only commenced production for a month after obtaining the Safety Production Permit in November 2025, with actual production volume of nil, nil and 161.0 kt of phosphate rock in 2023, 2024 and 2025, respectively. Accordingly, the production utilization rate was nil, nil and 10.7% in 2023, 2024 and 2025, respectively, which is calculated based on the actual production volume for the relevant year divided by the designed production capacity.

Capital Cost

According to the Competent Person’s Report, our historical capital costs were RMB224.6 million in 2023, RMB625.3 million in 2024 and RMB155.1 million in 2025. The following table sets forth a breakdown of the historical capital costs during the Track Record Period and the forecast capital costs from 2026 to 2039.

Cost Centre	2023	2024	2025	2026Q1	2026Q2_Q4	2027	2028	2029	2030	2031-2039
	(RMB in million)	(RMB in million)	(RMB in million)	(RMB in million)	(RMB in million)	(RMB in million)	(RMB in million)	(RMB in million)	(RMB in million)	(RMB in million)
<i>Sunk Capex</i>										
Buildings	171.3	591.7	76.9	0.6	—	—	—	—	—	—
Engineering machinery . . .	4.3	1.0	2.3	2.9	—	—	—	—	—	—
Water drainage equipment. .	—	—	—	—	—	—	—	—	—	—
Production equipment. . . .	19.2	11.7	65.1	9.9	—	—	—	—	—	—
Electrical devices.	0.6	—	0.1	—	—	—	—	—	—	—
Vehicles	5.0	5.6	0.6	1.8	—	—	—	—	—	—
Other fixed assets	12.6	15.1	10.1	0.5	—	—	—	—	—	—
Work in progress	—	—	—	5.5	—	—	—	—	—	—
Land use.	4.7	—	—	—	—	—	—	—	—	—
Exploration licence.	6.9	—	—	—	—	—	—	—	—	—
Other intangible assets . . .	—	0.2	—	—	—	—	—	—	—	—
Deferred asset	—	—	—	0.9	—	—	—	—	—	—
Deferred tax asset	—	—	—	—	—	—	—	—	—	—
Other non-current assets . .	—	—	—	—	—	—	—	—	—	—
Sub-total.	224.6	625.3	155.1	22.1	—	—	—	—	—	—
<i>Sustaining Capex</i>										
Tunnels	—	—	—	7.8	23.4	31.2	31.2	—	—	—
Water pumping bays	—	—	—	0.1	0.3	0.4	0.4	—	—	—
Refuge chamber	—	—	—	0	0	0	0	—	—	—
Other sustaining Capex . . .	—	—	—	—	—	—	—	51.2	51.2	460.9
Sub-total.	—	—	—	7.9	23.7	31.6	31.6	51.2	51.2	460.9
Total	224.6	625.3	155.1	30.0	23.7	31.6	31.6	51.2	51.2	460.9

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Operating Costs

According to the Competent Person’s Report, our historical operating cash costs were RMB305.7 million in 2023, RMB331.3 million in 2024 and RMB94.7 million in 2025. The following table sets forth a breakdown of the historical cash operating cost during the Track Record Period.

Operating Cash Cost by Activities	2023	2024	2025
	(RMB in million)	(RMB in million)	(RMB in million)
Workforce employment	13.9	14.3	14.2
Consumables	68.0	77.8	29.9
Fuel, electricity, water and other services	181.2	202.8	34.8
On and off-site administration	0.8	2.8	4.6
Environmental protection and monitoring	—	—	—
Transportation of workforce	—	—	—
Product marketing and transport	—	—	—
Non-income taxes, royalties and other governmental charges	41.7	33.6	11.3
Contingency allowances	—	—	—
Total	305.7	331.3	94.7

During the Track Record Period, the operating costs of our Yulinxi Phosphate Mine increased from RMB305.7 million in 2023 to RMB331.3 million in 2024, primarily due to large-scale construction and underground development activities in 2024, and decreased to RMB94.7 million in 2025 as the mine construction work progressively neared completion.

The following table sets forth a breakdown of the forecast cash operating cost from 2026 to 2043.

Operation Cash Cost by Activities	Q2-Q4																	
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
	(RMB in million)																	
Workforce employment	42.6	48.5	49.9	49.4	49.7	49.8	49.7	49.9	49.9	49.6	49.7	48.9	49.9	48.4	41.7	14.8	8.9	—
Consumables	100.3	114.1	117.5	116.2	116.9	117.1	116.9	117.5	117.4	116.8	116.9	115.1	117.5	114.0	98.2	34.9	21.0	—
Fuel, electricity, water and other services	37.8	43.0	44.2	43.7	44.0	44.1	44.0	44.2	44.2	44.0	44.0	43.3	44.2	42.9	37.0	13.1	7.9	—
On/off-site administration	51.2	58.2	59.9	59.2	59.6	59.7	59.6	59.9	59.9	59.6	59.6	58.7	59.9	58.1	50.1	17.8	10.7	—
Environmental protection and monitoring	1.9	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	1.9	0.7	0.4	—
Transportation of workforce	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Product marketing and transport	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
NITRGC	47.2	53.7	55.3	54.7	55.1	55.1	55.0	55.3	55.3	55.0	55.1	54.2	55.3	53.7	46.2	16.4	9.9	—
Contingency allowances	28.1	31.9	32.9	32.5	32.7	32.8	32.7	32.9	32.8	32.7	32.7	32.9	32.9	31.9	27.5	9.8	5.9	—
Total	309.1	351.6	362.0	357.9	360.3	360.8	360.1	362.0	361.8	359.8	360.3	354.5	362.0	351.1	302.6	107.5	64.8	—

The unit cash operating cost over the LoM is RMB241.7 per tonne. In our Competent Person’s opinion, our Yulinxi Phosphate Mine has a proven track record of production, and the forecast operating costs used in the LoM model are reasonable.

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Risks Associated with Yulinxi Phosphate Mine

The mining industry inherently has a high level of risk, which is due to factors such as the nature of the ore body, ore distribution, grade and variations in mining and ore processing which are not able to be accurately predicted or accounted for. The following table sets forth a summary of the risk assessment undertaken by the Competent Person, including its assessment result and the ratings of the relevant risks:

Risk	Likelihood	Consequence	Rating
Geology, Mineral Resource			
Underestimate of Mineral Resource	Unlikely	Minor	Low
Overestimate of Mineral Resource	Possible	Moderate	Medium
Underestimate of the cut-off grade	Unlikely	Minor	Low
Overestimate of the grade	Unlikely	Moderate	Low
Lack of Significant Mineral Resource	Unlikely	Minor	Low
Unexpected Groundwater Ingress	Possible	Moderate	Medium
Unexpected Significant Fault/structure	Possible	Moderate	Medium
Ore Reserves			
Underestimate of mining loss	Unlikely	Minor	Low
Underestimate of mining dilution	Unlikely	Minor	Low
Underestimate of minimum mining width	Unlikely	Minor	Low
Underestimate of cut-off grade	Unlikely	Minor	Low
Overestimate of product price	Unlikely	Minor	Low
Overestimate of operating costs	Unlikely	Minor	Low
Lack of Significant Ore Reserves	Unlikely	Minor	Low
Mining			
Excessive Surface Subsidence	Unlikely	Minor	Low
Poor Underground Condition	Unlikely	Minor	Low
Underestimate of wall rock stability	Unlikely	Minor	Low
Underestimate of groundwater inflow	Unlikely	Minor	Low
Unfeasible development system	Unlikely	Minor	Low
Unfeasible mining methods	Unlikely	Minor	Low
Underestimate of ventilation capacity	Unlikely	Minor	Low
Significant Production Shortfalls	Unlikely	Minor	Low
Mineral Processing			
Lower Throughput	Unlikely	Moderate	Low
Lower Recovery	Possible	Moderate	Medium
Higher Production Cost	Possible	Moderate	Medium
Environmental			
Impacts to local ecology due to land disturbance	Possible	Moderate	Medium
Dust impacts from the haul roads and waste rock dump area	Possible	Moderate	Medium
Impacts to water pollution from the mining activity	Possible	Moderate	Medium

To address the key recommendations provided by the Competent Person, we have taken steps to strengthen hydrogeological investigations, including the systematic monitoring and timely assessment of groundwater inflow rates into the underground workings. In addition, we plan to implement environmental management, monitoring and rehabilitation measures throughout the life of our mine, in accordance with the approved environmental management plan and applicable regulatory requirements.

Path to Commercial Production

Based on our Company’s development plan, we are able to demonstrate a clear path to commercial production for the Yulinxi Phosphate Mine. According to the Competent Person’s Report, as of March 31, 2026, our Yulinxi Phosphate Mine possesses total estimated Mineral Resources of approximately 72.5 million tonnes and total estimated Ore Reserves of approximately 22.6 million tonnes,

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underpinning an estimated LoM of approximately 17 years which is sufficient to support long-term commercial operations. We have commenced limited production since December 2025 and have produced approximately 471.5 kt of phosphate rock as of the Latest Practicable Date.

The following table illustrates the development plan of our Yulinxi Phosphate Mine from 2026 to 2043:

Item	Unit	Total	2026Q2-Q4	2027	2028	2029	2030	2031	2032	2033	2034
Ore tonnage	kt	22,545	1,279	1,455	1,498	1,481	1,491	1,493	1,490	1,498	1,497
P ₂ O ₅ Grade	%	20.95	20.21	20.71	21.01	21.14	20.54	20.52	20.50	21.06	21.43
Item	Unit		2035	2036	2037	2038	2039	2040	2041	2042	2043 ⁽¹⁾
Ore tonnage	kt		1,489	1,491	1,467	1,498	1,453	1,252	445	268	—
P ₂ O ₅ Grade	%		21.87	21.93	21.14	20.99	21.36	20.36	19.48	19.11	—

Sources: SRK

Note:

(1) 2043, mine closure year

The project payback period is estimated to be six years, reflecting the economic viability of the Yulinxi Phosphate Mine. In the event of upside market, we will enhance the grade of our phosphate rock through the adoption of new technologies and increased R&D efforts, thereby increasing the average selling price of our phosphate rock and improving our financial performance. On the other hand, in the event of downside market we will engage cost-cutting strategies such as reducing the number of workers, lower production target, optimize the mine planning and scheduling and reach full production rate later than scheduled by postponing the capital expenditure schedule.

Our Directors are of the view, and the Competent Person concurs, that our development plan which includes, among others, the aspects of environmental protection and the associated environmental protection facilities, scheduled production and cost estimates, has illustrated to be technically and economically viable and generally appropriate and achievable.

OUR PRODUCTS

We specialize in the production and sales of traditional ammonium phosphate products and specialty ammonium phosphate products. Our traditional ammonium phosphate products include MAP and DAP, which are primarily used as fertilizers, suitable for different regions based on soil characteristics, application scenarios, and crop types. Our specialty ammonium phosphate products include technical-grade MAP and other water-soluble products, which can be used as fertilizers and in a variety of industrial applications. Our products also include phosphate rock, which included phosphate rock and residual slag after beneficiation of phosphate rock, and others, which primarily consisted of chemical by-products.

Our traditional ammonium phosphate products and specialty ammonium phosphate products offer a wide range of benefits including high nutrient-use efficiency, favorable physical properties, ease of application, broad applicability, a high level of safety, and stable nutrient content with a long-lasting residual effect.

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Driven by the growing demand, the sales of our traditional ammonium phosphate products and specialty ammonium phosphate products experienced growth during the Track Record Period. We expect to continue to benefit from the growing demand for ammonium phosphate products in China. The table below sets forth our revenue breakdown by category in absolute amounts and as percentages of our total revenue for the years indicated:

For the year ended December 31,						
2023		2024		2025		
Amount	%	Amount	%	Amount	%	
<i>(RMB in thousands, except for percentages)</i>						
Revenue from contracts with customers						
Traditional ammonium phosphate products	1,025,511	68.1	1,111,503	68.5	1,375,118	74.0
Specialty ammonium phosphate products	79,827	5.3	248,164	15.3	379,544	20.4
Phosphate rock	391,837	26.0	243,576	15.0	79,132	4.3
Others	8,139	0.5	18,829	1.2	24,090	1.3
Subtotal	1,505,314	99.9	1,622,072	100.0	1,857,884	100.0
Revenue from other sources						
Rental income	762	0.1	734	—	734	—
Total	1,506,076	100.0	1,622,806	100.0	1,858,618	100.0

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

For the year ended December 31,						
2023		2024		2025		
Gross profit/(loss)	Gross Profit margin %	Gross profit/(loss)	Gross Profit margin %	Gross profit	Gross Profit margin %	
<i>(RMB in thousands, except for percentages)</i>						
Traditional ammonium phosphate products	448,500	43.7	244,028	22.0	289,890	21.1
Specialty ammonium phosphate products	44,151	55.3	85,788	34.6	101,969	26.9
Phosphate rock	61,431	15.7	(26,789)	(11.0)	849	1.1
Others	1,696	20.8	10,037	53.3	12,455	51.7
Total	555,778	36.9	313,064	19.3	405,163	21.8

Main Products

The traditional ammonium phosphate products sold by us mainly include MAP and DAP. During the Track Record Period, revenue generated from sales of traditional ammonium phosphate products amounted to RMB1,025.5 million, RMB1,111.5 million and RMB1,375.1 million for 2023, 2024 and 2025 respectively, representing 68.1%, 68.5% and 74.0% of our total revenue in the same years, respectively.

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MAP

Monoammonium phosphate (MAP), with the chemical formula $\text{NH}_4\text{H}_2\text{PO}_4$, is a high-analysis and water-soluble nitrogen–phosphorus compound fertilizer. MAP is refined using phosphoric acid produced through the wet-process route, and is characterized by high nutrient concentration, stable chemical properties, good water solubility and relatively high nutrient concentration. MAP is typically in the form of white or off-white crystalline powder or granular form. MAP is a quality base raw material for the production of various compound fertilizers.

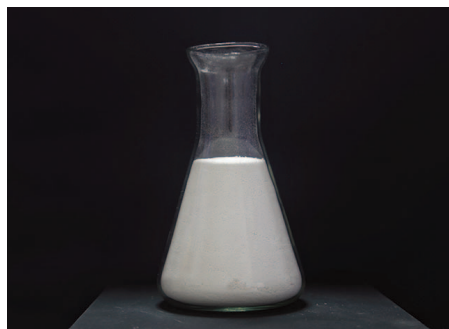
MAP has the following product features:

- **Appearance:** A uniform white or off-white crystalline powder or granular form. Granular products are generally free-flowing and exhibit mechanical strength.
- **High nutrient efficiency:** Its high phosphorus content (particularly in high-phosphorus grades) can support crop growth during critical growth stages (e.g., seedling establishment and flowering/fruit-setting), promoting root development, flower bud differentiation and fruit enlargement.
- **Compatibility:** It can generally be blended and applied with straight fertilizers such as urea, potassium chloride and potassium sulfate. MAP is widely used as a phosphorus source for the production of macronutrient and BB fertilizers, and blends well with other major fertilizer raw materials such as potassium nitrate, potassium sulfate and urea.
- **Stability and reactivity:** Stable under ambient temperature and pressure, with no redox properties; non-flammable and non-explosive. It has relatively low hygroscopicity, and high-purity products generally present as an off-white powder. It is compatible in formulations with materials such as magnesium hydroxide and expandable graphite, helping reduce flame-retardant loading and improve mechanical performance.

MAP is widely used in the agricultural sector: Raw material for high-analysis compound fertilizers: It can replenish phosphorus and nitrogen nutrients, promote crop root development, tiller during the flowering stage and fruit enlargement. It is suitable for rice, wheat, corn, sorghum, cotton, tobacco, fruits and vegetables, flowers and other cash crops, as well as phosphorus-deficient soils. MAP is broadly applicable to various soil types, including red soils, yellow soils, brown soils, fluvo-aquic soils, black soils, cinnamon soils, purple soils and albic soils, and can help improve alkaline soils. Under such soil conditions, the use efficiency of MAP can be improved by more than 30% compared with conventional fertilisation methods. It is suitable for application in arid and low-rainfall regions in Northwest, North and Northeast China, and it can be used in blends with potassium phosphite and chelated micronutrients.

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Below is an illustration of our MAP products:



DAP

Diammonium phosphate (DAP), with the chemical formula $(\text{NH}_4)_2\text{HPO}_4$, is a high-analysis nitrogen-phosphorus fertilizer with relatively high nutrient content. DAP typically appears as off-white to brown granules and exhibits favorable physical properties, including high granule strength. It is chemically stable and provides a balanced nutrient profile. DAP can be applied directly as a fertilizer and also serves as a raw material for the production of various bulk-blended fertilizers. In addition, its mildly alkaline nature may help mitigate soil acidity under certain conditions.

DAP has the following product features:

- **Appearance:** Under normal conditions, DAP is used as an odorless white crystalline material or off-white to dark grey granules. The granules are generally uniform and hard, with good flowability and reduced caking tendency, making the product suitable for long-distance transportation, storage and mechanized application. Certain grades may appear brown or yellow due to the use of coating agents.
- **Nutrient profile:** As a high-analysis nitrogen-phosphorus fertilizer, DAP features a concentrated and balanced nutrient profile. Nitrogen is primarily in ammoniacal form, while phosphorus is highly water-soluble. DAP is readily taken up by crops and provides sustained efficacy, supporting nutrient requirements at key stages throughout the crop growth cycle. Its nutrient use efficiency is generally higher than that of some traditional ammonium phosphate products, such as superphosphate.
- **Stability and storage:** DAP remains physically stable and free-flowing under dry conditions. However, it is moderately hygroscopic and may cake and slowly decompose in humid air; accordingly, it should be stored in sealed packaging.
- **pH (acidity/alkalinity):** A 1% aqueous solution is mildly alkaline, with a pH of approximately 7.5–8.5, which may help gently adjust acidic soils and is generally compatible with soil conditions suitable for most crops.

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- Reactivity:
 - (i) Reactions with acids: DAP can undergo neutralisation reactions with strong acids (e.g., hydrochloric acid and sulfuric acid) to form corresponding phosphate salts (for example, reaction with hydrochloric acid may produce monoammonium phosphate and ammonium chloride).
 - (ii) Reactions with alkalis: DAP reacts with aqueous ammonia to form unstable triammonium phosphate. Mixing with alkaline fertilizers such as plant ash or lime may accelerate ammonia volatilisation and reduce fertilizer efficacy; therefore, co-storage and co-application are not recommended.
 - (iii) Double decomposition reactions: DAP may react with certain metal salts (e.g., magnesium chloride) to form ammonium magnesium phosphate precipitates. This property has been utilised in gravimetric determination of magnesium content in iron ore.
 - (iv) Safety: DAP is non-flammable in itself; however, mixtures with strong oxidisers (e.g., potassium chlorate) may pose a fire risk. Thermal decomposition at elevated temperatures may generate toxic fumes, including nitrogen oxides and phosphorus oxides; appropriate ventilation and protective measures should be implemented.

DAP is widely used across the agricultural sector:

- Agriculture: DAP is an efficient nitrogen–phosphorus fertilizer. Its nitrogen component promotes stem and leaf growth and photosynthesis, while its phosphorus component enhances root development, flower bud differentiation and stress resistance (including drought tolerance and resistance to diseases and pests). It is suitable for staple crops such as wheat, rice and maize, as well as cash crops including cotton, fruit trees and vegetables.

Below is an illustration of our DAP products:



The specialty ammonium phosphate products sold by us mainly include technical-grade MAP and other water-soluble products. During the Track Record Period, revenue generated from sales of specialty ammonium phosphate products amounted to RMB79.8 million, RMB248.2 million and RMB379.5 million for 2023, 2024 and 2025 respectively, representing 5.3%, 15.3% and 20.4% of our total revenue in the same years, respectively.

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Technical-Grade MAP

Technical-Grade MAP, with the chemical formula $\text{NH}_4\text{H}_2\text{PO}_4$, is a high-purity MAP product with ultra-high phosphorus content. It is manufactured using high-purity wet-process phosphoric acid that has undergone deep purification, and is further refined through crystallisation processes to ensure extremely low impurity levels and high water solubility. Technical-Grade MAP typically appears as uniform white crystals or powder. Technical-grade MAP is an important phosphorus source for the manufacture of ultra-high-phosphorus water-soluble fertilizers, liquid fertilizers and specialty formulated fertilizers. It is also widely used in industrial applications, including dry powder fire extinguishing agents and fermentation aids.

- Appearance: Uniform white crystals or powder.
- Ultra-high phosphorus–nitrogen formulation: Featuring approximately 61% P_2O_5 , technical-grade MAP combines high nutrient content with high water solubility, and its solubility is higher than that of agricultural-grade MAP.
- Excellent water solubility: With excellent water solubility, it dissolves to form a clear, transparent solution with no residue. It is therefore a preferred phosphorus source for applications with stringent purity requirements, such as precision drip irrigation, soilless cultivation and premium foliar fertilizers.
- Strong chemical stability: Under ambient, dry conditions, it is less prone to moisture uptake and caking, offering practical advantages for storage and transportation. Upon heating to approximately 190°C , it decomposes to ammonium dihydrogen phosphate, ammonia and water, and exhibits better high-temperature stability than most ammonium phosphate fertilizers.
- Mild acidity: Its aqueous solution is mildly acidic (pH approximately 4.0–4.5) and can undergo neutralisation reactions with alkaline substances to form corresponding phosphate salts, while generally not causing severe corrosion to metal containers.
- Dual-use capability: Due to its high purity and very low impurity levels, key parameters (including heavy metals such as lead, cadmium and mercury, as well as sulfate and chloride) comply with applicable industrial standards. It is suitable both as a specialty fertilizer raw material for high-end agricultural applications and for industrial uses (such as fire extinguishing agents and flame-retardants raw materials), fine chemicals and electronics applications (including lithium-iron battery cathode materials) that require high-quality, high-purity MAP.

Technical-grade MAP is widely used across the agricultural sector and industrial applications:

- Agriculture:
 - (i) Specialty water-soluble fertilizers: It can be used in the manufacture of ultra-high-phosphorus water-soluble fertilizers for flush application and drip irrigation.
 - (ii) Liquid fertilizers: It can be used to formulate high-concentration, clear and stable liquid fertilizers, including clear-solution and suspension types.

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- (iii) Soilless cultivation nutrient solutions: It serves as a core phosphorus and nitrogen source in A/B stock-solution programmes.
- (iv) Foliar application: After dilution, it can be used as a base material for high-purity foliar fertilizers.
- Industry:
 - (i) Flame-retardant production (core application): Technical-grade MAP is a key raw material for intumescent flame retardants. During decomposition, it releases ammonia and water and forms a dense phosphate protective layer, which helps to isolate oxygen and reduce heat transfer. It is widely used for flame-retardant modification of plastics, rubber, coatings, paper and wood, including applications such as home appliance housings, building insulation materials and cable sheathing.
 - (ii) Electronic application: High-purity technical-grade MAP with purity of 99.9% or above can serve as key precursor materials for LFP, the cathode material used in lithium iron phosphate batteries.

Below is an illustration of our technical-grade MAP products:



Other water-soluble products

Other water-soluble products mainly include water-soluble MAP and water-soluble macronutrient fertilizers.

Water-soluble MAP, with the chemical formula $\text{NH}_4\text{H}_2\text{PO}_4$, is a white crystalline powder. It is a high-concentration, fully water-soluble nitrogen and phosphorus fertilizer, easily soluble in water, weakly acidic, highly efficient and versatile. Water-soluble MAP is designed to meet the needs of precision agriculture and water-saving practices, offering complete nutrition, full solubility, and residue-free performance. The product has evolved from focusing on major nutrients ($\text{N-P}_2\text{O}_5\text{-K}_2\text{O}$) to incorporating secondary and trace elements, amino acids, and humic acids for enhanced functionality.

The production process emphasizes advanced formulation technology to ensure compatibility among different nutrients and prevent crystallization. High-purity raw materials and optimized mixing techniques are applied to achieve uniformity and prevent moisture absorption. In addition, agrochemical services are offered to provide soil testing and customized nutrient formulations according to crop and soil conditions, representing a higher-level capability and competitive advantage.

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Water-soluble MAP is widely used in modern agriculture to provide nitrogen and phosphorus, promote root development and flowering, and is suitable for various fertilization methods such as foliar spraying, drip irrigation, and fertigation. It is particularly suitable for high-end agricultural practices, including greenhouse cultivation, orchards, large-scale economic crops, and soilless systems. It is also used in the industrial and food industries.

Below is an illustration of our water-soluble MAP products:



Phosphate Rock

Phosphate rock, primarily composed of fluorapatite with the chemical formula $\text{Ca}_5\text{F}(\text{PO}_4)_3$, contains minor associated impurities such as calcium carbonate, magnesium oxide and silicon dioxide. Phosphate rock products are lump or granular solids produced from run-of-mine ore through mining, crushing, screening and washing/beneficiation. They typically exhibit colours ranging from grey-white and yellow-white to brownish red, with a Mohs hardness of approximately 5.0–5.5, a density of approximately $3.1\text{--}3.2\text{ g/cm}^3$ and a bulk density of approximately $1.8\text{--}2.2\text{ t/m}^3$. Ore grades vary by deposit and are typically classified by P_2O_5 content. Impurity levels and beneficiability differ depending on the characteristics of the ore. It is a core raw material for the production of ammonia phosphate products, yellow phosphorus and phosphate chemical products such as phosphoric acid, and is widely used in the fertilizer, chemical and metallurgical industries.

Phosphate rock has the following product features:

- Physical characteristics: Phosphate rock is supplied in lump or granular form and is hard in texture, with uniform sizing after screening and may contain limited material mud clods or agglomerated impurities. It generally demonstrates good stockpiling stability. Phosphate rock of different grades generally exhibits distinct colour differences, facilitating on-site identification and use. It is not readily prone to pulverisation during transportation, resulting in a low loss rate.
- Chemical characteristics: Phosphate rock is produced from naturally occurring phosphate rock through beneficiation/refining and is chemically stable. Under ambient temperature and pressure, phosphate rock shows no substantial reactions with water or weak acids. It may decompose under high-temperature and strong-acid conditions to release phosphorus-containing compounds, and can undergo acidulation reactions with acids such as sulfuric acid and phosphoric acid, making it a quality feedstock for phosphate products. The contents of deleterious impurities such as fluorine and magnesium are controlled within applicable industry standards, which help reduce the processing burden in downstream production.

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Phosphate rock is widely used across the ammonia phosphate industry, the phosphate chemical industry, the metallurgical and building materials industries, and other application areas:

- **Ammonium phosphate industry:** Phosphate rock is a core feedstock for ammonium phosphate products. Through processes such as acidulation, slurry preparation and concentration, it can be used to produce a range of ammonium phosphate products, including single superphosphate, monoammonium phosphate, diammonium phosphate and triple superphosphate. These products provide essential phosphorus nutrients for agricultural production and support improvements in crop yield and quality.
- **Phosphate chemical industry:** Phosphate rock is a basic raw material for the production of yellow phosphorus, industrial-grade phosphoric acid and sodium tripolyphosphate. Yellow phosphorus may be produced via high-temperature reduction in electric furnaces and further processed into products such as red phosphorus and phosphate esters. Industrial-grade phosphoric acid may be produced by sulfuric acid acidulation and is widely used in sectors including food additives, household and personal care products and electronics. Phosphate rock is also used to manufacture phosphate salts (such as sodium phosphates, potassium phosphates and calcium phosphates) for applications including water treatment, flame retardants and food processing.
- **Metallurgy and building materials:** In the metallurgical industry, phosphate rock is used as a raw material for producing ferrophosphorus alloys, which are applied in steelmaking for deoxidation and desulfurisation and may enhance hardness and wear resistance. In the building materials industry, limited quantities of high-grade phosphate rock may be used as a cement set retarder to regulate setting time and improve cement performance.
- **Other applications:** In the environmental sector, phosphate rock may be used to produce phosphate-based water treatment agents for the removal of heavy metal ions from wastewater. In the ceramics industry, it can be used as a flux to reduce firing temperature and improve the density and gloss of ceramic products. It can also be used in the manufacture of feed additives, where it can be refined into dicalcium phosphate to provide phosphorus and calcium nutrition for livestock and poultry.

Below is an illustration of our phosphate rock:



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The following table sets forth the sales volumes and average selling prices for our traditional ammonium phosphate products, specialty ammonium phosphate products and phosphate rock for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(t)	(RMB)	(t)	(RMB)	(t)	(RMB)
Traditional ammonium phosphate products	326,429	3,140	317,370	3,500	342,867	4,010
Specialty ammonium phosphate products	17,220	4,640	50,959	4,870	77,305	4,910
Phosphate rock	754,500	520	607,900	400	293,689	270

PRODUCTION

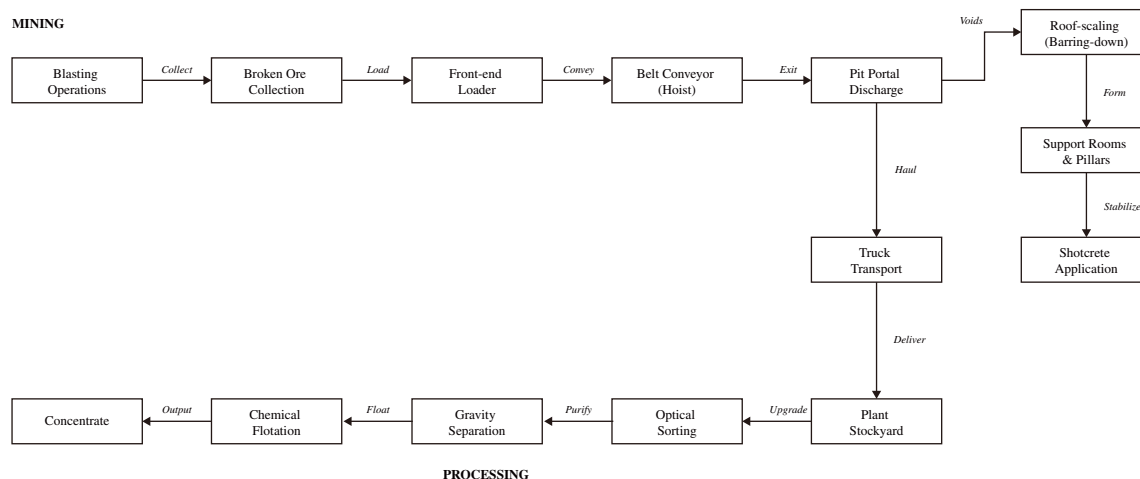
Production Processes

Mining

We use the underground mining method for the extraction of phosphate rock at our Yulinxi Phosphate Mine. Our mining process involves the following steps: (i) jumbo drilling, blasthole drilling, charging of explosives and blasting operations typically take around six hours; (ii) after drilling and blasting, the stope is ventilated, which typically takes around six hours. During ventilation, water is sprayed for dust suppression. Personnel may enter the stope to commence operations only after toxic and harmful gases have been fully exhausted; (iii) the fragmented ore is collected by a front-end loader and loaded onto a belt conveyor, which typically takes around four hours; (iv) the belt conveyor transports the ore to the discharge point in approximately one hour; (v) hazard removal, roof cleaning, and installation of the chamber and concrete support typically take around five hours; and (vi) the ore is then transported by truck to the plant stockyard, which typically takes approximately 0.5 hour.

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The main steps involved in the production of phosphate rock are illustrated in the following flow chart:



We own all the major equipment for our mining operation. The following table sets out a summary of the key mining equipment owned by us as of December 31, 2025:

Equipment	Model	Number
Hydraulic drilling jumbo	CYTJ45A	9
Low-profile hydraulic drilling jumbo . .	Hole depth 3.5–3.8 m, hole diameter 40–45 mm	4
Low-profile diesel LHD	WJ-3	4
Diesel LHD	WJ-3.5	7
Excavating loader (tunnel loader)	ZWY-120/55L	6
Scaling jumbo	XMPYT-74/325	3
Roof-bolting jumbo	CYTM41-2A	3
15 t underground truck	UK-15	13
Underground personnel carrier	RU-19	3
Underground materials truck	FL-5	1
Underground materials truck	FL-10	1
Explosives transport vehicle	FCB-5	4
Trackless fuel drum carrier	CY-4000	1
Jaw Crusher	PWD75106	1
Jaw Crusher	PWD75150	1
Ventilation Fan	FKCDZ-No.34	2
Air Compressor	LG-22/8G	4
Air Compressor	BK132-8T	3

Note:

- According to the accounting policies adopted by us, depreciation of our key mining equipment is calculated using the straight-line method over an estimated useful life of 10 to 20 years, and allocate its costs to its residual values over the estimated useful lives of the equipment. The actual useful lives of the equipment may be different from the estimates. See Note 2.3 of the Accountants’ Report in Appendix I to this document for details of the depreciation method adopted for our equipment and its useful lives.

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We carry out continuous maintenance, servicing, and repairs of our mining machinery and equipment to extend their service lives and enhance operating efficiency. We have established a comprehensive equipment maintenance system under which major mining equipment is subject to regular inspection and maintenance. We formulate maintenance procedures based on equipment performance. Our overall maintenance principles are daily inspections, weekly servicing, and monthly overhauls, and we do not operate equipment with known defects.

Daily inspections include: (i) prior to use, checking bolt tightness, confirming normal oil levels, ensuring belts and chains are intact, verifying that all protective guards are in place, and removing accumulated material; (ii) during use, ensuring there are no abnormal noises, abnormal overheating, oil or water leakage, misalignment, or overloading; and (iii) after use, removing dust and residual materials, shutting down and isolating power, and promptly reporting any issues identified. In addition, we conduct weekly servicing of our mining machinery, including tightening fasteners across the equipment, lubricating bearings and pins, adjusting belt tension, removing dust from electrical components, and inspecting wiring and circuits. Monthly overhauls include oil changes and replacement of filters, inspection and replacement of wear parts whereas as necessary, inspection of frame weld seams, and troubleshooting and inspection of hydraulic and braking systems.

Beneficiation and processing

We adopt flotation, optical sorting and dense medium separation methods for beneficiation and processing.

- *Flotation*

- (i) Crushing and grinding

Ore is transferred from the stockpile to the raw ore bin by grab crane and is fed by a heavy-duty apron feeder to a jaw crusher for primary crushing. The crushed ore is conveyed by belt conveyor to a circular vibrating screen for screening. Screen undersize is conveyed by belt conveyor and a shuttle tripper to the fine ore bin for storage. Screen oversize is conveyed by belt conveyor to a medium-duty apron feeder and then fed to a short-head cone crusher for secondary crushing, with the secondary crushed product returned to the screen in closed circuit. A disc feeder beneath the fine ore bin feeds fine ore to the ball mill.

- (ii) Flotation

To facilitate automation, improve flotation performance and enhance operational management, aerated mechanical agitation flotation cells are adopted. A double-reverse flotation flowsheet is used, with the first flotation stage for magnesium removal and the second flotation stage for silica removal.

- (iii) Product processing

The product in the flotation cell is phosphate concentrate, which is thickened in a high-efficiency thickener. Thickener underflow is pumped to a concentrate slurry storage tank, while thickener overflow is returned to the process via the concentrator elevated water tank. Froth produced during flotation is treated as tailings and is pumped by tailings pumps to the Dawan tailings storage facility for deposition.

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- *Optical sorting*

The optical sorting system comprises a raw ore bin, crushing building, screening building, optical sorting building and product stockpiles. Raw ore is delivered by haul trucks to the raw ore bin and is fed via a vibrating feeder to a jaw crusher for primary crushing. The primary crushed product is conveyed by belt conveyor to a circular vibrating screen for classification.

Top-deck oversize is conveyed by belt conveyor to a fine-crushing surge bin and then fed to a secondary fine-crushing jaw crusher. The secondary crushed product is combined with the primary crushed stream and returned by belt conveyor to the circular vibrating screen for closed-circuit screening. Bottom-deck undersize is conveyed by belt conveyor to the raw ore bin serving the dense medium separation circuit. Bottom-deck oversize is conveyed by belt conveyor to a surge bin in the optical sorting workshop and is then fed by belt conveyor to the optical sorter for separation. The resulting optical sorting concentrate and middlings are conveyed by belt conveyor to downstream stockpiles, respectively.

- *Dense Medium Separation (DSM)*

The DMS system comprises a raw ore bin, washing building, DMS building, tailings bin and concentrate stockpile. Fine ore is delivered by haul trucks to the raw ore bin. A weigh feeder installed beneath the raw ore bin meters the ore onto a belt conveyor and delivers it to a linear vibrating screen in the washing workshop. Spray water is provided above the screen for washing. Screen undersize slimes flow by gravity to the washing pump sump, while screen oversize is conveyed by belt conveyor to the fine ore bin.

A weigh feeder beneath the fine ore bin meters ore onto a belt conveyor and delivers it to a three-product cyclone in the DMS workshop. A feed box is installed above the cyclone, and qualified dense medium slurry is pumped to the cyclone by a medium pump. Following separation in the three-product cyclone, the concentrate and tailings streams are sequentially de-mediumed using a vibrating arc screen and a linear vibrating screen. The de-mediumed concentrate and tailings are conveyed by belt conveyor to the concentrate stockpile and the tailings bin, respectively.

Qualified medium recovered from the vibrating arc screen and the linear vibrating screen flows by gravity to the qualified medium tank. Dilute medium flows by gravity to a magnetic separator, and the recovered medium flows by gravity back to the qualified medium tank. Non-magnetic material is pumped to a thickener. Thickener overflow is returned to the system for reuse, and thickener underflow is further dewatered by a filter press.

MAP Manufacturing

The major raw materials used for our MAP manufacturing process include phosphate rock, sulfur and synthetic ammonia. MAP is manufactured by the wet-process method, and phosphogypsum is the by-product during the manufacturing of MAP.

Our MAP manufacturing process involves the following major steps:

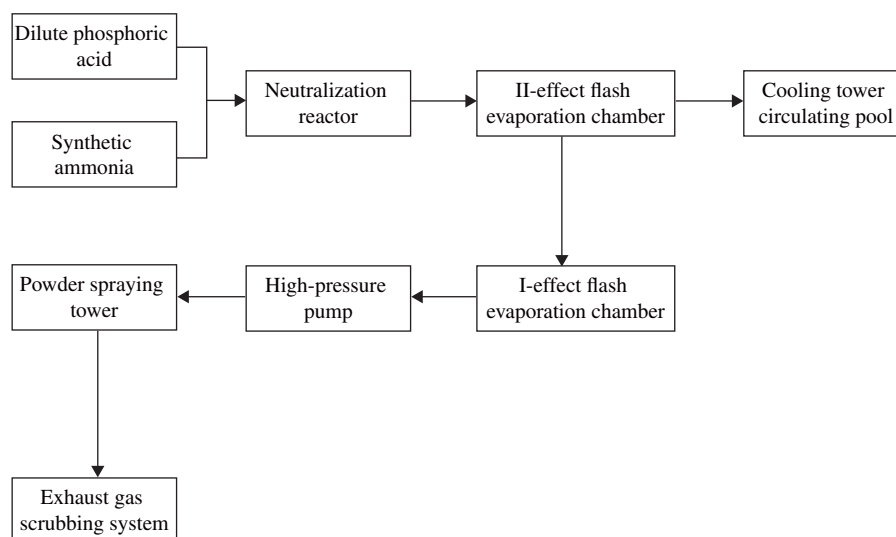
- Step one: Phosphoric acid is delivered into the rapid ammoniation reactor by a phosphoric acid pump to undergo a neutralization reaction with gaseous ammonia from the ammonia station.

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- Step two: The ammonium phosphate slurry produced from the reaction of phosphoric acid and ammonia in the rapid ammoniation reactor overflows into the evaporation feed tank.
- Step three: The feed pump transfers the ammonium phosphate slurry into the second-effect flash evaporation chamber of the concentration system. Under the action of the slurry circulation pump, the slurry enters the second-effect heater and undergoes forced circulation within the system, where it is heated and water is evaporated.
- Step four: The preliminarily concentrated slurry is delivered by the feed pump into the first-effect flash evaporation chamber, where it is further concentrated to the specified concentration, and then flows to the high-pressure pump.
- Step five: The qualified, concentrated ammonium phosphate slurry is pumped by a high-pressure pump to the nozzles at the top of the spray drying tower. As it exits the nozzles, the slurry forms a mist and descends from the top of the tower.
- Step six: Hot air from the hot blast furnace enters the fluidized bed at the bottom of the spray drying tower and flows countercurrently to the slurry mist, rapidly evaporating and drying the atomized slurry.
- Step seven: The powdered ammonium phosphate at the bottom of the tower flows into a screw conveyor, then into a belt conveyor, and is transported to the finished product packaging workshop. The exhaust gas from the drying tower enters the dust settling chamber, and the dust collected in the chamber flows into the recycle belt conveyor and is sent together to the finished product belt.
- Step eight: The exhaust gas from the dust collector passes through a jet scrubbing tower for further dust removal and scrubbing before being discharged. Once the circulating absorption liquid in the scrubbing tower reaches a certain concentration, it is sent to the neutralized slurry evaporation feed tank for recycling and reuse.
- Step nine: The MAP finished product is transported by a belt conveyor to two product storage hoppers. Each hopper is connected to an automatic weighing and packaging machine for precise weighing and packaging. After being sewn by a bag sewing machine, the packages are conveyed to the warehouse for palletizing and storage. The products are dispatched from the factory after passing inspection.

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The diagram below illustrates the main steps of the manufacturing process of our MAP products:



DAP Manufacturing

The major raw materials used for our DAP manufacturing process include phosphate rock, sulfur and synthetic ammonia. DAP is manufactured by the wet-process method, and phosphogypsum is the by-product during the manufacturing of DAP.

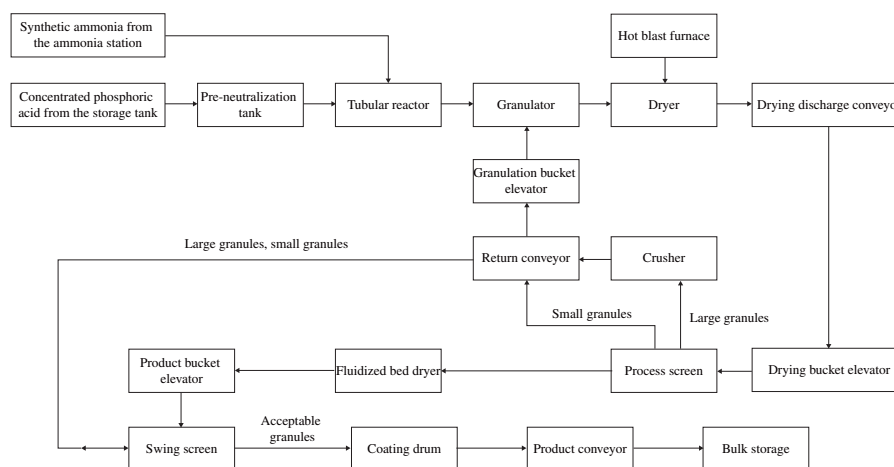
Our DAP manufacturing process involves the following major steps:

- Step one: Synthetic ammonia is fed to a synthetic ammonia evaporator, where it is heated by steam and vaporised to gaseous ammonia. The gaseous ammonia is routed via an ammonia buffer tank to a rapid ammoniation reactor. Dilute phosphoric acid from the phosphoric acid plant is transferred to a phosphoric acid intermediate tank within the facility and is pumped by a phosphoric acid pump to the rapid ammoniation reactor for neutralisation with ammonia.
- Step two: In the rapid ammoniation reactor, phosphoric acid and ammonia react to form an ammonium phosphate slurry, which overflows to the evaporator feed tank.
- Step three: The slurry is pumped by a feed pump to the flash chamber of the second-effect evaporation system and, together with circulating slurry, is delivered by a slurry circulation pump to the second-effect heater for forced-circulation evaporation.
- Step four: The preliminarily concentrated slurry is pumped to the first-effect evaporation system for further concentration to the specified solids content and then overflows to the slurry collection tank.
- Step five: The ammonium phosphate slurry is pressurised by a high-pressure pump and fed to spray nozzles at the top of the spray drying tower. The neutralised liquid is atomised into a mist and travels downward from the tower top.

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- Step six: Hot air from the hot air furnace is introduced at the bottom fluidised bed section of the spray drying tower and flows counter-currently to the atomised slurry, enabling rapid evaporation and drying.
- Step seven: The powdered ammonium phosphate product discharged from the tower bottom flows to a screw conveyor and is transferred via belt conveyor to the finished product packaging workshop.
- Step eight: Finished product is conveyed to two finished product storage hoppers, each equipped with an automatic quantitative packaging machine for automatic weighing and bagging. Bags are sealed by a bag sewing machine and conveyed to handcarts for manual palletising or off-site dispatch. Damaged bags are manually reweighed, resewn using a hand-held sewing machine and transferred to storage.

The diagram below illustrates the main steps of the manufacturing process of our DAP products:



Technical-Grade MAP

The major raw materials used for our technical-grade MAP manufacturing process include phosphate rock, synthetic ammonia and sulfur. Technical-grade MAP is manufactured by the wet-process method.

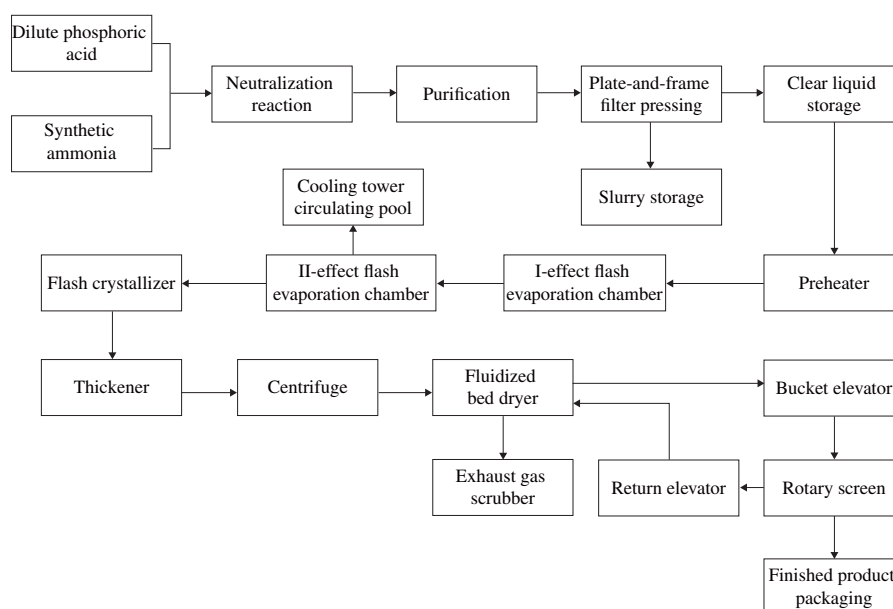
Our technical-grade MAP manufacturing process involves the following major steps:

- Step one: Neutralisation and purification section: This section is designed to purify the neutralised slurry. Following purification, a qualified technical-grade MAP clear solution is produced. The purified clear solution is directed to the concentration system.
- Step two: Concentration section: This section is designed to concentrate the ammonium phosphate slurry to meet the requirements of downstream processing. The slurry generated from neutralisation is fed to a concentrator for concentration. The separated aqueous phase is recycled as process water for the overall process. The concentrated slurry is then transferred to the crystalliser.

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- Step three: Crystallisation, separation, drying and packaging section: This section is designed to crystallise the concentrated slurry. The concentrated slurry is fed to the crystalliser, and the thickened crystal slurry is then sent to a centrifuge for solid-liquid separation. The filter cake constitutes semi-finished technical-grade MAP product, while the filtrate is transferred to a slurry tank for recycle. Qualified technical-grade MAP product is obtained after separation. The semi-finished technical-grade MAP is conveyed to a fluidised bed dryer for drying and is subsequently screened, packaged and stored as finished product. Oversize material is crushed and returned to the drying system. Dryer exhaust gas is scrubbed in a washing tower prior to discharge.

The diagram below illustrates the main steps of the manufacturing process of our technical-grade MAP products:



Other water-soluble products

We manufacture other water-soluble products, including water-soluble MAP and water-soluble macronutrient fertilizers.

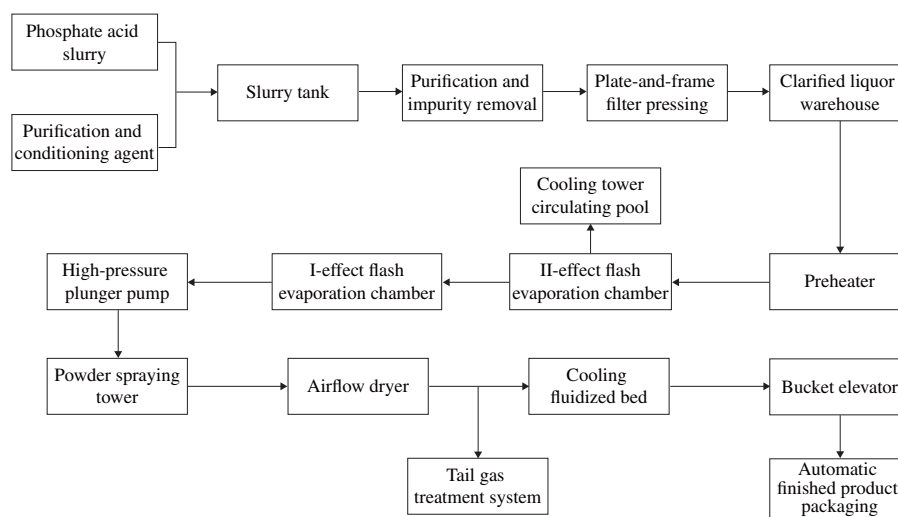
Our water-soluble MAP manufacturing process involves the following major steps:

- Step one: Phosphate acid slurry generated from technical-grade MAP is pumped into the slurry tank, and a specified amount of conditioning agent is added and mixed uniformly.
- Step two: The conditioned phosphate acid slurry is pumped to a plate-and-frame filter press for filtration, and the filtrate (clarified liquor) is transferred to the clarified liquor storage tank.
- Step three: Clarified liquor in the storage tank is pumped to the second-effect flash chamber via the clarified-liquor feed pump, and slurry flow is increased by the second-effect circulation pump to pass through the second-effect heater;

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- Step four: The slurry is pumped to the inlet of the first-effect circulation pump, and slurry flow is increased to pass through the first-effect heater and into the first-effect flash chamber for circulation until a qualified slurry is obtained.
- Step five: The qualified slurry is pressurized by a high-pressure plunger pump and atomized through a dedicated nozzle into a fine mist.
- Step six: The atomized slurry undergoes heat exchange with hot air supplied from the hot air furnace in the spray tower to remove moisture and produce a powdered monoammonium phosphate intermediate product.
- Step seven: The intermediate product is conveyed by belt to a airflow dryer for secondary drying.
- Step eight: The dried product enters a vibrating fluidized bed for cooling and temperature reduction, resulting in qualified finished products.
- Step nine: Finished products are transferred to the warehouse for automated packaging and palletizing, and dust-containing off-gases are treated through the off-gas treatment system for compliant discharge.

The diagram below illustrates the main steps of the manufacturing process of our water-soluble MAP:



Machinery, Equipment and Maintenance

We own all the major equipment for our processing operation. The major equipment applied in our production processes are set forth below:

- Spray drying tower, which is used for preliminary drying of finished products.
- High-pressure pump, which is used for conveying high-density slurry.

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- Concentration system, which is used for dewatering low-density slurry.
- Crystallization system, which is used for purification of materials.
- Secondary drying system, which is used for reprocessing preliminarily dried products to further enhance product quality.
- Automated packaging system, which is used for packaging finished products, improving automation and enhancing product appearance quality.
- Dryer, which is used for dehydration and drying treatment of granular products.
- Granulator, which is used for secondary reaction and granulation of granular products.
- Crusher, which is used for crushing oversized particles to ensure compliant particle size distribution within the system.
- Screening machine, which is used for screening products to ensure compliant particle size.
- Tail gas scrubbing system, which is used for absorption treatment of tail gas to ensure compliant emissions under applicable environmental requirements.

According to the accounting policies adopted by us, depreciation of our machinery is calculated using the straight-line method over an estimated useful life of 10 to 20 years, and allocate its costs to its residual values over the estimated useful lives of the machinery. The actual useful lives of the machinery may be different from the estimates. See Note 2.3 of the Accountants’ Report in Appendix I to this document for details of the depreciation method adopted for our machinery and its useful lives.

We continually repair and upgrade our machinery and equipment to improve our operational efficiency. We have a comprehensive equipment maintenance system in place, with daily inspections for large machinery and regular checks and maintenance for other production equipment. Comprehensive inspections or overhauls are conducted periodically based on equipment lifecycles. We have on average around two to four weeks of overhaul and maintenance each year at our production plants. For our processing plants’ machinery and equipment that we own, we also conduct maintenance and overhaul on a regular basis. We have developed and implemented internal procedures at our plants periodically according to the characteristics and requirements of the particular equipment and machinery in order to ensure their proper functioning. For example, we generally take anti-corrosion measures every six to 12 months. We also conduct scheduled maintenance for our equipment at the beginning of each month, with each maintenance session lasting no more than 24 hours. In addition, we also conduct unscheduled maintenance on the sulphuric acid equipment due to equipment failures, each lasting one to seven days, depending on the severity of the failure. During the Track Record Period, we did not experience any material or prolonged suspension of operations due to machinery, equipment or other facility failures.

Production Management System

We have implemented a distributed control system (“DCS”) operating system and an automated weighbridge system for our production and logistics processes. In addition, we have adopted the Kingdee Cloud Galaxy (“金蝶雲 • 星空”) system for our contract management.

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The DCS operating system enables remote equipment control from the central control room and allows our personnel to review real-time liquid level data and trend data covering up to one month. The automated weighbridge system enables us to effectively monitor the transportation and delivery process for each product shipment. Information such as the truck licence plate number, the type of product unloaded and the driver’s name is recorded in the weighbridge system. The Kingdee OA system assists us in monitoring the execution progress of sales agreements and purchase orders, thereby facilitating resource allocation for purchase orders and tracking the timing of customer payment settlement.

Production Facilities

As of the Latest Practicable Date, we operated one ammonium phosphate production base in Yuan’an County, Yichang City, Hubei Province in the PRC. Our ammonium phosphate production base, spanning an aggregate site area of approximately 795,000 sq.m, is used for the production of our traditional ammonium phosphate products and specialty ammonium phosphate products.

The following table sets forth a summary of our production capacity in terms of designed production capacity and utilization rates of our major products for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Traditional ammonium phosphate products			
Designed production capacity ⁽¹⁾ (kt)	466.7	466.7	466.7
Actual production volume (kt).	344.1	354.8	282.5
Utilization rate ⁽²⁾ (%)	73.7	76.0	60.5
Specialty ammonium phosphate products			
Designed production capacity ⁽¹⁾ (kt)	26.7	106.7	106.7
Actual production volume (kt).	17.9	57.7	95.7
Utilization rate ⁽²⁾ (%)	67.0	54.1	89.7

Notes:

1. The designed production capacity represents the annual production output under normal operations on a two-shift basis assuming: (i) sufficient labor is available at all times; (ii) approximately 300 working days per year for production; (iii) two eight-hour shifts per working day; and (iv) no major equipment breakdown. Under a three-shift operating schedule, the theoretical maximum production capacity for our traditional ammonium phosphate products and specialty ammonia phosphate products is 700,000 tonnes and 160,000 tonnes per annum, respectively.
2. The utilization rate is calculated based on the actual production volume for the relevant year divided by the designed production capacity.

The utilization rate of the production line for traditional ammonium phosphate products remained stable in 2023 and 2024, primarily because the overall industry conditions were favorable and we maintained a normal operating rate. The utilization rate then decreased from 76.0% in 2024 to 60.5% in 2025, primarily because the cost of raw materials for traditional ammonium phosphate products increased, resulting in a decrease in profitability, and we proactively reduced our production of traditional ammonium phosphate products.

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The utilization rate of the production line for specialty ammonium phosphate products decreased from 67.0% in 2023 to 54.1% in 2024, primarily due to the increased designed production capacity resulted from the upgrade of the production line for specialty ammonium phosphate products. The utilization rate then increased from 54.1% to 89.7%, primarily because our actual output gradually increased as product sales grew.

TRANSFER PRICING ARRANGEMENTS

We entered into transactions with our related parties in relation to (i) the purchase and sale of phosphate rock and ammonia phosphate products and (ii) the provision of logistics services. Transfer pricing arrangements for such transactions with our related parties should be on an arm’s length basis according to the transfer pricing guidelines for multinational enterprises and tax administrations (the “**OECD Transfer Pricing Guidelines**”) promulgated by the Organization for Economic Cooperation and Development (the “**OECD**”), an international organization of international cooperation. In this regard, we have engaged Ernst & Young (China) Advisory Limited, a professional tax consultancy firm to review, analyze and evaluate potential risks in accordance with the OECD Transfer Pricing Guideline. After assessing our transfer pricing arrangements during the Track Record Period, these transfer pricing arrangements, in all material respects, generally complied with the arm’s length principle. Accordingly, the risk that our Group will be required to make formal transfer pricing adjustment or pay additional taxes in significant amounts for these arrangements is considered to be remote.

During the Track Record Period and up to the Latest Practicable Date, we had not been made aware of any inquiries, audits, or challenges by the relevant tax authorities in the jurisdictions in which we operate with respect to our transactions with the related parties.

SALES AND CUSTOMERS

We market and sell ammonium phosphate products both in China and overseas, primarily including Southeast Asia, South Asia and South America. We have a dedicated sales and marketing team that is responsible for marketing and selling our products. As of December 31, 2025, we had a sales and marketing team of 15 personnel. Our sales and marketing personnel are primarily responsible for maintaining communication with existing customers to understand their needs and feedback on our products, in order to estimate the sales volume of relevant products and arrange procurement and production plans accordingly. Our sales and marketing personnel also seek to expand our customer base through showcasing the strengths of our products and services to potential customers. Leveraging our extensive industry experience, we have established a stable customer base globally. As of December 31, 2025, over 80 customers had maintained business relationships with us for more than five years.

In respect of our marketing and branding efforts, we are employing a multifaceted approach to enhance brand exposure and recognition through media, internet, exhibitions and industry associations. We believe such an approach to be effective in increasing our exposure among industry players and potential customers, and thus building up a stable clientele.

For the years ended December 31, 2023, 2024, 2025, our selling and marketing expenses were RMB1.4 million, RMB2.2 million and RMB3.8 million, respectively, accounting for 0.1%, 0.1% and 0.2% of our total revenue, respectively.

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Pricing Strategies

The selling prices are generally determined by raw material costs and production costs, product specification, inventory levels, transportation costs and other contract terms. The prices of our products are also affected by the economic environment and the demand for our products as well as market competition in the industry. We conduct internal reviews of the selling prices and adjust the prices from time to time in response to circumstances including increases in raw materials or other costs. We set reasonable prices based on market positioning and target customers, while also considering costs and market prices. For MAP and DAP, the China Phosphate & Compound Fertilizer Industry Association usually sets a guidance price and we set prices within the guidance price range after taking into account market conditions.

Sales Model

The following table sets forth a breakdown of our revenue by sales model for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Sales model						
Direct sales	1,506,076	100.0	1,608,738	99.1	1,827,266	98.3
Sales to distributors	—	—	14,068	0.9	31,352	1.7
Total	1,506,076	100.0	1,622,806	100.0	1,858,618	100.0

Direct sales

Our direct sales model comprises (i) sales of products to end customers directly and (ii) sales of products through trading companies. For the years ended December 31, 2023, 2024 and 2025, we generated revenue of RMB1,506.1 million, RMB1,608.7 million and RMB1,827.3 million, respectively, from direct sales in the PRC and overseas, representing 100.0%, 99.1% and 98.3% of our total revenue for the respective periods.

Sales to trading companies

During the Track Record Period and up to the Latest Practicable Date, we mainly sold products to our customers through trading companies. The trading companies are not considered by our Directors as distributors primarily because (i) we did not enter into any distribution agreement with trading companies during the Track Record Period; (ii) our trading companies generally purchase our products by way of purchase orders and maintained seller-buyer relationship with us; (iii) we have no ownership, managerial or contractual control over any of our trading companies or on their sales, credit or pricing policies, and marketing activities; (iv) historically we did not accept any return or exchange of our products sold to our trading companies; (v) we have no restrictions or requirements on our trading companies regarding their geographical coverage, sales target, minimum purchase requirements, channels, target customers or avoidance of competition policies; (vi) our trading companies are not required to sell fertilizer products under our brand; and (vii) our trading companies do not provide us,

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and are not required to provide us with, any information regarding their sales, inventory levels and customers’ demands of our products. As such, our Directors consider that the trading companies shall not be considered as distributors.

During the Track Record Period, to effectively meet the diverse application needs and market demands with a broad and fragmented downstream customer base, we developed a number of trading companies as our customers, which resell our products according to market demand. According to Frost & Sullivan, it is an industry norm for fertilizer product companies to sell products through trading companies. We maintain a buyer-seller relationship with those trading companies. Engaging trading companies as customers forms an integral part of our business strategy to enhance operational efficiency and market responsiveness. By leveraging trading companies’ established local networks and customer base, we are able to access downstream customers that would otherwise be difficult to reach directly. This approach enables us to aggregate demand efficiently, streamline our sales processes, and respond swiftly to changes in market demand without incurring significant overhead costs. Furthermore, cooperating with trading companies helps us mitigate credit risk by utilizing their existing commercial relationships and payment before delivery arrangements with end customers, some of whom require payment terms that we are unable to offer directly. Trading companies also provide valuable market intelligence, allowing us to adapt our product offerings and strategies in line with evolving customer needs and industry trends. For the years ended December 31, 2023, 2024 and 2025, we transacted with 145, 148 and 126 trading companies, respectively. Most of our trading companies maintained long-term relationship with us during the Track Record Period.

We typically enter into sales and purchase agreements with our trading company customers on an order-by-order basis. The salient terms of our standard sales and purchase agreements between us and our trading companies are set out below:

- **Exclusivity:** we do not have any exclusivity arrangement with our trading companies.
- **Order details:** Specification, quantity and total purchase amount are to be specified in the purchase orders. We do not set minimum purchase requirements for our customers.
- **Payment and credit term:** We typically require payment before delivery. For a small number of transactions with overseas customers, partial payments may also be settled after delivery. Payments are generally made by bank acceptance bills, letter of credit or bank/wire transfer.
- **Delivery:** Either picked up by the buyer at the seller’s designated warehouse, or transported to the location designated by the buyer, with transportation costs and risks borne by the seller.
- **Warranty:** Products must meet the applicable national standards. Our customers may inspect the products upon receipt. If product quality falls below the applicable standards, we shall be liable for compensation.

During the Track Record Period and up to the Latest Practicable Date, all of our trading companies were Independent Third Parties. To our best knowledge, during the Track Record Period and up to the Latest Practicable Date, none of our shareholders, directors, senior management or any of their respective associates had any past or present relationship (business, family, employment, financing or otherwise) with our trading companies and their shareholders, directors, senior management and any of their respective associates.

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Sales to distributors

We maintain a distributor network for the domestic sales of our products. Our distributors are also our customers, and we maintain buyer-seller relationships with them. For the years ended December 31, 2023, 2024 and 2025, we conducted transactions with nil, 13 and three distributors, respectively. During the Track Record Period, revenue from sales to our distributors represented less than 2.0% of our sales for each year. Starting from January 1, 2026, we have changed our cooperation model with these distributors from distribution to direct sales after determining that the distributorship model was not cost-efficient for us.

We manage distributors across multiple dimensions, including marketing, after-sales service and compliance with policies and regulations, by establishing core indicators for distributor management and operations. Our sales personnel visit distributors to provide support, assess sales performance and understand business needs. We prioritize distributors with proven track records, strong operational credentials and a high level of market recognition and influence. We believe that our sales through distributorship reflect actual demand from our end customers, thereby minimizing the risk of channel stuffing and inventory backlog within the distribution network, because we generally do not allow product returns from distributors, except for limited circumstances such as product defects.

We typically enter into standard distribution agreements with our distributors. The following sets forth a summary of the key commercial terms and arrangements that we typically enter into with our distributors:

Terms: Our distribution agreements typically have a term of one year.

Exclusivity: Within the same region, we typically appoint only one distributor for products under the same brand.

Minimum Procurement Amount: We generally do not set minimum procurement amount for our distributors.

Return arrangement: Unless there are product quality issues, customers are not entitled to return the products.

Sub-Distributor: We normally do not permit our distributors to appoint sub-distributors without our prior written consent.

Performance standards: We set minimum sales volume targets for our distributors. We may provide volume-based rebates for exceeding the targets, and we reserve the right to terminate the agreement if a distributor fails to meet the minimum sales targets.

Advertising: Our distributors are responsible for promoting our products and educating end users on the proper use of our products in accordance with our product guidelines.

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Geographical markets

For the years ended December 31, 2023, 2024 and 2025, we generated our revenue from sales to overseas markets, primarily including Southeast Asia, South Asia and South America. The following table sets forth our revenue breakdown by geographical market for the years indicated:

For the year ended December 31,						
2023		2024		2025		
Amount	%	Amount	%	Amount	%	
(RMB in thousands, except for percentages)						
Geographical market						
Chinese Mainland	1,301,792	86.4	1,197,091	73.8	1,224,847	65.9
Outside Chinese Mainland . . .	204,284	13.6	425,715	26.2	633,771	34.1
Total	1,506,076	100.0	1,622,806	100.0	1,858,618	100.0

Our Top Five Customers

Revenue from our five largest customers for the years ended December 31, 2023, 2024 and 2025 amounted to RMB348.1 million, RMB476.4 million and RMB670.7 million, respectively, representing 23.1%, 29.3% and 36.0%, respectively, of our total revenue. Revenue generated from our largest customer for the years ended December 31, 2023, 2024, 2025 amounted to RMB77.1 million, RMB171.8 million and RMB227.0 million, respectively, representing 5.1%, 10.6% and 12.2% of our total revenue for the same years.

The table below sets out the details of our five largest customers for each year of the Track Record Period:

Year ended December 31, 2023

Ranking	Customer	Main activities	Place of Incorporation	Commencement of business relationship	Products offered	Credit period	Settlement method	Transaction amount	Percentage of total revenue	Customer type
							(RMB in thousands)	(%)		
1	Customer A	Import and export trading	PRC	2023	DAP	N/A ⁽¹⁾	Wire transfer, bank acceptance bill	77,064	5.1%	Trading company
2	Midgulf International Ltd. . .	Trading of fertilizers, agricultural raw materials and food commodities, etc.	Bangladesh	2017	DAP	N/A ⁽¹⁾	Wire transfer, letter of credit	74,325	4.9%	Trading company
3	Shandong Heisongtu Agricultural High-tech Co., Ltd.	Research, production and sales of compound fertilizers	PRC	2020	MAP, Technical -grade MAP, Water-soluble MAP	N/A ⁽¹⁾	Wire transfer, bank acceptance bill	65,939	4.4%	Trading company
4	Hubei Xizhihong Trading Co., Ltd.	Sales of fertilizers, warehousing and logistics services	PRC	2020	MAP, Water-soluble MAP	N/A ⁽¹⁾	Wire transfer, bank acceptance bill	65,899	4.4%	Trading company
5	Customer B	E-commerce platform	PRC	2017	MAP, Technical -grade MAP	N/A ⁽¹⁾	Wire transfer, bank acceptance bill	64,876	4.3%	Trading company
Total								348,103	23.1%	

Note:

(1) Payments are required before delivery

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Year ended December 31, 2024

Ranking	Customer	Main activities	Place of Incorporation	Commencement of business relationship	Products/ services offered	Credit period	Settlement method	Transaction amount	Percentage of total revenue	Customer type
							(RMB in thousands)	(%)		
1	Midgulf International Ltd.	Trading of fertilizers, agricultural raw materials and food commodities, etc.	Bangladesh	2017	DAP	N/A ⁽¹⁾	Wire transfer, letter of credit	171,848	10.6%	Trading company
2	Customer C	Manufacturing and sales of mineral products, chemical products and fertilizers	PRC	2024	DAP	N/A ⁽¹⁾	Bank transfer	93,019	5.7%	Trading company
3	Customer D	Sales of fertilizers; import and export; supply chain services, etc.	PRC	2024	MAP, DAP	N/A ⁽¹⁾	Wire transfer, bank acceptance bill	76,012	4.7%	Trading company
4	CNAMPGC Holding Limited Corporation	Sales of fertilizers, agricultural supplies and chemical products	PRC	2014	MAP, DAP, Technical-grade MAP	N/A ⁽¹⁾	Wire transfer, bank acceptance bill	68,554	4.2%	Trading company
5	Customer E	Wholesale trading of fertilizers and chemical products	Thailand	2023	DAP	N/A ⁽¹⁾	Wire transfer, letter of credit	66,930	4.1%	Trading company
Total								476,363	29.3%	

Note:

(1) Payments are required before delivery

Year ended December 31, 2025

Ranking	Customer	Main activities	Place of Incorporation	Commencement of business relationship	Products/ services offered	Credit period	Settlement method	Transaction amount	Percentage of total revenue	Customer type
							(RMB in thousands)	(%)		
1	Customer F	Import and export trading	PRC	2025	DAP	N/A ⁽¹⁾	Bank transfer	226,954	12.2%	Trading company
2	Midgulf International Ltd.	Trading of fertilizers, agricultural raw materials and food commodities, etc.	Bangladesh	2017	DAP	N/A ⁽¹⁾	Wire transfer, letter of credit	186,259	10.0%	Trading company
3	Customer G	Domestic trading, import/export, and overseas trading of various products	Japan	2023	MAP, DAP	N/A ⁽¹⁾	Letter of credit	121,453	6.5%	Trading company
4	Jiangxi Zhanhong Agricultural Development Co., Ltd.	Production, R&D and sales of fertilizers	PRC	2023	DAP	N/A ⁽¹⁾	Wire transfer, bank acceptance bill	70,124	3.8%	Trading company
5	Asende Resources Limited	Mineral processing; sales of metal materials and ores	Hong Kong	2024	DAP	N/A ⁽¹⁾	Wire transfer	65,927	3.5%	Trading company
Total								670,717	36.0%	

Note:

(1) Payments are required before delivery

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During the Track Record Period and as of the Latest Practicable Date, all of our five largest customers were Independent Third Parties. We developed business relationships with all of our five largest customers through introductions facilitated by industry associations, interactions at industry exhibitions, and proactive visits initiated by both parties in response to market demand. As of the Latest Practicable Date, none of our Directors, their respective associates or any of our shareholders (who owned more than 5% of our issued share capital) had any interest in any of our five largest customers. During the Track Record Period and as of the Latest Practicable Date, we did not have any material disputes with these customers.

SUPPLIERS AND CONTRACTORS

Suppliers of Raw Materials

The primary raw materials for the production of our products are phosphate rock, sulfur and synthetic ammonia. Since December 2025, we have been producing phosphate rock from our own Yulinxì Phosphate Mine. Prior to that, we primarily sourced phosphate rock from suppliers in Hubei Province. As for synthetic ammonia and sulfur, we mainly procure them from domestic suppliers. We have established a supplier directory and conducted an annual evaluation of our suppliers, categorizing them into Class A and Class B. The evaluations mainly focus on indicators such as quality, delivery timeliness, and service.

For synthetic ammonia, we typically enter into annual purchase and sales contracts which specify the annual procurement volume of synthetic ammonia. The salient terms of our annual purchase and sales contracts with our suppliers of synthetic ammonia used for our manufacturing operations are set out as below:

- **Duration:** The contracts with our suppliers of synthetic ammonia used for our manufacturing operations generally have a term of one year.
- **Pricing:** The synthetic ammonia shall be purchased at market price per unit.
- **Payment:** Our suppliers generally grant us a credit period of around 90 days, and we make payments to our suppliers primarily by bank acceptance drafts or electronic bills.
- **Quality control:** The synthetic ammonia shall be accepted in accordance with the applicable PRC national standard (GB/T 536-2017). Where any economic loss is incurred by us as a result of product quality falling below the applicable PRC national standard, the supplier shall be responsible for compensating us for such loss. Acceptance is conducted in accordance with the applicable PRC national standard. If we raise any objections, we shall notify the supplier within one business day and resolve the matter through negotiation.
- **Delivery:** The supplier is required to arrange transportation by tank trucks duly qualified for the carriage of dangerous goods. Any losses arising during transportation shall be borne by the supplier, and the transportation costs shall be borne by the supplier.

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For sulfur, we typically enter into purchase orders on an as-needed basis in accordance with our operational requirements. The salient terms of purchase orders with our suppliers of sulfur used for our manufacturing operations are set out as below:

- Pricing: Unit price is fixed based on the purchase order.
- Payment: Payment shall be made by cash remittance. We generally confirm the transaction amount on the delivery date. Settlement is typically made either through advance payments or after delivery.
- Quality control: The sulfur is required to comply with the applicable PRC national standards, with sulfur content of no less than 99.50%, free from impurities and with moisture content of less than 2.0%. Acceptance will be conducted within two days upon delivery. If any objection is raised, we are required to provide a written report and to retain the goods in their original condition.
- Delivery: We undertake that the storage, transportation and use of sulfur comply with applicable PRC laws and regulations. Upon delivery to us, all risks in respect of the sulfur shall be borne by us.

For phosphate rock, we typically enter into purchase orders on an as-needed basis in accordance with our operational requirements. The salient terms of purchase orders with our suppliers of phosphate rock used for our manufacturing operations are set out as below:

- Pricing: Unit price is fixed based on the purchase order.
- Payment: Delivery is made prior to payment. Payment is to be settled by a six-month bank acceptance bill.
- Quality Control: Quality specifications for phosphate rock are agreed in each purchase order.
- Risk Allocation: The supplier shall deliver the products to a carrier with the requisite transportation capacity and qualifications for shipment, and shall bear the risk of any damage to or loss of the products during transit.

As of the Latest Practicable Date, we had maintained long-term cooperative relationships with the main suppliers. We carefully select our external material suppliers and require them to meet certain evaluation and assessment criteria. We take into consideration various factors in our supplier selection process, including price, quality, production capacity, payment terms, and timeliness of delivery. We also closely monitor the quality of all raw materials provided by our suppliers to ensure that they comply with our stringent requirements. We evaluate our suppliers periodically based on a range of factors, including the quality of raw materials delivered and punctuality of delivery. See “— Quality Control” in this section. During the Track Record Period, we did not experience any shortage of or any quality issues with our raw materials that materially affected our operations.

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Suppliers of Utilities

Our production process requires a stable and sufficient supply of utilities, primarily electricity, coal and water. We obtain electricity supply from regional power grids and supplies of coal from local public utility companies and the relevant fees charged to us by our utilities and energy suppliers are generally in line with market rates. We typically enter into three-year agreements with the electricity suppliers as well as monthly or annual agreements with coal suppliers. We hold a water abstraction license and legally obtain water supply from underground water sources, paying a quarterly water resource usage fee to the local water resource management authority. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage of power or disruption in our utilities supply that caused a material adverse impact on our production. We do not foresee any difficulties on our part in securing the supply of such utilities to support our operations. We believe that our utility supplies were stable and sufficient during the Track Record Period and up to the Latest Practicable Date, and will continue to be so for our business operations.

Our electricity supplier was one of our five largest suppliers during the Track Record Period. The salient terms of our agreement with our electricity supplier are set out as below:

- **Duration:** The agreements with our electricity supplier generally have a term of three years.
- **Pricing:** Electricity price is determined by government-approved rates and adjustments will follow governmental directives.
- **Payment:** Electricity bills for the previous month shall be settled on the 8th day of each month.
- **Termination:** The agreement may be terminated by mutual consent or due to default, bankruptcy, or end of agreement terms. A six-month non-use by us without a suspension request allows the supplier to terminate the agreement.

Our Top Five Suppliers

Purchases from our five largest suppliers for the years ended December 31, 2023, 2024, 2025 amounted to RMB496.9 million, RMB567.4 million and RMB472.1 million, representing 35.8%, 33.7% and 27.0% of our total purchases for the same periods, respectively. Purchases from our largest supplier for the years ended December 31, 2023, 2024, 2025 amounted to RMB149.7 million, RMB156.1 million and RMB153.1 million, representing 10.8%, 9.3% and 8.7% of our total purchases for the same periods, respectively.

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The table below sets forth the details of our five largest suppliers for each year of the Track Record Period:

Year ended December 31, 2023

Ranking	Supplier	Main activities	Place of Incorporation	Commencement of business relationship	Products/ services offered	Credit period	Settlement method	Transaction amount	Percentage of total purchase
							(RMB in thousands)	(%)	
1	Yichang Xingbang Liquid Chemical Industry & Trade Co., Ltd.	Trading and transportation of chemical products and fertilizers	PRC	2015	Liquid ammonia	7 days	Bank acceptance bill	149,683	10.8%
2	Supplier A	Construction engineering; mining and mineral exploration	PRC	2021	Construction services	N/A	Bank transfer	135,492	9.8%
3	Sichuan Chuanmei Sixth Engineering Construction Co., Ltd.	Construction engineering; coal mining; real estate development	PRC	2018	Construction services	N/A	Bank transfer, bank acceptance bill	74,130	5.3%
4	Supplier B	Electricity supply and power engineering services	PRC	2005	Electricity	30 days	Bank transfer	71,812	5.2%
5	Supplier C	Construction Engineering	PRC	2004	Construction payments	N/A ⁽¹⁾	Bank acceptance bill	65,811	4.7%
Total								496,928	35.8%

Note:

(1) Payments are required before delivery

Year ended December 31, 2024

Ranking	Supplier	Main activities	Place of Incorporation	Commencement of business relationship	Products/ services offered	Credit period	Settlement method	Transaction amount	Percentage of total purchase
							(RMB in thousands)	(%)	
1	Supplier D	Sales of non-metallic mineral products and coal	PRC	2023	Ores	N/A ⁽¹⁾	Bank acceptance bill	156,118	9.3%
2	Supplier A	Construction engineering; mining and mineral exploration	PRC	2021	Construction services	N/A ⁽¹⁾	Bank transfer	131,675	7.8%
3	Yichang Liming Equipment Leasing Co., Ltd.	Equipment leasing and sales	PRC	2019	Construction services	N/A ⁽¹⁾	Bank acceptance bill, bank transfer, letter of credit	105,843	6.3%
4	Supplier E	Trading Company	PRC	2024	DAP	N/A ⁽¹⁾	Wire transfer	89,333	5.3%
5	Yichang Xingbang Liquid Industry Chemical & Trade Co., Ltd.	Trading and transportation of chemical products and fertilizers	PRC	2015	Liquid ammonia	7 days	Bank acceptance bill	84,381	5.0%
Total								567,350	33.7%

Note:

(1) Payments are required before delivery

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Year ended December 31, 2025

Ranking	Supplier	Main activities	Place of Incorporation	Commencement of business relationship	Products/ services offered	Credit period	Settlement method	Transaction amount	Percentage of total purchase
							(RMB in thousands)	(%)	
1	Supplier D	Sales of non-metallic mineral products and coal	PRC	2023	Ores	N/A ⁽¹⁾	Bank acceptance bill	153,063	8.7%
2	Shanghai Sui Fang Industrial Development Co., Ltd.	Trading of industrial materials	PRC	2023	Sulfur	5 days	Bank transfer	85,923	4.9%
3	Supplier B	Electricity supply and power engineering services	PRC	2005	Electricity	30 days	Bank transfer	83,842	4.8%
4	Yichang Fuyiyuan Logistics Transport Co., Ltd. . . .	Logistics and transportation services; trading of hazardous chemicals	PRC	2021	Liquid ammonia	10 days	Bank acceptance bill	78,282	4.5%
5	Yichang Lisheng Commerce & Trade Co., Ltd. . . .	Sales of building materials and mineral products	PRC	2025	Ores	N/A ⁽¹⁾	Bank acceptance bill	70,999	4.1%
Total								472,109	27.0%

Note:

(1) Payments are required before delivery

During the Track Record Period and as of the Latest Practicable Date, except for Yichang Lisheng, a company ultimately controlled by Mr. Huang Bin’s brother-in-law, being a connected person of the Company under Chapter 14A of the Listing Rules, other five largest suppliers were Independent Third Parties. We do not intend to maintain the cooperative relationship with Yichang Lisheng upon the [REDACTED].

As of the Latest Practicable Date, none of our Directors, their respective associates or any Shareholder who owns more than 5% of our issued Shares had any interest in any of our five largest suppliers during the Track Record Period. During the Track Record Period and as of the Latest Practicable Date, we did not have any material disputes with our suppliers. Our Directors confirm that there had not been any material breaches of the agreements with our suppliers during the Track Record Period and up to the Latest Practicable Date.

Construction Contractors

During the Track Record Period, we engaged construction contractors to provide engineering, procurement and construction (EPC) services. In 2023, we entered into an EPC contract with our principal construction contractor for the design and construction of a production line with an annual capacity of 3.0 million tonnes for the integrated production of sulphuric acid and cement from phosphogypsum. Pursuant to the EPC contract, the contractor is responsible for, among other things, completing the requisite project approvals within the scope of the works, procuring construction materials (including sand and aggregates and reinforced concrete), and arranging their transportation and storage, constructing the plant buildings, conducting trial runs, carrying out construction performance testing and evaluation, ensuring the works meet the relevant quality standards and production capacity requirements, rectifying defects and completing final handover. The expected

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construction period is three years. Subcontracting is prohibited. Under the EPC contract, the total contract sum payable by us comprises labour costs, progress payments, equipment procurement costs, necessary spare parts costs, construction and installation costs, technical service fees and other expenses (subject to potential adjustments arising from variations not attributable to the contractor and any differences resulting from changes in national tax rates (if any)). Such amounts are payable in instalments by reference to the project progress. The contractor completed Phase I of the main works in October 2023. Since December 2023, the production line has commenced performance testing and trial production.

We negotiate our contracts by reference to the downward adjustment approach based on the Construction Project Quantity List Pricing Standard (建設工程工程量清單計價標準) (GB_T50500-2024). Subsequently, we review the qualifications of the chosen construction contractor to ensure they meet our requirements and the results are publicly announced. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our construction contractors were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our construction contractors.

We require our construction contractors to comply with all applicable laws and regulations in respect of safety and environmental protection. We also require our construction contractors to abide by our safety management system and our internal control requirements. Our project department undertakes regular checks of our construction contractors to confirm that they are operating in accordance with the technical specifications of our project and industry standards. In the event we discover significant non-compliance or other issues in the implementation of our project, we are entitled to suspend such construction contractor's work and require them to take correctional actions. In addition, we require our construction contractors to purchase insurance for their employees and properties.

OVERLAPPING OF OUR CUSTOMERS AND SUPPLIERS

Supplier C, one of our top five suppliers in 2023, was also our customer in 2025. Supplier C, a large-scale comprehensive construction enterprise and a top-tier general contracting enterprise for petrochemical engineering construction, supplied us with construction services. Our procurement from Supplier C amounted to RMB65.8 million, RMB28.1 million and RMB6.9 million for the years ended December 31, 2023, 2024 and 2025, respectively, accounting for 4.7%, 1.7% and 0.4% of our total procurement in the same years, respectively. In the meantime, we sell concrete and cementitious materials to Supplier C. Our sales to Supplier C amounted to nil, nil and RMB1.8 million for the years ended December 31, 2023, 2024 and 2025, respectively, accounting for nil, nil and 0.1% of our total revenue in the same years, respectively.

Yichang Lisheng, one of our top five suppliers in 2025, was also our customer from 2023 to 2025. Yichang Lisheng, a company mainly engaged in sales of building materials and mineral products, supplies us with high-grade phosphate rock, which we use in the production of our ammonium phosphate products. Our procurement from Yichang Lisheng amounted to nil, nil and RMB71.0 million for the years ended December 31, 2023, 2024 and 2025, respectively, accounting for nil, nil and 4.1%

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of our total procurement in the same years, respectively. In the meantime, Yichang Lisheng purchased residual slag after beneficiation of phosphate rock and low-grade phosphate rock which is not suitable for the production of our ammonium phosphate products, from us. Our sales to Yichang Lisheng amounted to RMB35.8 million, RMB31.8 million and RMB13.6 million for the years ended December 31, 2023, 2024 and 2025, respectively, accounting for 2.4%, 2.0% and 0.7% of our total revenue in the same years, respectively.

Negotiations of the terms of our sales to and purchases from Supplier C and Yichang Lisheng were conducted on an individual basis, and the sales and purchases were not inter-conditional with each other. For these overlapping customer-supplier, the key terms of our sales of products to them and our procurement of products from them are in line with those of our other customers and suppliers. Save as disclosed above, to the best of our knowledge, none of our five largest suppliers during each year of the Track Record Period was a customer of us. None of our five largest customers during each year of the Track Record Period was a supplier of us.

INTERNAL LOGISTICS PROCESS AND CONTROL SYSTEM

Our Company operates its own logistics system, primarily managed through the Kingdee Cloud platform integrated with an unmanned weighbridge system. The entire process, including inbound and outbound shipments, is handled digitally. Sales or procurement staff create contracts and orders in Kingdee Cloud, while customers or suppliers input delivery details via the weighbridge mobile app, which synchronizes with our system. When vehicles arrive at our weighbridge, the system automatically identifies the shipment type and records the gross weight. Our staff then confirm the goods and upload photos into the system. After the second weighing, all data is transmitted to Kingdee Cloud, which generates inbound and outbound delivery documents. The logistics system provides full-process monitoring and photo records for archiving.

The system has been operating stably. In the event of power or network outages that prevent vehicles from weighing, we have backup power in the weighbridge office and switch to manual weighing with paper weighbridge slips. These records are later entered into Kingdee Cloud once power or connectivity is restored, ensuring continuity of operations.

During the Track Record Period, our logistics operations were fully managed internally without reliance on third-party logistics service providers. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage of transportation capacity, and there have been no major disruptions or disputes that materially impacted our operations.

INVENTORY MANAGEMENT

Our inventories primarily consist of raw materials and consumables, work-in-process and finished goods. As of December 31, 2023, 2024 and 2025, our inventory levels stood at RMB198.7 million, RMB360.2 million and RMB350.6 million, respectively. To minimize the risk of inventory build-up, we have established inventory management policies to manage inventory levels pursuant to our production plan and the prevailing market conditions. We have also adopted the Kingdee system to monitor the inventory level of our raw materials on a real-time basis. We believe that maintaining an appropriate level of inventories can help us better plan raw material procurement and deliver our products to meet customers’ demand in a timely manner without straining our liquidity.

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QUALITY CONTROL

We have designed effective quality control mechanisms to ensure that our products are of high quality. As of December 31, 2025, we had a quality control team of 32 employees. Our quality control team is responsible for ensuring that all manufactured products adhere to our quality standards before being delivered to customers.

We take a holistic approach to quality control and implement stringent standards in all aspects of our operation, ranging from procurement, production, warehousing to delivery, to ensure our full compliance with the stringent benchmarks and specifications of our customers and ourselves. We are certified to the ISO9001: 2015 Quality Management System. We have rigorous procedures for selecting suppliers. We have also established and maintained quality control standards and testing and inspection procedures during the production of our products. These standards and procedures are documented in our quality control policies and procedures. In addition, we provide training to our employees which aims to ensure effective application of our quality control procedures. During the Track Record Period and up to the Latest Practicable Date, there was no incident of failure in our quality control systems which had a material impact on us.

Procurement

As of December 31, 2025, our procurement team consisted of four employees. In managing our procurement quality control, we adhere to a comprehensive policy ensuring that all purchased equipment and consumables undergo thorough inspection processes. The responsibilities are clearly defined: the warehouse administrators are responsible for verifying the specifications and quantities of the purchased items and the respective department using these goods conduct inspections or tests and complete inspection reports, while the procurement department oversees the entire process. The timeline for inspection varies based on the type of material. For instance, large equipment undergoes visual inspection within the timeframe required by the technical agreement or contract, followed by overall operational quality inspection after installation and use, consumables undergo testing and acceptance within three days. The policy also mandates that uninspected goods remain in an inspection area while goods identified as unqualified are stored separately in a defective goods area and the procurement personnel of the procurement department are responsible for handling and arranging their returns and claim damages from suppliers according to the terms of the contract.

Production

Our production department, comprising approximately 1,350 employees as of December 31, 2025, is responsible for overall production planning and process control, including resource allocation and handling operational issues to ensure stable and efficient production. We strictly follow our customers’ quality requirements and specifications and all relevant industry standards for our production, including national standards and our internal quality standards. For example, to ensure that the fertilizer meets the relevant national and industry standards, our manufacturing plants adopt the following quality control methods: (i) incoming materials control, which includes daily sampling and testing against applicable PRC standards, batch traceability, mandatory supplier documentation, retention samples and third-party testing where required. Non-conforming materials are rejected and returned or otherwise remediated; (ii) in-process control, which includes routine and ad hoc sampling under standard operating procedures with monitoring of key parameters, deviations are promptly escalated for adjustment and rectification and new products/process or raw material changes are subject to trials and testing before adoption; (iii) finished goods release, which includes full-scope final inspection against the applicable standards,

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unique batch identification and retention samples. Products are released for dispatch only upon issuance of a compliant COA; and (iv) laboratory quality control, which includes calibrated instruments, controlled reagents and standard methods with quality checks. Non-conformities and complaints are handled through isolation, investigation, corrective/preventive actions and periodic internal audits.

We believe we were in compliance with applicable laws and regulations in the PRC, in relation to occupational health and safety in all material respects and there were no significant or recurrent health or safety accidents during the Track Record Period and up to the Latest Practicable Date.

Warehousing

In managing our warehouse, we ensure that goods are stored in a neat and clean manner, with inventory checks at the end of each month. We compile an inventory report based on the inventory check results. Unauthorized personnel are not allowed to enter the warehouse without approval and necessary registration. The warehouse keeper is required to regularly inspect the inventory to prevent spoilage, theft, loss, or unauthorized use. Additionally, we take safety measures to minimize fire hazard and other risks to our products.

Delivery

We conduct sampling inspections for every batch of products prior to its delivery. Our quality control team collaborates with the relevant production team to ensure that our products are properly packaged and adequately protected before delivery. If the packaging is damaged during transportation, we will assist in resolving disputes with third-party transportation companies.

RESEARCH AND DEVELOPMENT

We are committed to continuous research and development. As of December 31, 2025, our research and development team consisted of 40 personnel, including experts with extensive experience in chemical raw materials and chemical products industry.

Our continuous efforts in research and development have also paid off in terms of the various intellectual property rights. See “— Intellectual Property” in this section. In addition, we have been certified by the PRC government authorities as a High-tech Enterprise and National Specialized and Innovative “Little Giant” Enterprise. Our research and development costs during the Track Record Period amounted to RMB45.3 million, RMB41.0 million and RMB63.0 million for the years ended December 31, 2023, 2024, 2025, respectively.

The Company has independently developed a proprietary technology in the phosphorus chemical industry, addressing key industry pain points in two main areas: (i) enabling more efficient, lower-cost, and more stable treatment of phosphogypsum; and (ii) upgrading phosphogypsum into higher-value, lower-carbon new materials.

Pain point in relation to phosphogypsum-to-acid: In conventional processes that use phosphogypsum to produce acid, “sublimed sulfur” can form and agglomerate inside equipment, causing blockages, unplanned shutdowns, low operating efficiency, and high energy consumption.

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Our technology improvement: Our phosphogypsum-to-acid technology applies staged, precision process control, allowing desulfurization and sulfur fixation to occur at the appropriate steps. By reshaping the reaction pathway that would otherwise favor the formation of sublimed sulfur, the process suppresses sublimed sulfur generation at the source. As a result, the system operates more continuously and reliably, with higher efficiency and lower energy consumption, reducing equipment fouling and minimizing unplanned downtime.

Pain point in relation to phosphogypsum utilization: Historically, phosphogypsum has often been treated primarily as a solid waste requiring disposal, with limited value-added utilization.

Our technology improvement: Leveraging advanced phosphogypsum processing, we directly convert the calcium-bearing residue generated after phosphogypsum decomposition into components for green cementitious materials. This value-added utilization can partially replace conventional routes that rely on quarrying limestone and producing cement clinker through high-temperature calcination, thereby significantly reducing energy consumption and carbon emissions. The resulting material products exhibit high strength and stable performance.

COMPETITION

We face increasingly intense competition in ammonium phosphate industry in the PRC. As of December 31, 2025, there were approximately 200 major ammonium phosphate products producers in the PRC, which included SOEs, private-owned enterprises and foreign-invested enterprises.

For the year ended December 31, 2025, our sales volume of traditional ammonium phosphate products and specialty ammonium phosphate products was approximately 342,867 tonnes and 77,305 tonnes, respectively. According to Frost & Sullivan, we are in direct competition with large-scale ammonia phosphate products producers in the PRC. See “Industry Overview — Competitive Landscape Analysis” in this document for further information about the competitive landscape of the ammonium phosphate industry in the PRC.

Our Directors are of the view that we have distinguished ourselves in the competitive industry leveraging on our position as an integrated ammonium phosphate products producer with extensive and strategic market coverage. Our Directors believe that there are significant entry barriers as significant capital investment is required for establishing and maintaining large-scale production facilities which complies with relevant environmental regulations in the PRC. However, some of our existing and potential competitors may have significantly greater financial, operational and marketing resources, a larger customer base, stronger relationships with customers and suppliers, more diversified and higher quality products, greater development, or more advanced technology than we do. See “Risk Factors — Risks Relating to Our Industry — The fierce competition in the fertilizer business may materially and adversely affect our financial performance” in this document for more information on risks relating to competition.

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EMPLOYEES

We place great importance on attracting and retaining qualified employees. We are committed to investing in our employees’ training and development. As of December 31, 2025, we had 1,772 full-time employees, all of whom are based in the PRC. The following table sets forth the number of our employees by function as of December 31, 2025:

Employee Function	Number of employees
Production	1,350
Safety and environmental protection	126
Technology	90
Human resources	81
Research and development	40
Quality control	32
Finance	18
Sales and marketing	15
Storage and Transportation	12
Legal and compliance	4
Supply	4
Total	1,772

During the Track Record Period, we recruited our employees through on-campus recruitment and referrals. Committed to providing fair and equal opportunities in all our employment practices, we have adopted policies and procedures to ensure a fair selection and hiring process. We established a labor union to protect the legitimate rights and interests of our employees. We believe that we generally maintain a good working relationship with our employees and the labor union.

INTELLECTUAL PROPERTY

Our intellectual property is of great significance to our business and underpins our core competences. As of the Latest Practicable Date, we had 46 registered trademarks, 55 patents and one domain name in the PRC which, in the opinion of our Directors, are material to our business. We have also made one application for the registration of trademarks in Hong Kong. See “Appendix VII — Statutory and General Information” to this document for details.

We place great importance on the application and accumulation of intellectual properties, especially patents. We regularly monitor the application status of intellectual property rights and perform routine checks on the public trademark registration platform to ensure our trademarks are not infringed by third parties. We also protect our intellectual property rights through a series of confidentiality agreements or provisions with core technical personnel and key management personnel. During the Track Record Period and up to the Latest Practicable Date, except for the Meisheng Litigation disclosed in this document, we did not experience any threatened or pending disputes relating to the infringement of intellectual property rights that would have a material adverse effect on our business. Please refer to the section headed “Legal proceedings and Compliance Matters — Legal Proceedings” in this document for more information in relation to the Meisheng Litigation.

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PROPERTIES

Our Company’s registered office is located in Yuan’an County, Yichang City, Hubei Province, PRC. We own properties in the PRC.

As of the Latest Practicable Date, we owned 17 parcels of land in the PRC with an aggregate site area of approximately 1,130,790.1 sq.m., which were primarily used for production, storage, office and residential purposes. As of the Latest Practicable Date, we have obtained land use rights for these 17 parcels of land in the PRC. As of the Latest Practicable Date, we have also obtained building title certificates for seven buildings erected on such land, while we have not obtained the building title certificate for one building, which is our office building (the “**Building**”) for the phase I of the phosphogypsum-based acid by-product cementitious admixture circular economy project (the “**Phase I Project**”) located in Yuan’an County with an aggregate gross floor area of approximately 904.0 sq.m., which we utilized as office. We have obtained the construction work planning permit, the construction work commencement permit and the housing completion and construction acceptance documents for the Phase I Project but have not applied for its building title certificate as we intend to apply for the building title certificate for the Building together with the building of Phase II of the phosphogypsum-based acid by-product cementitious admixture circular economy project, which is still under construction. As advised by our PRC Legal Adviser, we are entitled to use the Building in our ordinary course of business, the absence of the relevant building title certificate for such building does not have, and is not expected to have, material adverse effect on our business operations, and the risk of relocation from such property ordered by the relevant authorities is remote. As advised by our PRC Legal Advisers, save for the the Building, we held the building ownership certificates for other seven buildings, according to which we are entitled to occupy, use, transfer, lease, mortgage or dispose of these properties, subject to existing mortgages of the relevant properties.

As of the Latest Practicable Date, we leased two buildings in the PRC with a site area of approximately 12,041.4 sq.m., which were primarily used for commercial purposes. We also leased eight parcels of village collective land with a site area of approximately 351.6 mu, which are primarily used for office premises and staff dormitories at our mining sites, as well as for power-line clearance and related safety corridors. As of the Latest Practicable Date, we have not filed the lease agreement in relation to one with the local housing administration authorities as required under the PRC law. The property is located at Room 1110, No. 458 Fushan Road, Pudong District, Shanghai, China with an aggregate site area of approximately 96.1 sq.m. and utilized by us as office. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of the failure to file the lease agreements described above. As advised by our PRC Legal Advisers, the non-registration of the lease agreement does not affect the validity of such lease agreement. However, we might be ordered to rectify this non-compliance by the competent authorities and if we fail to rectify within the prescribed period, a penalty of RMB1,000 to RMB10,000 per lease agreement may be imposed on us as a result of such non-filing.

As of December 31, 2025, (i) no single property that forms part of property activities has a carrying amount of 1% or more of our total assets; and (ii) no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the [REDACTED], this

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Document is exempted from compliance with the requirements of section 38(1) of the Companies (WUMP) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (WUMP) Ordinance, which requires a valuation report with respect to all of our Group’s interests in land or buildings.

AWARDS AND RECOGNITION

During the Track Record Period, we received numerous awards and recognitions in respect of our business operation, products, and research and development capabilities, including but not limited to:

Award/Recognition	Awarding Institution/Authority	Award Year
Worker Pioneer	Yichang Municipal Federation of Trade Unions	2025
Membership Certificate of Hubei Phosphogypsum Comprehensive Utilization Industry Association.	Hubei Phosphogypsum Comprehensive Utilization Industry Association	2024
Advanced Collective	People’s Government of Yuan’an County	2024
Key Supporting Enterprises for Stabilizing Industrial Economic Growth in 2023	Yichang City Command Center for Promoting High-Quality Industrial Development	2024
Provincial Key Projects	Hubei Provincial Key Construction Leading Group Office	2024

LICENSES AND PERMITS

We are required to obtain various certificates, licenses, permits and approvals for our operations including, among other things, those required for mining and exploration, waste discharge and safety production.

The following table sets forth a summary of our material licenses, permits and approvals that we had obtained for our operations as of the Latest Practicable Date. For details about our Mining License, see “— Our Mineral Assets and Mining Rights” in this section.

Holder	Name of license/permit/approval	Issuing authority	Date of issue	Date of expiry
Our Company.	Safety Production License	Hubei Provincial Department of Emergency Management	28 April 2024	27 April 2027
Our Company.	National Industrial Product Production License	Hubei Provincial Administration for Market Regulation	22 November 2021	20 November 2026

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Holder	Name of license/permit/approval	Issuing authority	Date of issue	Date of expiry
Our Company	Water License	Yuan'an County Water Resources Bureau	1 October 2021	30 September 2026
Our Company	Pollutant Discharge Permit	Yichang Municipal Bureau of Ecology and Environment	28 April 2024	27 April 2029
Our Company	Hazardous Chemicals Business License	Yichang Emergency Management Bureau	21 June 2025	20 June 2028
Our Company	Customs Broker Registration	Yichang Customs of the People's Republic of China	13 December 2016	Long term
Dongsheng Chemical	Mining License	Ministry of Land and Resources of the People's Republic of China	6 September 2017	6 September 2047
Dongsheng Chemical	Safety Production License	Hubei Provincial Department of Emergency Management	17 November 2025	16 November 2028
Dongsheng Chemical	Customs Broker Registration	Yichang Customs of the People's Republic of China	9 November 2015	Long term
Yuan'an Donghe New Material	Pollutant Discharge Permit	Yichang Municipal Bureau of Ecology and Environment	28 May 2024	27 May 2029

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material requisite licenses, approvals and permits from relevant authorities that are material for our operations in the PRC. All of these licenses, approvals and permits are valid and effective, and no circumstances exist that would render the revocation or cancellation of our licenses, approvals and permits or would render legal impediments to our business operations. Our PRC Legal Advisor has advised us that, to the best of their knowledge, there is no legal impediment to renewing any material licenses, approvals or permits for our business and operations in the PRC, so long as we comply with the relevant legal requirements and provided that we take necessary steps and submit the relevant applications in accordance with the requirements prescribed by the applicable laws and regulations.

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LEGAL PROCEEDINGS AND COMPLIANCE MATTERS

Legal Proceedings

We had conducted “original equipment manufacturer” (“OEM”) businesses prior to the Track Record Period, where we produced products according to our customers’ specifications and packaged the products using packaging materials provided by our customers with their trademarks. As we were involved in the production and the packaging of such products, if the packaging of the products were found to be noncompliant with the law or infringing on other parties’ rights, we might be subject to adverse legal consequences even though we did not intend to breach the law or infringe on other parties’ rights, which was what we were faced with in the litigation as disclosed below.

On June 19, 2023, Meisheng Agricultural Materials (Beijing) Co., Ltd. (美盛農資(北京)有限公司) (the “**Plaintiff**”) commenced civil proceedings before the Shanghai Intellectual Property Court against, among others, our Company as the fourth defendant. The Plaintiff alleged that the defendants in the proceedings (collectively, the “**Defendants**”) had used certain trademarks of the Plaintiff without authorization, and sought to hold our Company jointly liable for the alleged trademark infringement and unfair competition acts of the Defendants (the “**Meisheng Litigation**”). The internal allocation of liabilities among the Defendants would be further determined by negotiation among them.

The Meisheng Litigation arose from our Company’s OEM business with Meisheng Jiaji Chemical Fertilizer Co., Ltd. (美盛嘉吉化肥有限公司) (“**Meisheng Jiaji**”), one of our customers. In October 2020, our Company was engaged by Meisheng Jiaji as an OEM to produce DAP products for Meisheng Jiaji. Under such arrangement, our Company produced the relevant DAP products and packaged them using packaging bags provided by Meisheng Jiaji. At the time of our Company’s production and packaging of the relevant DAP products, our Company had checked the trademark authorization documents provided by Meisheng Jiaji and conducted background searches on Meisheng Jiaji, to confirm that the trade name and trademarks appearing on the packaging bags provided by Meisheng Jiaji were registered under, or otherwise authorized to be used by, Meisheng Jiaji.

On February 15, 2022, unbeknownst to us, the relevant trademark used by Meisheng Jiaji was invalidated upon application by the Plaintiff, being the holder of certain trademarks similar to the relevant trademark used by Meisheng Jiaji on the packaging materials provided to our Company. At the time of such invalidation, certain products previously produced and packaged by our Company under the OEM arrangement were still being sold in the market by Meisheng Jiaji and/or its distributors. The Plaintiff alleged, among other things, that our Company, as the manufacturer of the relevant fertilizer products, affixed on such products and/or their packaging certain trademarks, logos/identifiers and the “美澤盛” identifier owned by the Plaintiff, and prominently displayed the words “美盛嘉吉化肥有限公司” and “美盛嘉吉化肥” on the outer packaging.

On June 30, 2025, the Shanghai Intellectual Property Court issued a first-instance judgment, ordering, among others, that the relevant Defendants shall (i) immediately cease infringing the Plaintiff’s exclusive right to use its registered trademarks; (ii) immediately cease the relevant acts of unfair competition, including, among others, the use of the enterprise name “美盛嘉吉化肥有限公司”, the production, sale and promotion of products bearing the enterprise name “美盛嘉吉化肥有限公司”, and the use of WeChat accounts containing the characters “美盛”; and (iii) jointly compensate the Plaintiff in the amount of RMB10.00 million for economic losses and RMB150,000 for reasonable expenses incurred in stopping the infringement.

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On July 5, 2025, our Company filed an appeal against the first-instance judgment. On August 1, 2025, our Company engaged an PRC litigation counsel specialized in intellectual property laws to assist with the appeal proceedings. As of the Latest Practicable Date, the Meisheng Litigation was under appeal. As our Company filed the appeal within the appeal period prescribed under the first-instance judgment, the first-instance judgment had not taken effect, and our Company was not required to make payment pursuant to such judgment at this stage. Nevertheless, taking into account the first-instance judgment and as a matter of prudence, our Group has made a provision of RMB10.15 million in respect of the Meisheng Litigation. We have not obtained any indemnity or compensation from Meisheng Jiaji. Nevertheless, as advised by our PRC Legal Advisors, we reserve our rights to seek recourse against the other Defendants in respect of any losses or liabilities arising from the Meisheng Litigation. Our Directors are of the view that such provision will not have a material adverse impact on our Group’s financial performance, results of operations or business operations. For further details of the financial impact, please refer to the section headed “Financial Information” in this document.

In order to avoid similar disputes in the future, we have taken the following measures to strengthen our internal control in this regard:

- we ceased all our OEM business since December 2022 and all products produced by us are packaged and sold under our own brand;
- we have centralized the handling of all intellectual property issues and disputes under our Legal and Compliance Department, led by Ms. Xiang Yanli (向艷莉), our executive Director and vice president;
- we have established protocols in handling intellectual property related issues and disputes;
- we have provided additional training and education to our employees regarding intellectual properties; and
- we have engaged a PRC law firm as our retainer counsel to handle, among other things, intellectual property related legal matters which may arise from time to time.

We may from time to time become a party to various litigation, arbitration or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, except as disclosed in this document, there were no litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material and adverse effect on our business, financial condition or results of operations.

Compliance

(A) False and Misleading Commercial Publicity by our Company

As disclosed in “— Legal Proceedings”, our previous OEM business, by virtue of our involvement in our customers’ business activities, might subject us to adverse legal consequences. In the following non-compliance incident, our Company was found to have engaged in false and misleading commercial publicity in connection with the OEM business previously conducted by us.

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In 2020, the Market Supervision Administration of Liangyuan District of Shangqiu City, Henan Province (河南省商丘市梁園區市場監督管理局) (“**Liangyuan MSA**”) received a complaint alleging that certain DAP products in the market bore a trademark similar to “美盛”, and that our Company was identified as the manufacturer on the relevant packaging bags. Following its investigation, Liangyuan MSA considered that our Company had engaged in false and misleading commercial publicity and, on December 11, 2020, issued an administrative penalty decision against our Company, imposing an administrative fine of RMB1.0 million payable within the prescribed timeframe.

The matter arose from an OEM production arrangement with certain customers in 2020, under which our Company produced DAP products using packaging bags provided by such customers. Our Company had checked and understood that the trademark used on the packaging bags was registered. We had fully performed all our contractual obligations under these OEM production arrangements by December 2020, and have not had any further transactions with such customers since then. Our Company disagreed with the penalty decision and accordingly, on May 8, 2021, our Company filed administrative proceedings against Liangyuan MSA before the People’s Court of Liangyuan District of Shangqiu City, Henan Province (河南省商丘市梁園區人民法院) (the “**Court**”). In November 2021, the Court issued a first-instance judgment in favour of Liangyuan MSA. Our Company subsequently pursued several appeal and retrial proceedings during the period from 2021 to 2023.

During the proceedings, as our Company had not paid the fine: (i) Liangyuan MSA imposed an additional penalty of RMB1.00 million for late payment in February 2022; (ii) upon application of Liangyuan MSA, the Court placed our Company and Mr. Bao Fenghua, the then director and legal representative of our Company, who was subsequently reassigned from his position as a director of our Company while remaining as an employee of our Group, on the list of persons subject to restrictions on high-value consumption in June 2022; and (iii) Liangyuan MSA included our Company in the list of discredited enterprises with serious illegality in February 2023.

In December 2023, through mediation administered by the court, our Company and Liangyuan MSA entered into a settlement agreement dated December 15, 2023, pursuant to which our Company agreed to pay the original administrative fine of RMB1.00 million, and Liangyuan MSA agreed to waive the additional penalty of RMB1.00 million. Upon full settlement of the administrative fine, our Company and Mr. Bao Fenghua were removed from the list of persons subject to restrictions on high-value consumption. In March 2024, our Company was removed from the list of discredited enterprises with serious illegality.

Specific Internal Control Measures

In order to avoid similar non-compliances in the future, we have taken the following measures to strengthen our internal control in this regard:

- we ceased all our OEM business since December 2022 and all products produced by us are packaged and sold under our own brand;
- we have centralized the handling of all intellectual property issues and enforcement actions under our Legal and Compliance Department, led by Ms. Xiang Yanli (向艷莉), our executive Director and vice president;
- we have established protocols in handling intellectual property related issues and enforcement actions;

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- we have provided additional training and education to our employees regarding intellectual properties; and
- we have engaged a PRC law firm as our retainer counsel to handle, among other things, intellectual property related legal matters which may arise from time to time.

After consulting with and confirmed by our Internal Control Consultant, and having considered the major findings, recommendations, action plans and reviewing results of the internal control report prepared by our Internal Control Consultant, our Directors are of the view, and the Sole Sponsor concurs, that the above-mentioned remedies and internal control measures our Group implemented are adequate and effective.

Directors’ and Sole Sponsor’s Views

Our Directors are of the view, and the Sole Sponsor concurs, that the abovementioned non-compliance incident will not have any material adverse effect on our business and results of operations and does not affect the suitability for [REDACTED] of our Company under Rule 8.04 of the Listing Rules, considering, among other things, that (i) we have paid all fine in full, and have not been subject to any further penalties or inquiries in connection with above incident; and (ii) as confirmed by our Internal Control Consultant, we have taken all practicable and reasonable steps to avoid reoccurrence of similar incidents in the future. In addition, our Directors are of the view, and the Sole Sponsor concurs, that the abovementioned non-compliance incident does not affect the suitability of Mr. Huang, who was the president and chief executive officer of our Company at the relevant times, to act as a Director under Rules 3.08 and 3.09 of the Listing Rules, taking into account, among other things, (i) the non-compliance arose from the then ordinary and usual course of business of our Company and did not concern Mr. Huang’s personal conduct; and (ii) the non-compliance illustrated a risk which could not be completely eliminated as long as we conducted OEM business (which we ceased to carry on since December 2022) and was not due to Mr. Huang’s integrity, competence and character.

(B) Yulinxi Mining Non-compliance

Background

During the Track Record Period, Yulinxi Mining, a former subsidiary of Dongsheng Chemical, was responsible for carrying out pre-mining preparatory works for the Yulinxi Phosphate Mine, the mining right to which is held by Dongsheng Chemical. In the course of carrying out such pre-mining preparatory works, Yulinxi Mining removed a certain amount of ores from the mining area and the tunnels in the Yulinxi Phosphate Mine. On July 15, 2025, the Yichang Municipal Emergency Management Department (宜昌市應急管理局) issued a rectification notice (責令限期整改指令書) (the “**Rectification Notice**”) to Yulinxi Mining, pursuant to which Yulinxi Mining was requested to rectify its production activities conducted without a safety production permit. In October 2025, Yulinxi Mining filed a rectification report (整改報告) with the Yichang Municipal Emergency Management Department reporting on the completion of the rectification measures.

On November 12, 2025, the Hubei Provincial Emergency Management Department (湖北省應急管理廳) (“**Hubei Department**”) issued an administrative penalty against Yulinxi Mining for production without a safety production permit during the period from December 2023 to March 2025, which

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constituted breaches of the Production Safety Law of the PRC and the Regulations on Production Safety Law (the “**Yulinxi Mining Non-compliance**”). The Administrative Penalty included: (i) suspension of production; (ii) confiscation of unlawful gains of RMB14.242 million; and (iii) a fine of RMB450,000.

Yulinxi Mining was primarily engaged in carrying out pre-mining preparation works of the Yulinxi Phosphate Mine, including but not limited to managing the construction of the tunnels in the mine. The Yulinxi Mining Non-compliance was primarily attributable to our misunderstanding of the relevant laws and regulations in relation to the removal of ores from the Yulinxi Phosphate Mine during the construction of its tunnels and other works.

Yulinxi Mining had ceased all work on the Yulinxi Phosphate Mine on the day it received the Rectification Notice. The confiscated unlawful gains and fines, amounting to approximately RMB14.69 million in aggregate, were fully paid on November 13, 2025 and recorded as other expenses in the consolidated statements of profit or loss and other comprehensive income of our Company for the year ended December 31, 2025. On November 17, 2025, the Hubei Department issued the safety production permit for Yulinxi Phosphate Mine, pursuant to which Dongsheng Chemical was permitted to conduct production activities.

Our PRC Legal Advisors confirmed that the Hubei Department is the competent authority for the issuance of the safety production permit in respect of the Yulinxi Mine. Taking into account that (i) the Hubei Department issued the safety production permit for Yulinxi Phosphate Mine on November 17, 2025, pursuant to which Dongsheng Chemical was permitted to conduct mining activities; (ii) Yulinxi Mining had ceased all work on the Yulinxi Phosphate Mine on the day upon it received the Rectification Notice; and (iii) the confiscated unlawful gains and fines imposed by the Hubei Department had been fully paid, our PRC Legal Advisors are of the view that the rectification measures taken by Yulinxi Mining had been completed and accepted by the Hubei Department.

Since the Administrative Penalty and up to the Latest Practicable Date, our Group has not received any notice from the relevant PRC authorities alleging any outstanding rectification, or any legal documents requiring further investigation or rectification, or imposing further administrative penalties in respect of the Yulinxi Mining Non-compliance.

Based on the above, our PRC Legal Advisors are of the view that they are not aware of any circumstances indicating that our Group would be subject to further material administrative penalties or investigations in respect of the Yulinxi Mining Non-compliance.

Specific Internal Control Measures

In addition to the internal control measures set out in the paragraph headed “Internal Control Measures” below, our Company has implemented the following specific internal control measures to prevent similar non-compliance incidents in the future:

1. **Training on production safety and licensing compliance.** Our Group will arrange for directors and senior management of its subsidiaries, as well as management personnel, technical personnel and employees involved in mining production, to attend regular training sessions on relevant mining production safety laws and regulations, covering among others, the Production Safety Law of the PRC, the Regulations on Safety Production Permits, the implementation measures for safety production permits for non-coal mines, and other applicable production safety requirements.

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2. **Ongoing legal support.** Our Group will continue to engage PRC legal advisors to provide legal advice on licensing, permit applications, trial production and mining production activities, and to assist our Group in monitoring compliance with applicable laws and regulations.
3. **Periodic review of permit status.** Our Group will periodically review the validity of the relevant qualifications, licences and permits held by our Group’s mining subsidiaries. Any missing or expired qualification, licence or permit shall be promptly reported to Mr. Li Tianyong (李天勇), the director of Dongsheng Chemical and the principal person in charge. The relevant production activities shall be suspended where necessary until appropriate rectification measures have been taken in consultation with the PRC legal advisors and, where required, the competent authorities.
4. **Regular safety inspections and closed-loop rectification.** Mr. Li Yunlai (李運來), the mine manager of Dongsheng Chemical and the principal responsible person, will organize monthly inspections of the production and living areas of Yulinxi Phosphate Mine together with department heads and technical personnel, with reference to applicable production safety requirements. Our Group will also conduct comprehensive monthly safety inspections. Any hazards or deficiencies identified will be rectified in accordance with the relevant internal procedures, with the Safety and Environment Department responsible for supervising, following up and verifying the completion of rectification, so as to form closed-loop management.
5. **Follow-up on regulatory inspections.** Where any competent authority conducts safety inspections and issues rectification requirements, the Safety and Environment Department, led by Mr. Sun Yaojun (孫耀軍), the head of the Safety and Environment Department, will coordinate with the relevant departments to implement the required rectification measures within the prescribed timeframe, track the rectification progress, and verify the completion and closure of all identified issues.
6. **Certification management for key personnel.** Our Group will ensure that personnel holding key safety-related positions, including principal responsible persons, safety production management personnel and special operation personnel, possess valid qualifications and certificates before taking up their duties. Our Group will maintain a register of such certificates and conduct periodic reviews to prevent any unlicensed operation or expired certification.
7. **Reporting and oversight.** The status of material licenses and permits, safety inspections, rectification progress and training implementation will be reported to the relevant senior management, the Legal and Compliance Department and, where appropriate, our Board for oversight.

After consulting with and as confirmed by our Internal Control Consultant, and having considered the major findings, recommendations, action plans and reviewing results of our internal control report prepared by our Internal Control Consultant, our Directors are of the view, and the Sole Sponsor concurs, that the above-mentioned remedies and internal control measures our Group implemented are adequate and effective.

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Directors’ and Sole Sponsor’s Views

Our Directors are of the view, and the Sole Sponsor concurs, that the Yulinxi Mining Non-compliance will not have any material adverse effect on our business and results of operations and does not affect the suitability for [REDACTED] of our Company under Rule 8.04 of the Listing Rules, or our Directors, considering, among other things, that (i) the non-compliance incident arose from a bona fide misunderstanding of the relevant laws as applied to the specific circumstances of the Yulinxi Phosphate Mine construction; (ii) we have paid the fine and unlawful gains in respect of the Yulinxi Mining Non-compliance in full, and have not been subject to any further penalties or inquiries in connection with above incident; and (iii) as confirmed by our Internal Control Consultant, we have taken all practicable and reasonable steps to avoid reoccurrence of similar incidents in the future.

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, except as disclosed in this document, we had not been and were not involved in any material incidents of non-compliance. Our Directors are of the view that we had complied, in all material respects, with all relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain insurance coverage in amounts that we believe are consistent with our risks of loss and our industry’s customary practices. In China, pursuant to the relevant PRC laws and regulations, we maintain safety production liability insurance and automobile insurance for our business operation, as well as endowment insurance, medical insurance, unemployment insurance and work injury insurance for our employees.

During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claims in relation to our business. We will review and assess our risks on an ongoing basis and make necessary adjustments to our insurance coverage in line with our needs and industry practice in the PRC. Consistent with what we believe to be customary practice in our industry, we generally do not maintain any business interruption insurance. We believe that the existing insurance coverage of our business is adequate and standard for our industry. However, there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. For details, see “Risk Factors — Risks Relating to Our Business and Industry — We may not have adequate insurance coverage for losses and liabilities arising from various operational risks and hazards that we are subject to.”

Environmental, Social and Governance Matters

We have noticed the sustainable development trends across global industries and recognized the importance of integrating Environmental, Social and Governance (ESG) concepts into our daily operations for the Company’s long-term development. Our management places great emphasis on ESG matters and has adopted a series of measures to enhance ESG management, thereby supporting the Company’s sustainable development.

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ESG Governance

We plan to establish an ESG governance framework comprising the “Governance Level — Management Level — Execution Level” after [REDACTED], with clear division of duties and responsibilities at each level to manage the Company’s internal ESG matters. The Board will be responsible for the analysis and supervision of ESG risks, the formulation of ESG strategies, the decision-making on material ESG matters, and the setting of ESG targets. At the same time, we will establish an ESG Committee at the Board level and an ESG working group. The ESG Committee, led by the Board, will be responsible for identifying, assessing, and determining various ESG-related risks, formulating and monitoring the Company’s ESG management policies, targets, and action initiatives, and reporting the annual progress of ESG work to the Board on an annual basis. The ESG working group will be composed of heads of relevant business and functional departments of the Company, and will be responsible for carrying out the daily work related to ESG.

ESG Materiality Assessment

We value our stakeholders’ concerns regarding ESG and actively seek feedback and expectations from stakeholders such as shareholders, employees, customers, suppliers, regulators, communities, and the public regarding our ESG management efforts. Based on our business characteristics, stakeholder concerns, and benchmarking against industry peers, we have identified the following core ESG material topics:

Environmental	Social
Response to Climate Change	Employee Management
Emission Management	Supply Chain Management
Energy Management	Product Quality
Water Resources Management	Social Welfare

Environment

Mining

Mining activities may result in potential environmental and social impacts. In summary, the most significant compliance and environmental risks for the development of the Yulinxi Phosphate Mine are as follows:

- Impacts to local ecology due to land disturbance;
- Dust impacts from the haul roads and waste rock dump area; and
- Impacts to water pollution from the mining activity.

The Chinese national requirements for mine closure are covered under Article 21 of the Mineral Resources Law of People’s Republic of China (1996), the Rules for Implementation of the Mineral Resources Law of the People’s Republic of China (2006), Mine Site Geological Environment Protection Regulations (1 May 2009), and the Land Rehabilitation Regulation (2011) issued by the State Council. In summary, these legislative requirements cover the need to conduct land rehabilitation, to prepare a site closure report, and to submit a site closure application for assessment and approval.

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The recognized international industry practice for managing site closure is to develop and implement an operational site closure planning process and document this through an operational closure plan. While this site closure planning process is not specified within the Chinese national requirements for mine closure, the implementation of this process for a Chinese mining project will:

- facilitate achieving compliance with these Chinese national legislative requirements; and
- demonstrates conformance to a recognized international industry management practice.

We have implemented a site geological environment protection and rehabilitation plan named *Yulinxi Mineral Resource Development and Utilization and Ecological Restoration Plan* in March 2022. This plan provides the following in respect to the proposed site closure and rehabilitation measures:

- Site rehabilitation objective — The rehabilitation program is aimed at rehabilitating land disturbed by mining and processing operations and improve ecological environment.
- Progressive rehabilitation — The rehabilitation will be conducted progressively by multiple phases with measures including tailings backfilling area by area, decommissioning of the processing plant and other auxiliary facilities, and replanting the industrial area.
- Replanting — Where required, seeding will be undertaken and seedlings will be planted. The species to be used will be local perennials that are capable of growing in the local weather conditions.
- Tailings backfilling into mined out area underground — Underground mining activity causes surface subsidence due to ore extraction, and tailings backfilling will be conducted to mitigate the impact of surface subsidence.
- Rehabilitation monitoring — Monitoring will be carried out throughout the Mine lifetime, including surface subsidence monitoring, and soil condition monitoring.

Provisions for our obligations for rehabilitation are based on estimates of required expenditure at the Yulinxi Phosphate Mine in accordance with the rules and regulations of the PRC. For details, see “Financial Information” section of this document.

For the weakness and deficiencies of the environmental management measures, see “Appendix III – Competent Person’s Report” of this document.

The Yulinxi Phosphate Mine is located in a sparsely populated mountain area approximately 70km north of Yichang City of Hubei Province. The Han cultural group is predominant within the general project area, which is 38km northwest of Yuan’an County town. According to the EIA report, there are no significant cultural heritage sites within or surrounding any of the Mine area.

Multiple public participation programs were undertaken as part of the Yulinxi Phosphate Mine’s EIA report. The survey results showed that a majority of local residents support the Yulinxi Phosphate Mine, and presented a predominant view that the development of the Yulinxi Phosphate Mine will contribute to improvements in the local economy and will increase the local employment rate. However, local residents did raise some concerns regarding the safety of the local environment for this project,

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which shows that the local people are concerned about environmental protection measures to be implemented. To address the local community’s concerns, we will fully implement all requirements in the environmental approvals to prevent these environmental impacts.

Response to Climate Change

We recognize that climate risks have various impacts on our business operations, supply chain stability, and asset value. Based on our operating conditions and industry characteristics, we have preliminarily identified climate-change-related risks and opportunities, assessed their potential financial impact on the Company, and developed response measures.

Physical Risks

The physical risks we face may lead to asset losses, increased maintenance costs, and higher labor costs. Extreme weather events such as heavy rainfall and typhoons may cause potential disruptions to our production operations and supply chain, and may damage our assets. Potential operational and supply chain interruptions caused by extreme weather could also affect our business continuity. In addition, extreme heat, severe cold, and other weather conditions may create difficulties for outdoor work, increase the risks of heatstroke, thermoplegia, frostbite, and other hazards, threaten employee health and safety, and raise the risk of health insurance claims.

Transition Risks

The transition risks we face primarily arise from potential policy, legal, technological, and market risks during the global low-carbon transition process. For example, to achieve its carbon peaking and carbon neutrality goals, China may introduce stricter energy management and carbon emission management policies, which would increase our energy costs and emission reduction costs. The global low-carbon consensus may also lead the market to impose more low-carbon and environmental requirements on our products, forcing us to improve our technological processes, increase investment in energy conservation and environmental protection, and thereby raise our operating costs.

Opportunities

We also recognize that climate change brings new business opportunities for us. Upgrades in climate technologies offer us development opportunities such as green upgrades and the application of smart equipment. At the same time, we will continue to track changes in market demand, explore the launch of green and low-carbon products, and seize opportunities in the green and low-carbon market.

The table below sets forth our GHG emissions during the Track Record Period:

	Unit	For the Year Ended December 31		
		2023	2024	2025 ⁴
TOTAL GHG EMISSIONS				
(scope 1 & 2)	tco ₂ e	105,408.83	121,878.61	134,953.15
GHG intensity	tco ₂ e/revenue of RMB			
	ten thousand	0.70	0.74	0.68

1 Scope 1 emissions mainly arise from direct energy consumption during operations and carbon emissions generated from industrial processes

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	Unit	For the Year Ended December 31		
		2023	2024	2025 ⁴
Scope 1 emissions ¹	tco ₂ e	68,429.29	86,389.65	92,079.26
Scope 2 emissions ²	tco ₂ e	36,979.54	35,488.96	42,873.89
Scope 3 emissions ³	tco ₂ e	22.33	18.63	22.98

Emission Management

In our daily operations, we comply with environmental laws and regulations such as the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), the Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), and the Law of the PRC on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》). During our operations, we strengthen source control and process management of emissions such as wastewater, exhaust gas, and waste to ensure that the disposal of emissions is legal and compliant.

We have established the *Environmental Protection Management System*, which sets corresponding management targets for emissions and establishes routine emission management procedures to ensure that all emissions meet the emission standards of the operating locations.

Emission	Management Objectives	Management Measures
Exhaust Gas Emissions	- Control particulate matter emission concentration below 30 mg/m³ - Control sulfur dioxide emission concentration below 50 mg/m³ - Control fluoride and sulfuric acid mist emission concentration below 5 mg/m³ - Control nitrogen oxides emission concentration below 90 mg/m³ - Increase industrial exhaust gas collection rate to over 95%, maintain treatment facility removal rate stably above 90%, and achieve 100% emission compliance rate	Treated through tail-gas scrubbing process before being discharged in compliance with standards
Wastewater Discharge	The leachate recirculation rate at the phosphogypsum storage facility is 90%, the stable operation rate of environmental treatment facilities exceeds 95%, and the emission compliance rate reaches 100%	Treated at the wastewater treatment plant, then discharged to the wastewater treatment station in the industrial park for further treatment before being discharged in compliance with standards

2 Scope 2 emissions mainly arise from carbon emissions generated by indirect energy consumption during operations, such as the use of purchased electricity

3 Scope 3 emissions mainly cover indirect emissions across the upstream and downstream value chain. At this stage, this includes carbon emissions generated from employee business travel

4 The greenhouse gas emissions data for Scope 1 and Scope 2 in 2023 and 2024 are sourced from third-party verification reports, while the greenhouse gas emissions data for Scope 1 and Scope 2 in 2025 are converted from internal company statistical data

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Emission	Management Objectives	Management Measures
Waste Disposal . . .	- Comprehensive utilization rate of general industrial solid waste $\geq 70\%$ - Compliance disposal rate of hazardous waste reaches 100%	General solid waste is entrusted to qualified companies for utilization; hazardous waste is entrusted to qualified hazardous waste disposal companies for treatment

The table below sets forth the key emission levels during the Track Record Period:

	Unit	For the Year Ended December 31		
		2023	2024	2025
Non-hazardous waste ¹	Tonnes	718,795.33	957,449.73	745,674.96
Non-hazardous waste density . . .	Tonnes/revenue of RMB ten thousand	4.77	5.81	3.74
Hazardous waste ²	Tonnes	49.41	195.19	45.26
Hazardous waste intensity	Tonnes/revenue of RMB ten thousand	0.0003	0.0012	0.0002

- The increase in non-hazardous waste in 2024 was due to an increase in phosphogypsum generation. Phosphogypsum is a non-hazardous waste generated during phosphoric acid production, which increased in 2024 as compared to 2023, resulting in an increase in phosphogypsum generation in 2024
- In 2024, we replaced the catalyst in our sulfuric acid plant according to the production process requirements. The amount of spent catalyst replaced was classified as hazardous waste, leading to a significant increase in hazardous waste in 2024

Energy Management

We continue to promote energy structure optimization by adopting new processes, new technologies, and new equipment to improve or replace high-energy-consuming process equipment. We continuously enhance energy management to achieve energy saving and consumption reduction. Our energy consumption mainly consists of direct energy sources such as coal and diesel, as well as indirect energy sources such as purchased electricity. The table below sets forth our energy consumption during the Track Record Period:

	Unit	For the Year Ended December 31		
		2023	2024	2025
Coal	Tonnes	7,678.16	8,099.61	8,681.90
Diesel	Litres	286,464.29	286,428.57	295,541.18
Purchased electricity	MWh	70,343.44	67,508.00	81,555.81
Total energy consumption	Tce	18,651.61	19,679.80	17,427.03
Total energy consumption intensity	Tce/revenue of RMB ten thousand	0.12	0.12	0.09

Water Resources Management

We comply with laws and regulations such as the Water Law of the PRC (《中華人民共和國水法》) and effectively manage water resource utilization. We have established a leading group for water conservation, which is responsible for daily tasks such as formulating water conservation policies,

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promoting water conservation, and conducting inspections. We monitor the water consumption of key water-using equipment, facilities, and systems on a daily basis, performing dynamic monitoring of water usage. For major construction projects with significant annual increase in water consumption, we require special studies on the rationality of water usage and implement the water-saving targets, measures, and requirements set forth in feasibility reports. We continuously enhance employees’ water conservation awareness and foster a water-saving operational culture within the organization.

The table below sets forth our water consumption during the Track Record Period:

		For the Year Ended December 31		
	Unit	2023	2024	2025
Water consumption.	m ³	1,426,033	1,709,160	1,155,600
Water consumption intensity . . .	m ³ /revenue of			
	RMB ten			
	thousand	9.47	10.37	5.79

Social Matters

Employees

We comply with the PRC Labour Law (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), and other relevant laws and regulations on labor management in the locations where we operate. We have formulated internal policies such as the Recruitment Management Measures, the Compensation Management Measures, the Employee Handbook, and the Labor Protection System for Female Employees. We regulate employment management throughout the entire recruitment process, prohibit child labor and forced labor, and promote fair and just mechanisms for recruitment, compensation, and promotion. In our daily operations, we foster a diverse, equal, and inclusive working environment and enhance employees’ technical capabilities through systematic training.

We comply with the Production Safety Law of the PRC (《中華人民共和國安全生產法》), and the PRC Law on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》), and have formulated internal policies such as the Work Safety Management System to regulate employee health and safety management. Each year, we engage qualified testing companies to test occupational hazard factors in our facilities and issue test reports. Every three years, we engage qualified assessment companies to conduct occupational disease hazard status assessments and issue assessment reports. We arrange annual occupational health checks and purchase medical insurance for our employees. Every April, we organize a company-wide special training session on occupational health to disseminate knowledge on the basics of occupational disease hazards, occupational disease prevention and control, as well as the use of articles for labour protection.

Supply Chain Management

We have formulated the Supplier Management System to impose constraints on the access, daily evaluation and exit of suppliers. To effectively mitigate supply chain risks, we conduct procurement risk identification for each supplier at least once a year and develop risk response measures accordingly. To ensure supply chain stability, we select at least three qualified and capable suppliers for each category of raw and auxiliary materials. On the basis of meeting supply quality and delivery

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timelines, we promote ESG performance among our suppliers, encouraging them to obtain environmental management system certifications, use green energy, protect their own labor and human rights, and reduce ESG risks across the supply chain.

Product Quality

Good product quality is the foundation of our competitiveness in the industry. We comply with the Product Quality Law of the PRC (《中華人民共和國產品質量法》) and manage product quality throughout the entire process, from raw material procurement and product production to product transportation and after-sales service. To ensure effective implementation of quality management, we establish production indicators and assessment plans for each production facility to ensure fair and just quality inspection and continuously improve product quality.

Social Welfare

We fulfill our corporate social responsibility by regularly carrying out social initiatives such as autumn scholarship programs, visiting and caring activities for employees in difficulty, tree planting activities, and other social actions. Through these tangible efforts, we demonstrate our image as a responsible corporate citizen.

RISK MANAGEMENT AND INTERNAL CONTROL

We have engaged an internal control consultant (the “**Internal Control Consultant**”), to perform certain agreed-upon procedures in connection with the internal control of our Company and our major subsidiaries during the Track Record Period and to report factual findings on our Group’s entity-level controls and internal controls of various processes, including sales, accounts receivable and collection management, procurement, accounts payable and payment management, inventory management, production and costing, research and development management, human resources and payroll management, fixed assets and intangible assets, treasury management, financial reporting and information disclosure management, tax management, insurance management, IT general controls, contract management and environmental protection. The Internal Control Consultant performed procedures in January 2026 and follow-up procedures in May 2026 in our Company’s system of internal control, including the specific internal control measures adopted to prevent recurrence of the non-compliance incidents and legal proceedings as disclosed above in this section. As of the Latest Practicable Date, there was no material issue remaining in relation to the internal control of our Group.

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as protection of intellectual property rights, enhancement of production safety, optimization of procurement and supplier management processes, environmental protection, and occupational health and safety. We also regularly monitor the implementation of such measures and procedures through our Legal and Compliance Department. Our Directors, with the assistance of our legal advisors, will periodically review our compliance status with all relevant laws and regulations after the [REDACTED]. In addition, we have established the Audit Committee which comprises three independent non-executive Directors. The Audit Committee will review and report to our Board at least

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annually the adequacy and effectiveness of our internal controls. In particular, the Audit Committee is empowered under its terms of reference to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control and risk management, or other matters.

Below is a summary of our internal control policies, measures and procedures we have implemented or plan to implement to further enhance our corporate governance practices and the effectiveness of our internal control measures:

- our Directors have attended the training on April 30, 2026 and May 1, 2026 conducted by our Hong Kong legal adviser, on the ongoing obligations, duties and responsibilities of directors of public companies under the Companies Ordinance, SFO and the Listing Rules; and our Directors are fully aware of their duties and responsibilities as directors of a [REDACTED] company in Hong Kong;
- since the non-compliance incidents and the legal proceeding were mainly due to the inadvertent misunderstanding by the management at the relevant subsidiary level of the applicable laws and regulations, including the Production Safety Law of the PRC, the Regulations on Production Safety Law and relevant laws concerning false and misleading commercial publicity, our Company arranged for our executive Director, senior management and subsidiary-level management to attend training sessions conducted by our PRC legal advisors. Such training covered applicable PRC laws, rules and regulations relating to production safety, mining production and intellectual property rights protection, as well as the latest regulatory developments, with a view to familiarizing and updating the relevant personnel on the laws and regulations applicable to our business operations;
- we will continue to arrange annual trainings after the [REDACTED], on applicable industry-related PRC laws, rules and regulations, to our executive Directors, senior management, the management of each of the departments of our Company to refresh them with the relevant laws, rules and regulations and update them with any recent developments thereof;
- we have appointed Altus Capital Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines;
- we have strengthened our Legal and Compliance Department by including our Board secretary as a member. The Legal and Compliance Department will be responsible for monitoring key compliance matters relating to our Group’s business operations, including, in particular, licence maintenance and renewal, commencement of mining production, customer background checks, know-your-client procedures and related standards;
- we have also engaged a retained PRC litigation counsel, being a practising PRC lawyer with relevant PRC legal and regulatory experience, who will be principally responsible for providing timely legal assistance to our Group in respect of legal and compliance issues encountered by our Company or raised by the Legal and Compliance Department;
- we have established the internal audit department to ensure the independence of internal audits, with the internal audit department reporting to the Audit Committee. We will conduct internal audits in accordance with our internal policies and procedures during the preparation

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of the interim results announcement for the six months ended June 30, 2026, to identify issues and deficiencies, propose rectification measures, and maintain relevant audit plans, audit reports, deficiency logs and approval records for traceability purposes;

- we have established an evaluation procedure for the resignation of management and key personnel, clarifying the responsible department and execution requirements;
- we have defined sensitive and confidential company information through written policies, and we have specified procedures for identifying and monitoring sensitive or confidential information and measures for protecting and handling information leaks. We have classified and managed company data by level;
- we have established a license management procedure. We have also formulated a license management system tailored to departments and business needs, clarifying the procedures for obtaining, updating, monitoring and maintaining licenses;
- we have developed an insurance management system, including the main responsibilities of relevant departments, insurance management models, insurance coverage, insurance claims procedures, and premium management, to standardize the insurance business management process, including but not limited to the employee protection and compensation, third-party litigation, all-risk property insurance (such as inventory preservation) and safety production liability insurance;
- we plan to establish a conflict of interest management system to define conflicts of interest, specify their content and the responsible management departments and develop measures to prevent conflicts of interest, as well as processes for monitoring and reporting conflicts;
- we plan to designate the responsible department for risk management, build a risk management system, clarify risk management systems, processes and responsibilities, guide and supervise the risk management work of each department, continuously identify potential risk events, evaluate identified risks and implement risk response measures; and
- we plan to establish a written external communication system, including but not limited to the information release process, media and public response management, procedures for responding to regulatory inquiries and responses to negative reports.