OVERVIEW

Our mission

Embracing low-carbon circular development as our responsibility and building a comprehensive supply chain for new energy green material.

Our vision

To become a time-honored internationally renowned enterprise

Who we are

We are a world-leading independent lithium battery recycling and material recovery solution provider. According to CIC, we ranked first globally in terms of lithium battery recycling volume via third-party channels in 2025. With integrated processing capabilities, we are committed to resource recycling and green sustainable development, and to advancing the realization of global carbon peaking and carbon neutrality goals. In 2025, we recycled 71.6 kilotons of battery recycling materials, covering electrode sheets, battery cells, used batteries and other forms of materials. We have established comprehensive processing capabilities **for full-category, full-form and full-chain** of lithium battery recycling and material recovery:

- **Full-category:** We can recycle a full range of lithium battery scraps, including ternary lithium, LFP, LCO and others.

- **Full-form:** We can process a full spectrum of production scraps (including electrode sheets, wound cores and cells), and used batteries (including battery packs, modules and cells).

- **Full-chain:** Starting from the lithium battery recycling and material recovery, we have integrated recycling, hydrometallurgy and cascade utilization, possessing full-chain comprehensive processing capabilities for lithium battery recycling and material recovery and providing customized solutions for diverse partners across the industrial chain.

Our suppliers cover battery manufacturers, EV original equipment manufacturers ("**OEMs**"), automobile insurance companies, energy storage operators and other channels. Our customers primarily include leading manufacturers of batteries and battery materials.

Market position	Operational data	Financial performance
No. 1 Globally	41.0%	13.8%
In terms of lithium battery recycling volume via third-party channels in 2025 according to CIC	CAGR from 2023 to 2025 of recycling volume	CAGR from 2023 to 2025 of increased revenue Achieved net profit in 2025

Our solutions

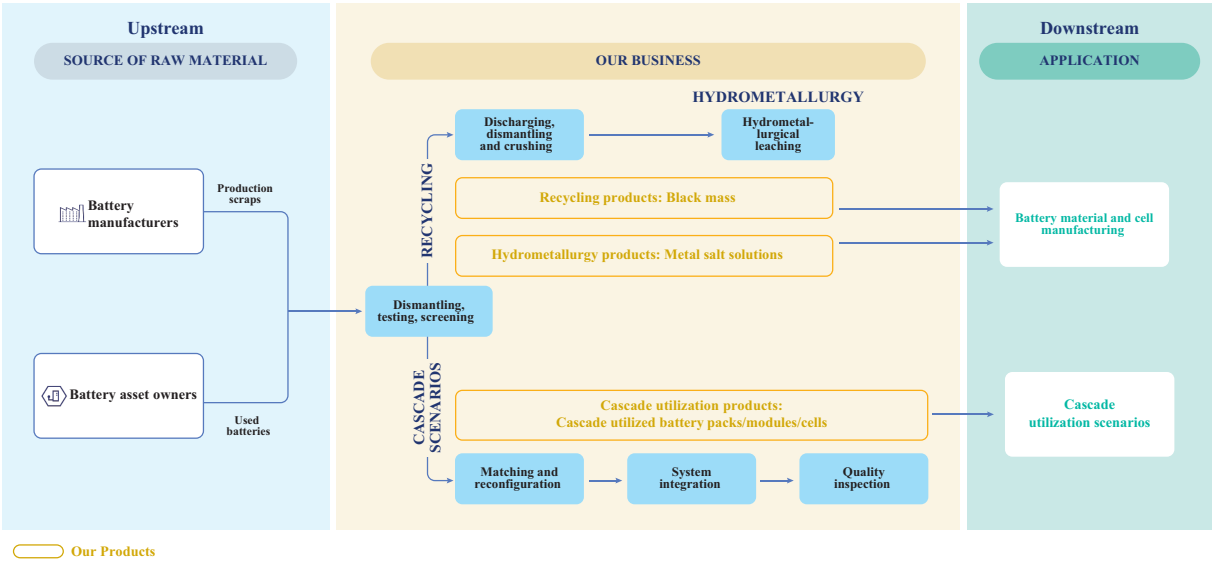
We provide battery recycling and material recovery solutions to a wide range of industry players across multiple segments of the lithium battery recycling and material recovery ecosystem:

- For battery manufacturers: We assist battery manufacturers in recycling used batteries and production scraps or conducting LFP cathode material regeneration, supporting their green production and environmental protection.

- For battery asset owners: We are committed to providing efficient closed-loop recycling solutions for battery asset holders and help them address relevant concerns in terms of environmental protection, operational safety and regulatory compliance. Furthermore, through high-value battery recycling and material recovery technologies, we unlock the residual value of used batteries and transform "retirement burdens" into "green benefits."

- For battery material manufacturers: We supply raw materials processed from recycled materials for lithium battery production, diversify battery material manufacturers' raw material sources, and help them continuously comply with relevant global regulatory requirements about the percentage of secondary raw material adoption.

Our business model



- **Raw Material Procurement:** Leveraging our extensive and stable raw material supply channels, we can secure a sufficient supply of lithium battery recycling materials.

- **Testing, Evaluation and Manufacturing:** Based on the form and chemical properties of raw materials, we allocate them into different business lines through our professional internal screening and testing processes. For battery packs or modules with sufficient remaining charge-discharge performance, our cascade utilization business line reconfigures them into functional battery packs or modules through capacity-voltage testing, charge-discharge testing, packaging and other technologies. For production scraps and used batteries without cascade utilization value, we conduct pretreatment with our advanced discharge technology, followed by refined recycling using our production processes. Following the recycling process, we sell recycled black mass, our main recycling products, to customers according to market conditions. Meanwhile, part of the black mass is fed into our hydrometallurgy process to manufacture mixed metal salt solution products in line with production plans.

- **Our Product Portfolio:** Our recycling products mainly include ternary black mass, LFP black mass, LFP high-purity electrode powder and some by-products. Our hydrometallurgy products mainly include mixed metal salt solutions. Our cascade utilization products mainly include battery packs, modules and cells.

Our market opportunities

China accounts for more than 60% of the world's lithium battery production capacity by 2025, but the domestic supply of high-quality raw mineral resources is relatively scarce and China still relies on imports of overseas mineral raw materials, according to CIC. According to data from the General Administration of Customs of China, China imported approximately 7.791 million tons of lithium concentrate in 2025, with a year-on-year increase of approximately 39.4%. The market size of China's recycling segment in the lithium battery recycling and material recovery industry by revenue was RMB20.1 billion in 2025 and is expected to increase to RMB313.1 billion in 2030, representing a

CAGR of 73.2% from 2025 to 2030, while the market size of cascade utilization segment was RMB2.1 billion in 2025 and is expected to increase to RMB8.6 billion in 2030, representing a CAGR of 32.6% from 2025 to 2030. With rising geopolitical instability, risks related to raw material prices and supply stability are growing. Establishing a sound lithium battery cascade utilization system has inherent driving forces for participants in the lithium battery industrial chain in terms of supply chain security and economic efficiency. Our full-chain integrated recycling and material recovery capacity helps fully utilize resources from lithium battery recycling materials and eases the pressure on new energy enterprises relying on key relevant metals imports.

Major economies including China, the United States and the European Union have accelerated the implementation of policy standards focusing on ESG compliance and domestic supply chain security. The EU Battery Regulation stipulates that key lithium battery lifecycle compliance obligations will take full effect in August 2027, raising unified requirements for the proportion of recycled raw materials used in lithium battery production for domestic and overseas enterprises. Under the guidance of such policies, the share of lithium battery installed capacity using recycled and regenerated materials globally is projected to rise from 6.2% in 2025 to 52.3% in 2030. In Chinese market, the share of lithium battery installed capacity using recycled and regenerated materials is expected to grow from 8.6% in 2025 to 65.4% in 2030. Lithium battery recycling and material recovery has evolved from merely serving as a supplement to mineral resources in the early stage, into a core element for safeguarding domestic supply chain security and meeting international compliance requirements.

As of the Latest Practicable Date, according to the enterprise list published by the Ministry of Industry and Information Technology that complies with the Industry Specification Conditions for the Comprehensive Utilization of Spent Power Batteries of New Energy Vehicles (《新能源汽車廢舊動力蓄電池綜合利用行業規範條件》), only 156 enterprises (including our Company) have been shortlisted, remaining scarce in the current market. In contrast, the total number of registered lithium battery recycling enterprises nationwide exceeds 190,000. Amid the explosive growth in the market of used batteries disposal, there will be a significant unmet market demand for professional and qualified white-listed enterprises with standard processing capabilities.

Compared with lead-acid batteries, lithium batteries feature higher safety and environmental friendliness. Nevertheless, improperly disposed used batteries pose potential hazards to ecological environments and public safety. Random discard or irregular treatment will lead to severe environmental contamination, including pollution from heavy metal ions such as nickel, cobalt and manganese, fluorine pollution, and other pollutant emissions. Meanwhile, used batteries generally maintain high residual voltage. Non-compliant operations during recycling, dismantling and processing may easily trigger safety incidents such as fire and explosion. Our lithium battery recycling and material recovery capabilities effectively address the aforesaid risks, supporting the green and sustainable development of the global new energy industrial chain.

OUR STRENGTHS

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

We are a world-leading independent lithium battery recycling and material recovery solution provider

We are a world-leading independent lithium battery recycling and material recovery solution provider. According to CIC, we ranked first globally in terms of lithium battery recycling volume via third-party channels in 2025.

We are one of the few lithium battery recycling and material recovery service providers with full-chain integrated processing capabilities in the market, according to CIC. The integrated closed-loop solution not only ensures the stability and effective cost management of raw material supply, but also guarantees the product quality and consistency of recycled materials, creating significant value for customers.

We have been deeply rooted in the lithium battery recycling and material recovery industry for many years, have gone through a complete market cycle, and maintained keen insights into the current status and development of the market. We assisted regulatory authorities in drafting the Safety Specifications for the Storage and Use of Lithium-ion Batteries in Production and Business Premises (《生產經營單位鋰離子電池存儲使用安全規範》), and continuously contributed to the safe and healthy development of the industry.

Our products and services have been widely recognized in the market, and we have established in-depth strategic cooperation with two leading NEV companies. We were ranked among the Top 500 Manufacturing Enterprises of Guangdong Province (廣東省製造業企業500強) in 2023, awarded the title of National-Level Specialized, Sophisticated, Distinctive, and Innovative Little Giant Enterprise (國家級專精特新小巨人企業) in 2024, ranked among the Top 500 Enterprises in Shenzhen (深圳企業500強) in 2025, and awarded the title of National-Level Key Little Giant Enterprise (國家重點"小巨人"企業) in 2026.

Establishment of stable upstream and downstream industrial connections and a full-channel ecological network across the industry

In our upstream, we have diversified raw material procurement channels and long-term cooperative relationships. According to CIC, building a reliable supply network is complex for integrated lithium battery recycling and material recovery enterprises. Establishing stable upstream supply channels requires recyclers to adopt multi-stage processing workflows and build partnerships with a wide range of upstream manufacturers. Only a small number of recyclers have successfully established such comprehensive upstream supply network. We have built long-term strategic partnerships with battery manufacturers and battery asset owners. Our production scraps recycling channels cover mainstream lithium battery manufacturers. Our used battery channels cover renowned EV OEMs, consumer brands, energy storage enterprises, vehicle dismantling plants, automobile insurance companies, and other commercial battery asset operators, ensuring a stable supply of lithium battery recycling materials.

In our downstream, we have deeply bound ourselves to leading battery material and battery manufacturers. Our products have been recognized by mainstream customers. Through close cooperation with leading enterprises, we generate product sales while advancing R&D and product standards to keep pace with cutting-edge market demands and carrying out joint R&D.

Strong R&D capability forging our full-form processing advantages and advanced process technologies

We have set up an in-house research institute, which is led by experts with research experience at Tsinghua University and academic backgrounds from other renowned universities, boasting strong R&D capability and technology portfolio. We continuously carry out industry-university-research cooperation to support cutting-edge technological R&D. As of the Latest Practicable Date, we had 36 R&D personnel, accounting for approximately 10.9% of our total employees, and owned 61 invention patents in China and three global registered patents.

Our self-developed and patented particle discharge technology shortens the cell discharge process from three to seven days required by conventional brine discharge to only three to four hours, greatly improving cell discharge efficiency. Meanwhile, it generates no waste gas, waste water or waste residue, does not corrode batteries, and is low-carbon and eco-friendly.

Our current recycling & disassembly technology achieves industry-leading recovery levels. Our semi-extraction NCM separation technology in hydrometallurgy has realized efficient separation of manganese and calcium, fundamentally solving the scaling problem of calcium sulfate in extraction tanks during calcium extraction and calcium contamination of the subsequent by-product manganese sulfate. It reduces reagent consumption, achieving synchronous improvement of separation efficiency, product quality and environmental benefits. Our technological innovation and maturity lead the domestic industry, according to CIC.

Furthermore, our self-developed LFP cathode material regeneration process, through core procedures such as targeted impurity removal, precise lithium supplementation and lattice reconstruction, can restore the performance of cathodes to the level of virgin materials.

Skilled industry team, high-quality corporate culture and diversified shareholder support

Since our establishment in 2012, our management team has gained ample experience over the years and been validated by the market, leading us through industry cycles to achieve pivotal development. Our visionary management team is led by our founder, Mr. Zheng Weipeng, who possesses over 14 years of profound expertise and a proven track record in the lithium battery recycling and material recovery industry. Since founding our Company in 2012, Mr. Zheng has demonstrated exceptional strategic stewardship, scaling our operations into a multi-regional scale.

Beyond his operational leadership, Mr. Zheng is an influential figure in the circular economy sector, currently serving as the Vice President of the Shenzhen Battery Industry Association and the representative of the Vice President Unit of the Guangdong Provincial Circular Economy and Comprehensive Utilization of Resources Association. His contribution and influence to the industry have been recognized through prestigious governmental recognitions and awards, including the title of Outstanding Builder of Socialism with Chinese Characteristics awarded by the CPC Guangdong Provincial Committee and the Guangdong Provincial Government. Furthermore, his commitment to

technical excellence is underscored by his recognition as a member of the "Pengcheng Outstanding Engineer Team — Battery Green Recycling Technology R&D Team"* (「鵬城卓越工程師團隊 — 電池綠色回收技術研發團隊」) recognized by the Human Resources and Social Security Administration of Shenzhen Municipality. Mr. Zheng combines deep technical insights with sophisticated management capabilities, positioning us to navigate the evolving global lithium battery recycling and material recovery market. Our core management team consists of senior experts from new energy, new materials and other fields, with a profound understanding of industry policies, technologies and market demands. We take low-carbon circular development as our mission, pursue the national green low-carbon and dual carbon goals, and support the sustainable development of the new energy industry. We adhere to the values of "Self-discipline, Dedication, Innovation and Inheritance" (正己、奉獻、創新、傳承), abide by the tenet of "Benefiting Others to Achieve Self-improvement and Repaying the Society" (成人達己、回報社會), and embrace the philosophy of "Knowledge and Action Go Far; Integrity Powers Long-term Success" (知行致遠、尚信傑成), making culture the most solid force for strategy implementation. Meanwhile, we have attracted strong backing from renowned investment institutions including state-owned capital, internet giants and industrial capital, providing strong support for our development.

OUR STRATEGIES

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

Further enhance the lithium battery recycling and material recovery capacity, expand market share and elevate industry position

- Continuously improve production facilities at our Jiangmen Base and Jiangsu Base to boost our processing capacity. We have completed the construction of the hydrometallurgy production line at our Jiangmen Base. We will further strengthen the construction of recycling production lines at our Jiangmen Base to increase the processing capacity and service capability of our recycling business. Our Jiangsu Base has completed the construction of the pilot production line for the production of the LFP high-purity electrode powder, the front-end product of regenerated LFP cathode materials. In the future, we will further improve and build the back-end production lines, extending the product line to regenerated LFP cathode materials. See "Future Plans and Use of [REDACTED]" for further details.

- Advance the intelligent transformation of our production bases to improve operational efficiency. We will further upgrade the intelligence level of newly added production lines, including fully automatic disassembly production lines, to improve our large-scale production efficiency.

- Strengthen our brand building, consolidate customer relationships and lock in strategic orders. We have maintained long-term cooperative relationships with a number of leading battery manufacturers. We will further develop upstream and downstream strategic partners, provide more comprehensive solutions for the full utilization of lithium battery recycling materials, and elevate our industry standing.

Vigorously expand overseas markets and implement global development plans by fully leveraging our technological and channel advantages

We are expanding into emerging overseas markets such as Southeast Asia. We have entered into an acquisition agreement in relation to a Malaysia-based company holding battery recycling qualifications, with the transaction expected to be completed in the fourth quarter of 2026. According to CIC, Malaysia occupies a unique position and is actively building itself into an emerging hub for EV battery recycling in Southeast Asia. In recent years, Malaysia has been accelerating the industrialization of intermediate products extracted from waste lithium battery recycling. Under the Environmental Quality Regulations 2005 issued by the Malaysian Department of Environment, waste lithium batteries are classified as "Scheduled Waste" (SW103). These regulations have established a stringent regulatory framework, ensuring only licensed entities may conduct battery collection, transportation and processing under rigorous supervision. According to CIC, this regulatory regime initially focused on lead-acid batteries and consumer batteries, however, with the rapid growth of EV adoption and the increasing complexity of lithium battery recycling, regulators have gradually expanded policy coverage to include new energy lithium batteries.

Following the issuance of Announcement on Regulating the Import Administration of Recycled Black Mass Raw Materials for Lithium-ion Batteries and Recycled Iron and Steel Raw Materials (《關於規範鋰離子電池用再生黑粉原料再生鋼鐵原料進口管理有關事項的公告》) in China in June 2025, the import of lithium battery regenerated black mass has become compliant and legal. According to CIC, lithium battery regenerated black mass in Malaysia can be exported to the Chinese mainland to meet the domestic shortage of lithium battery recycling materials.

Further upgrade existing production processes, increase R&D investment in future recycling technologies, and lead the trend of battery material recycling technologies

We will take technological innovation as the core, deepen our presence in the lithium battery recycling and material recovery industry, continuously optimize existing recycling processes, strengthen R&D on technologies, break through bottlenecks of traditional technologies, build an efficient, low-carbon, intelligent and integrated battery material regeneration technology system, lead the technological upgrading of the global industry, and establish industry benchmarks.

In the coming years, we will focus on the core track of lithium battery recycling and material recovery, with key layouts in intelligent and precise dismantling, semi-extraction technology for ternary materials, and development of chemical repair processes for high-compaction and long-cycle LFP. We will continuously improve the comprehensive recovery rate of valuable metals, reduce hydrometallurgy production costs of ternary materials, optimize the material performance reconstruction process, and build a green, low-carbon and closed-loop industrial system. Meanwhile, keeping pace with the industrialization trend of new-generation battery technologies such as solid-state, semi-solid-state and sodium-ion batteries, we will increase R&D investment to address core challenges including dismantling, purification and regeneration of new-type batteries, and build a dedicated recycling technology system adaptable to various new-type batteries. This will enable a technological leap from traditional battery recycling to comprehensive recycling of various categories of new-generation batteries, and establish a full-chain technological barrier covering mainstream and new-type batteries. We will continue to improve our patent portfolio,

upgrade R&D infrastructure, and deepen industry-university-research cooperation, so as to consolidate our leading position in the field of lithium battery recycling and material recovery through technological innovation.

Integrate lithium battery recycling and material recovery enterprises, expand business coverage and consolidate our leading position

As a world-leading independent lithium battery recycling and material recovery enterprise covering the full industrial chain of recycling, hydrometallurgy and cascade utilization, we will adopt a dual-driven strategy of independent construction and capital operation.

In terms of technology, we plan to invest in or acquire targets with advanced technologies such as unsorted mixed material processing and refined disassembly process for battery packs and modules, so as to further raise our operational efficiency and scale production strengths. In terms of resources, we will seek opportunities to hold equity stakes in regional leading dismantling enterprises and lithium-bearing solid waste treatment providers to expand recycling channels for energy storage and consumer batteries and secure urban mineral resources. For global expansion, we intend to make asset acquisitions to expand business presence in low-tariff regions such as Southeast Asia. By flexibly deploying capital, we will transform from a lithium battery recycler into a global low-carbon lithium battery material supplier to meet the upcoming wave of large-scale lithium battery decommissioning.

OUR BUSINESS LINES

We are primarily engaged in lithium battery recycling and material recovery. Against the backdrop of the impending large-scale decommissioning of lithium batteries in the coming years, our business strongly supports the sustainable development of global new energy industry. It not only aligns with China's dual carbon goals as well as the international community's carbon neutrality and emission reduction goals, but also addresses the growing global challenges of used battery management.

We process used batteries and production scraps into high-quality raw materials, which are sold to and further processed by our downstream battery manufacturers into new lithium batteries. We have established an integrated closed-loop business model that spans recycling, hydrometallurgy and cascade utilization.

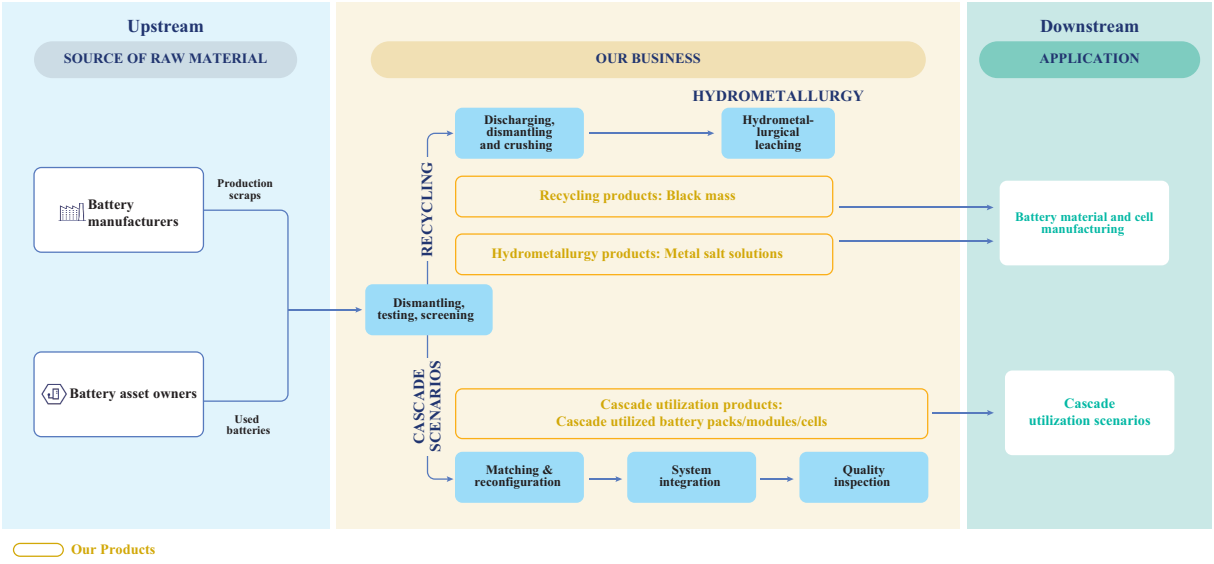
- *Recycling business:* Our recycling business mainly conducts physical disassembly on lithium battery production scraps sourced from upstream suppliers, including electrode sheets, and wound cores, as well as used batteries without cascade utilization value. We adopt a physical treatment process consisting of disassembly, crushing, separation and sorting to produce black mass. Black mass is a powdery substance derived from the crushing and sorting of aforesaid lithium battery raw materials, which primarily contains valuable metals including lithium, nickel, cobalt, manganese and other key battery materials. It will be fed into our in-house hydrometallurgy process for further resource regeneration or directly sold to customers.

We also conduct our LFP cathode material regeneration business. We source LFP electrode sheets and wound cores from battery manufacturers, which are then treated with a sequence of precision cleaning, impurity removal and structural reconditioning processes. The treated materials are refined into LFP high-purity electrode powder, an intermediate product for regenerated LFP cathode materials that meets industry specifications, which can be supplied to downstream battery and cathode material manufacturers.

- *Hydrometallurgy business:* We feed black mass into our hydrometallurgy production lines, a chemical process that converts the black mass into a mixed solution, in which a series of chemical reduction reactions leach out valuable metals. This solution is supplied to battery material manufacturers to produce the core raw materials for the production of lithium batteries.

- *Cascade utilization business:* Our cascade utilization business focuses on used battery packs, modules and cells procured from suppliers that still retain usable capacity as well as Grade A and downgraded battery cells from battery manufacturers. We reconfigure battery packs, modules and cells through a standardized process including dismantling, performance testing, screening, reconfiguration and repackaging. We sell qualified cascade utilization products to downstream customers. We redirect production scraps and used batteries without cascade utilization value back to our recycling business for material recovery.

The diagram below demonstrates our lithium battery recycling and material recovery business flow:



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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Recycling products	976,838	84.4	983,652	84.1	1,230,348	82.0
Hydrometallurgy products	–	–	25,795	2.2	186,899	12.5
Cascade utilization products	181,107	15.6	160,809	13.7	82,370	5.5
Others[(1)]	–	–	276	*	–	–
Total	1,157,945	100.0	1,170,532	100.0	1,499,617	100.0

* Below 0.05

Note:

(1) Representing the sale of an equipment.

OUR PRODUCTS

We have built a full-life-cycle value chain of lithium battery recycling and material recovery which integrates our three core business lines: recycling, hydrometallurgy and cascade utilization. We procure used batteries and production scraps from upstream suppliers, process them through professional physical and chemical technologies to produce black mass, LFP high-purity electrode powder, metal salt solutions and cascade utilization products, and sell these products to customers.

Products from recycling

We recycle and process production scraps sourced from suppliers externally, as well as used batteries without cascade utilization value. Following bulk shredding, crushing and grinding processes, these materials are processed into black mass. Part of the black mass is sold to customers, and part of the black mass is used as raw materials for our in-house hydrometallurgical production. In some cases, to meet diverse customer requirements, we also procure crude black mass from external sources, which we either blend with our self-produced black mass to adjust metal composition ratios before sale, or sell to customers after testing. Meanwhile, we recycle graphite, copper and aluminum through processes including vibration and gravity separation as by-products.

Our major recycling products mainly include ternary black mass and LFP black mass.

- Ternary black mass. We provide customized ternary black mass products including NCM523, NCM622 and NCM811 with different nickel-cobalt-manganese ratios to meet diverse downstream demands. Our ternary black mass has extremely low impurity contents, with copper and aluminum contents both below 1%, significantly reducing downstream impurity removal costs and improving production efficiency. It also features uniform particle size distribution, nearly spherical particles and no serious agglomeration, with a high leaching rate of over 99%, making it well-suited to downstream processing. Ternary black mass is mainly

used as raw material for hydrometallurgical manufacturers to produce battery-grade metal salts through acid leaching and extraction, realizing the recovery of nickel, cobalt, manganese, lithium and other metals.

- LFP black mass. Combined with our dry discharge technology, we adopt special recycling processes for LFP batteries to accurately separate the cathode, anode and shell of used battery cells, and focus on the purification of LFP cathode black mass without mixing with black mass from other battery types, so as to ensure high purity of $FePO_4$ active materials. We apply low-temperature drying and inert gas protection during recycling to prevent oxidation and structural damage of LFP active materials, effectively retaining their crystal structure and electrochemical activity. Compared with traditional high-temperature recycling, our technology increases the retention rate of active components. LFP black mass is mainly applied to the hydrometallurgical recovery of lithium, phosphorus, iron and other resources, or used as regenerated cathode materials for lithium batteries.

Black mass produced from recycling

As part of our recycling processes, we also generate by-products such as graphite, copper and aluminum. These materials are recovered during the physical separation and sorting stages, and are sold to customers in the metal and secondary materials industries.

We also outsource the production of metal salt products, using our processed black mass as the core raw material. These products include lithium carbonate, nickel sulfate, cobalt sulfate and manganese sulfate, which are sold to customers such as new energy and battery material manufacturers as their key production raw materials.

We recover a portion of the LFP battery materials procured in our recycling business and subject them to a specialized purification process, including sorting and the removal of foreign materials such as ternary, sodium-ion and anode components, to produce LFP high-purity electrode powder. This material is then sold to battery manufacturers as raw materials for new cathode production.

LFP high-purity electrode powder is produced with strict control over key indicators: aluminum content within 200ppm, copper within 5ppm and magnetic foreign matters within 1ppm, resulting in stable and consistent electrochemical and physicochemical performance. Using our proprietary "seven-gun+" sampling method, which takes seven sampling points at fixed positions across the ton bag, we ensure accurate and reliable testing data that truly reflects product quality, eliminating the data distortion common in conventional testing.

Products from hydrometallurgy

Through a chemical reduction process, we manufacture high-purity lithium sulfate solution from ternary black mass, which is either self-produced or externally procured. This is commonly known as the pre-lithium extraction process. By further processing the residue from pre-lithium extraction, we obtain another hydrometallurgy product, namely NCM mixed solution. Both solutions are sold to downstream manufacturers of battery materials to undergo further refinement into metal salts such as cobalt sulfate and nickel sulfate.

We plan to commence our self-production of industrial-grade metal salt products at our Jiangmen Base in the fourth quarter of 2026, which we expect will further diversify our product matrix, enhance our profit margin and enrich the application scenarios of our products.

Our representative hydrometallurgical products primarily include lithium sulfate solution and NCM mixed solution.

- Lithium sulfate solution. We adopt advanced high-temperature carbon reduction pre-lithium extraction technology and selective leaching process, achieving a lithium recovery rate of over 90% at the front end during the hydrometallurgical recycling of ternary cathode powder. Our technology effectively addresses the issue of excessive organic matter contained in lithium sulfate solution recovered via conventional processes. Compared with traditional post-lithium extraction processes, our technology delivers lower costs, a simpler process flow, better product quality and a higher lithium recovery rate. Lithium sulfate solution serves as a key raw material for manufacturing battery-grade lithium salts and cathode materials.

- NCM mixed solution. We apply graded leaching technology, which reduces acid and alkali consumption by 10%–20% throughout the hydrometallurgy process, while the recovery rate of high-value elements including nickel, cobalt and manganese exceeds 98%. We adopt low-cost calcium-based impurity removal technology to control sodium content below 3g/L. Benefiting from its low-sodium characteristic, our product can reduce the generation of wastewater (such as sodium sulfate) and by-products by up to 81% in subsequent extraction and crystallization procedures, substantially lowering downstream production costs. When compared with conventional industrial products, our NCM mixed solution offers advantages in terms of lower cost, superior quality and higher element recovery rate, and is used as a raw material for further purification and processing into battery-grade metal salts for cathode material production.

Products from cascade utilization

We produce products from cascade utilization primarily in two manners: (i) we source Grade A battery cells and downgraded battery cells from battery manufacturers, and after testing we assemble them into cascade utilization products, and (ii) we source used batteries from battery asset owners, and we further process them through dismantling, testing, screening, capacity matching and repacking to produce cascade utilization products. The above materials without cascade utilization value identified in the process are directed to our recycling business for material recovery.

Our core products under the cascade utilization business mainly include battery packs, modules and cells. We adopt an empty-charge cell sorting and grouping process for echelon battery pack assembly, which is more effective than the conventional half-charge grouping method widely used in the industry. This process enables rapid screening of battery cells unsuitable for pack integration and effectively minimizes cell voltage inconsistency. All repurposed battery packs are equipped with intelligent Bluetooth BMS to realize real-time monitoring of core cell parameters, supplemented by aging tests targeting voltage deviation to enhance overall product safety and operational reliability. We also implement unified barcode and Bluetooth code traceability management to enable full lifecycle tracking and timely supervision of abnormal products.

OUR PRODUCTION

We manufacture black mass, LFP high-purity electrode powder, metal salt solutions, and cascade utilization products based on the applications and requirements of customers. We have two production bases in Jiangmen, Guangdong Province and Liyang, Jiangsu Province, respectively, in China. Our production team consisted of 163 members as of the Latest Practicable Date.

We typically make production plans based on orders received from customers and forecasts on the demand of downstream customers. To effectively control our risk exposure to excess production and inventory, our production, procurement, sales and inventory control teams report to our management regularly to facilitate their review of our production plans and adjust our production volume, production schedules and procurement where necessary.

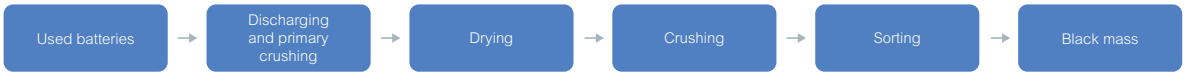
Production process

Recycling

The following diagrams illustrate the key production steps for our recycling process, including the recycling of production scraps and used batteries without cascade utilization value.

Used battery recycling

The following diagram illustrates our processing procedure of used batteries.



1. Discharging and primary crushing: As used batteries require discharge processing, we employ both granular discharge (physical discharge) and saline discharge (chemical discharge) to achieve safe voltage levels and mitigate potential safety incidents during the crushing process. Then, we put the discharged used batteries into a crusher for primary crushing under nitrogen atmosphere protection.

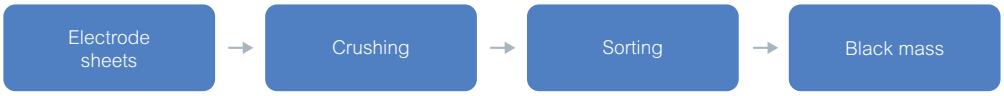
2. Drying: The crushed material is conveyed through an enclosed pipeline into a drying furnace, where heating is applied to remove residual electrolyte and moisture.

3. Crushing: Discharged used batteries go through multi-stage crushing to detach and separate the black mass from the electrode sheets.

4. Sorting: We effectively separate black mass from copper, aluminum, and other by-products through air classification, magnetic separation, vibration separation and density separation processes.

Electrode sheets recycling

The following diagram illustrates our production processing procedure of electrode sheets.



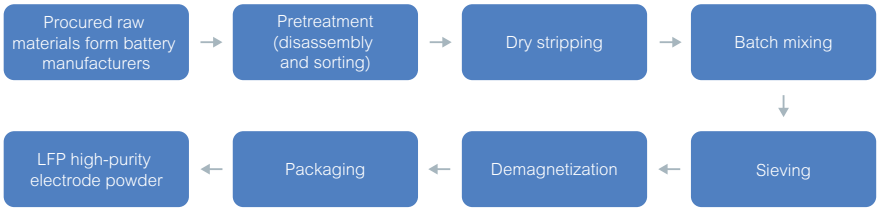
1. Crushing: We crush electrode sheets into particle size during the crushing process, thereby separating the black mass from the electrode sheets. Such electrode sheets are either directly procured or derived from manually and mechanically disassembled wound cores.

2. Sorting: Through the selection of a sieve with an appropriate mesh size, we can effectively separate black mass from the copper or aluminum by-products because the copper and aluminum sheets, with inherent ductility, exhibit differing particle size distributions from black mass following the crushing process.

In some cases, we manually adjust the metal composition ratios of our self-produced black mass derived from used batteries and electrode sheets by adding black mass with varying metal content ratios procured externally per customer specifications.

LFP cathode material regeneration

The following diagram illustrates the major manufacturing process of our high-purity electrode powder.



1. Pretreatment (disassembly and sorting): We manually disassemble unfilled shelled cells to extract cathodes, and sort them to remove impurities and foreign matters from the raw materials.

2. Dry stripping: The LFP cathode material is efficiently separated from the aluminum current collector to obtain high-purity LFP electrode powder, while aluminum scraps and high-grade aluminum powder are recovered as by-products.

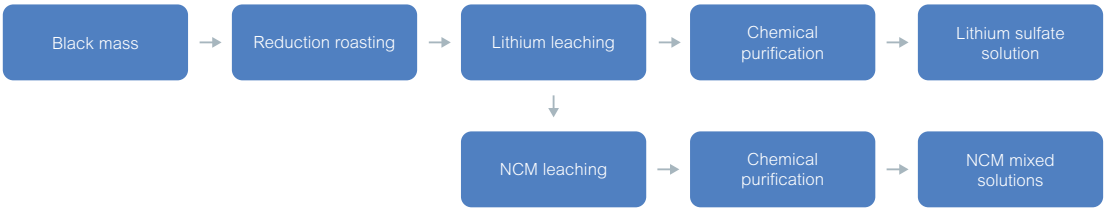
3. Batch mixing: The LFP high-purity electrode powder obtained from dry stripping is batched to improve the consistency of components in LFP high-purity electrode powder.

4. Sieving: The LFP high-purity electrode powder is sieved to remove large-particle impurities. This also makes the material fluffy, facilitating the removal of magnetic particles in subsequent demagnetization.

5. Demagnetization: High-magnetic impurities are removed from the LFP high-purity electrode powder.

Hydrometallurgy

The following diagram illustrates our production processes of lithium sulfate solution and NCM mixed solution.



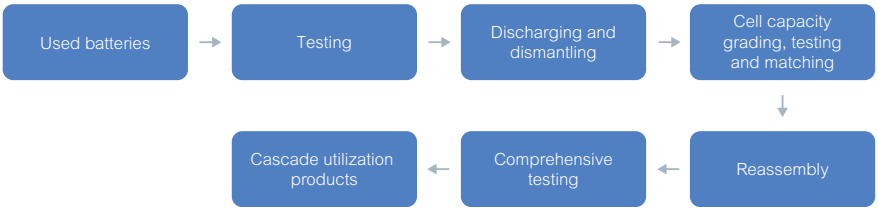
1. Reduction roasting: Black mass is mixed with carbon powder and subjected to reduction roasting.

2. Lithium leaching and chemical purification: By adding sulfuric acid, lithium leaching produces lithium leachate and lithium extraction residue. This step is also known as the pre-lithium extraction process. Fluoride is removed from the lithium leachate by adding calcium hydroxide, and calcium is removed by adding sodium carbonate, yielding the lithium sulfate solution.

3. NCM leaching and chemical purification: Sulfuric acid is added to the lithium extraction residue to form a solution, followed by the addition of iron powder to remove copper and calcium carbonate to remove aluminum, yielding the NCM mixed solution.

Cascade utilization

The following diagram illustrates our production processes of cascade utilization products, taking used battery packs as an example.



1. Testing: We conduct a comprehensive performance assessment of the entire battery pack, including voltage, state of health (SOH), insulation resistance, and visual appearance, to determine whether it is suitable for cascade utilization or recycling.

2. Discharging and dismantling: The battery pack is first discharged to a non-hazardous voltage to eliminate electrical and thermal risks, after which the outer enclosure is removed to access the internal components.

3. Cell capacity grading, testing and matching: Automated charge-discharge cycling is used to measure key electrical parameters, including actual capacity, internal resistance, and open-circuit voltage, and battery cells are graded into batches with consistent performance metrics. Battery cells are assembled into groups with highly matched capacity, internal resistance, and voltage characteristics to ensure the long-term performance and safety of the reassembled modules.

4. Reassembly: The matched battery cells are arranged into the designed configuration and secured with binding straps, adhesive, or structural frames to form the core module stack.

5. Comprehensive testing: A final all-around test is conducted, including capacity verification, insulation resistance measurement, protection function validation, and communication protocol testing.

Production planning

Our production planning department is responsible for preparing our production plans. We devise our monthly production plans based on actual orders received from customers and forecasts on the demand of downstream customers. These forecasts are good indications of our customer demands based on which we are able to allocate our internal resources to plan for our production and manage our inventory level in accordance with these forecasts and to accommodate any downward or upward revisions that our customers may make. We will adjust production plans according to our inventory level and further orders received from customers.

Production facilities

As of the Latest Practicable Date, we had two production facilities in operation. The table below sets forth the location, primary products produced and GFA of our production facilities.

	Location	Primary products produced	GFA *(sq.m.)*	Owned/ leased
Jiangmen Base	Jiangmen City, Guangdong Province	Ternary black mass, LFP black mass, lithium sulfate solution, NCM mixed solution and cascade utilization products	49,667.69	Owned
Jiangsu Base	Liyang City, Jiangsu Province	Ternary black mass, LFP black mass and LFP high-purity electrode powder	21,448.19	Leased

Save for the abovementioned Jiangmen Base and Jiangsu Base, during the Track Record Period, we operated a production facility for black mass in Huizhou ("**Huizhou Production Facility**") under Guangdong Jiecheng New Energy Environmental Protection Technology Co., Ltd.*(廣東杰成新能源環保科技有限公司) ("**Guangdong Environmental Protection**"). In order to optimize our business structure and enhance our overall management efficiency of our Group, we completed the disposal of Guangdong Environmental Protection in June 2024. See "History, Development and Corporate Structure", "Financial Information — Description of Major Components in Our Consolidated Statements of Profit or Loss — Other income and gains" and Note 31 to the Accountants' Report in Appendix I to this document for further details.

Production capacity and utilization

The table below sets forth a summary of our processing capacity and utilization rate of our production facilities by location and business line for the years indicated:

	Year ended December 31,								
	2023			2024			2025		
	Processing capacity *(ton)*	Actual processing volume *(ton)*	Utilization rate *(%)*	Processing capacity *(ton)*	Actual processing volume *(ton)*	Utilization rate *(%)*	Processing capacity *(ton)*	Actual processing volume *(ton)*	Utilization rate *(%)*
Jiangmen Base									
Recycling products	14,080	13,058	92.7	25,600	18,220	71.2	19,200[4]	17,661	92.0
Hydrometallurgy products[1]	–	–	–	3,000[1]	851[1]	28.4	12,000	4,263	35.5
Jiangsu Base[2]									
Recycling products	2,080	1,116	53.6	12,704[5]	10,275	80.9	27,264[4]	26,065	95.6
Huizhou Production Facility[3]									
Recycling products	7,680	5,492	71.5	640[6]	274	42.8	–	–	–

Notes:

(1) Processing capacity and actual processing volume of the Jiangmen Base for hydrometallurgy products in 2024 cover our trial production in October and formal production in November and December in the same year. Our utilization rates in 2024 and 2025 were relatively low mainly because we were in a ramp-up phase of the newly commissioned production line.

(2) Jiangsu Base did not conduct hydrometallurgy business during the Track Record Period.

(3) Huizhou Production Facility was disposed in June 2024 as part of our strategy to streamline operations. Huizhou Production Facility did not conduct hydrometallurgy business prior to the disposal.

(4) The decrease in the processing capacity of recycling products at our Jiangmen Base in 2025 and the corresponding increase in the processing capacity at our Jiangsu Base in 2025 were primarily attributable to the relocation of certain production lines from Jiangmen Base to Jiangsu Base.

(5) The increase in the processing capacity was primarily attributable to the commissioning of additional recycling production lines at our Jiangsu Base in 2024.

(6) The decrease in the processing capacity at Huizhou Production Facility was mainly because Huizhou Production Facility only operated for one month in 2024.

(7) The processing capacity of our production lines is primarily designed based on the weight of raw materials fed into the production lines. Our processing capacity is estimated based on the assumption that our production lines operate for 16 hours per day by our employees for relevant working days during the relevant year, with due consideration given to scheduled production line adjustment, maintenance, upgrades and downtime.

(8) Utilization rate equals actual processing volume for the relevant years divided by processing capacity for the relevant years.

(9) Processing capacity and utilization rate are not applicable to our cascade utilization business because we produce non-standard products based on variations in incoming raw materials and differing customer requirements.

Critical equipment and machinery

We equip our manufacturing facilities with advanced equipment, which we consider essential for enhancing automation, ensuring reliability, and maintaining cost competitiveness. For black mass manufacturing, our main production equipment includes shredders, grinding mills and dust collection system. For LFP electrode powder, our main production equipment includes dry separation hosts, batch mixing machines, screening equipment, demagnetization equipment and pneumatic conveying equipment. For metal salt solutions manufacturing, our main production equipment includes reduction furnaces, reaction kettles, stirrers and DCS control system. For cascade utilization products, our main processing equipment includes capacity grading equipment, aging equipment, laser welding equipment and transmission lines.

Many of our equipment require minimal human operation, allowing us to reduce labor costs and focus our manufacturing facility staffing on maintenance and supervisory personnel. We carry out assessments on the energy consumption and production efficiency of our equipment and upgrade them from time to time as we deem necessary. We calculate depreciation on our critical production machinery and equipment under our property, plant and equipment using the straight-line method over their estimated useful lives of 10 years.

Maintenance

We carry out inspections and maintenance at our production facilities and for our machinery and equipment on a periodic basis. We have developed and periodically updated internal repair and maintenance protocols at our production facilities according to the characteristics and requirements of the particular equipment and machinery to ensure our production lines perform at optimal levels. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material unexpected disruption of operations as a result of any material failure of production machinery and equipment.

Production expansion plans

For the purpose of optimizing our production processes, we plan to launch a production line at our Jiangmen Base in the fourth quarter of 2026 to further process our in-house produced solution into industrial-grade metal salts, such as lithium carbonate, nickel sulfate, cobalt sulfate and manganese sulfate. This project will be financed entirely by our internal capital and will not involve the [REDACTED] from the [REDACTED].

In order to meet the fast-growing market demand for lithium battery recycling, we plan to further expand our Jiangmen Base. We intend to acquire a parcel of land with a total planned GFA of around 20,000 sq.m. to construct a recycling and dismantling plant, Jiangmen Phase II Plant. We plan to acquire strategically plots with convenient supporting infrastructure and proximity to our existing Jiangmen Base, aiming to expand the warehousing space and recycling production capacity and to establish battery-grade lithium carbonate production workshops.

We also plan to further process high-purity electrode powder into regenerated LFP cathode material. Pursuant to our corporate development plan, we intend to construct LFP cathode material regeneration production line at our Jiangsu Base. The construction principally includes workshop construction, procurement of production machinery and equipment, and funds for daily plant operations.

See "— Our Strategies — Further enhance the recycling and material recovery capacity of lithium battery, expand market share and elevate industry standing" in this section and "Future Plans and Use of [REDACTED]" for further details.

We believe that our expansion projects will further strengthen our production capacity, maintain our market position and realize our market potential.

QUALITY CONTROL

We implement integrated quality management across all operational phases — from R&D and procurement to production and sales — to maintain stringent product and service standards. Our quality assurance system is anchored in proactive risk prevention and continuous improvement, validated by internationally recognized certifications including ISO 9001, ISO 14001 and ISO 45001. The following are our key quality assurance measures:

Quality control on R&D

Our quality control begins at the initial stage of our R&D activities. Our quality control team works closely with our research and development team to test and evaluate the effectiveness, capacity and quality of our products and technologies in accordance with relevant quality standards and customer specifications.

Quality control on procurement

We manage our suppliers and procurement process through internally formulated supplier management and evaluation control procedures, with clear departmental responsibilities for supplier development and management. We classify suppliers into different categories and conduct a comprehensive evaluation of potential suppliers, including information verification, capacity assessment and sample testing, and on-site inspection and evaluation will be conducted for key suppliers affecting product quality. We implement performance assessments on qualified suppliers based on quality acceptance rate, on-time delivery rate and other core indicators, and conduct dynamic management such as disqualification for underperforming ones. We require qualified suppliers to meet applicable ISO management systems and maintain multiple suppliers for one material in principle to ensure supply stability. Upon delivery, our quality control department conducts incoming inspection and R&D department formulates acceptance standards, ensuring defective raw materials are identified and addressed early.

Quality control on production

We strictly adhere to our customers' quality specifications and relevant industry standards throughout our production process, with a full-process quality control system covering pre-production preparation, in-process manufacturing and finished product inspection. Our R&D team identifies key and

special production processes, sets quality control points and formulates process standards for them, and our quality control team conducts daily quality checks of work-in-progress at these key control points. We also enforce rigorous product identification and traceability control in line with internal procedures, clearly marking each batch of products to prevent confusion and ensure complete production quality traceability, with work-in-progress required to pass batch testing before moving to the next process and non-conforming products handled in accordance with formal control procedures. In accordance with our internal quality control system, all these measures ensure compliance with our and our customers' quality standards at each stage of production.

As a result of our strict quality control policies, during the Track Record Period, and up to the Latest Practicable Date, we did not, due to material product quality issues, (i) receive fines, product recall orders or other penalties from the government or other regulatory bodies in Chinese mainland, (ii) receive any material product return request from our customers or (iii) receive any material complaints from consumers. During the Track Record Period, we did not record any material provision for product warranty.

Quality control on logistics, delivery and warehousing

Before delivery, our quality control team conducts sample checks for every batch of finished products. For finished cascade utilization products stored for more than six months, we require re-inspection by the quality control team before shipment to ensure product quality. We also perform strict packaging inspections to ensure that our packaging sufficiently protects the quality of our finished products during transportation, with clear product labels affixed to prevent confusion of specifications and models, and damaged packaging to be promptly handled in conjunction with relevant departments. Our warehouse implements standardized storage and regular inspections, with classified storage for different types of products and materials, strict compliance and comprehensive safety measures in place to prevent fire, water damage, moisture and theft, minimizing potential threats to our finished products and raw materials in storage.

INVENTORY MANAGEMENT AND LOGISTICS

Inventory management

Our inventory primarily consists of raw materials and consumables, work-in-progress and finished goods. We generally maintain a sufficient inventory of our principal raw materials and consumables based on market conditions and our order quantity, while we also review our inventory levels on a regular basis to minimize the risk of inventory build-up. For other raw materials, we generally make purchase orders based on our production schedules. We leverage a variety of information technology systems to assist us in planning and managing our inventories, such as our OA and ERP systems. Such systems provide our management with real-time information and transparency of our inventories.

Logistics

We maintain rigorous oversight of our logistics and outsource logistics services to large, qualified, and experienced independent third-party suppliers. We select third-party suppliers primarily based on their market reputation, service capability and compliance credentials to ensure the safe and stable transportation of our goods. We maintain a list of qualified logistics service providers and evaluate their service quality from time to time.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant delay or inappropriate handling of goods that materially or adversely affected our business operations.

RESEARCH AND DEVELOPMENT

Our R&D team

We have established an in-house R&D Institution. Our Research Institution leads our R&D activities, setting annual R&D plans and goals to continuously improve production processes, maintain our technological advantages, and enhance our competitiveness. Specifically, our R&D Institution initiates R&D projects based on our operational and production needs, overseeing the design, research, development, and testing of production processes and products. Our R&D Institution collaborates with our operations and production departments closely to ensure the smooth execution of R&D projects.

As of the Latest Practicable Date, we had a total of 36 R&D personnel, many of whom held bachelor's degree or above in chemistry, refining, engineering, and other scientific fields essential to the lithium battery recycling and material recovery business, and had extensive work experience in related fields. Our Deputy R&D Director holds bachelor's and master's degrees from Zhejiang University, with postgraduate research focused on fuel cells. He has also gained extensive professional experience at high-tech enterprises in the new energy and electronics sectors, as well as at the Tsinghua University Research Institute, who joined us in 2022 to oversee our R&D activities. We incurred RMB33.9 million, RMB32.7 million and RMB24.4 million of research and development expenses in 2023, 2024 and 2025, respectively.

R&D achievements and key technologies

Our R&D efforts have yielded a series of key technologies that have been widely used in our production. After years of continuous R&D investment, our key technologies are listed below:

- *Dry physical discharge technology:* Unlike conventional saltwater discharge in the industry, which often takes more than three days, generates waste, and corrodes lithium batteries leading to loss of lithium, nickel and other elements, this technology adopts self-developed discharge media and process equipment to achieve rapid, deep discharge of lithium batteries within hours with zero waste discharge. We have designed an intelligent switching system between energy feedback discharge and resistance discharge to clarify discharge energy feedback efficiency under different battery conditions, and developed methods to suppress voltage rebound after discharge. It monitors battery voltage, current, temperature and other parameters in real time and automatically controls the discharge process to realize energy feedback, safety control and discharge endpoint identification.

- *Short-process semi-extraction technology:* In this technology, black mass undergoes leaching, followed by chemical precipitation to remove impurity elements, including iron, aluminum, copper, calcium, magnesium, fluorine and phosphorus, to produce high-purity NCM mixed solution. The resulting solution is then processed through a sequential semi-extraction procedure, including comprising nickel-soap extraction for calcium removal, manganese extraction, and cobalt extraction, to separately produce high-purity manganese sulfate

solution, cobalt sulfate solution and nickel sulfate solution. This semi-extraction technology significantly reduces the usage of neutralizers, and lowers wastewater generation by up to 81%, thereby reducing production costs, and delivering stronger environmental and energy-saving benefits.

- *Pre-lithium extraction technology:* Compared with other pre-lithium extraction methods such as hydrogen reduction and natural gas reduction, this carbon reduction-based pre-lithium extraction technology does not involve flammable or explosive gases like hydrogen or methane. It uses reduced carbon powder to convert nickel, cobalt and manganese in cathode materials to divalent ions, weakening the binding force of lithium. After reduction, the lithium in the electrode material is leached into pure water and sulfuric acid to form a lithium sulfate solution, and finally achieve lithium extraction. The front-end lithium extraction rate from ternary electrode powder can reach over 90%.

- *LFP high-purity electrode powder production technology:*

  - *High-purity electrode powder separation technology:* The used LFP batteries and production scraps go through precision dismantling and sorting procedure and LFP cathode sheets are firstly obtained. After mechanical striping and other physical separation techniques, the aluminum foil current collectors are then efficiently separated from LFP cathode materials, resulting in the production of high-purity LFP electrode powder as the refined raw materials.

  - *Deep purification and impurity removal technology:* Leveraging the high-temperature oxidation process, this technology can simultaneously achieve two critical objectives. On the one hand, it enables the effective removal of carbon-based, fluorine-based and other surface impurities present on the LFP material. On the other hand, it facilitates the conversion of complex degraded structures, including lattice distortion, lithium deficiency and amorphization into chemically synthesizable LFP units, thereby establishing the requisite structural foundation for subsequent material restoration and regeneration.

  - *Refined structure restoration technology:* Using the LFP chemical synthesis units as the foundational precursor matrix for the restoration of LFP materials, this technology achieves the orderly reconstruction of the crystalline structure through the synergistic application of precise compositional regulation, carbon source supplementation, elemental doping, and high-temperature solid-phase sintering. The integrated process enables the reconversion of the LFP chemical synthesis units into electrochemically active LFP cathode materials with restored performance characteristics.

R&D collaboration

We routinely engage in R&D collaborations with research institutions and universities, with a focus on achieving technological breakthroughs and new product development. Specifically, we have established partnerships with universities, including Central South University and Changzhou University to jointly advance our research and development efforts including developing new processes aimed at improving lithium recovery rates and developing physical restoration of cathode materials to support our market expansion.

We enter into cooperation agreements for specific projects with these universities that set forth the ownership of intellectual property and research achievements arising from the collaboration. We will also take the initiative in preparing the design and work plan and work seamlessly with universities to deliver R&D results. The major terms of our joint technology development agreements typically include the following:

Ownership of intellectual property rights	New intellectual property generated from joint research is jointly owned by both parties. We have an exclusive or free license for industrial applications.
Confidentiality	Both parties undertake confidentiality obligations over technical and business information obtained during cooperation. Any information obtained during joint development shall not be disclosed to any other third party.
Time and termination	The term of agreements varies from three months to five years.
Development progress	The university party shall submit a R&D plan and complete phased research and industrialization guidance as scheduled.

SALES AND MARKETING

Our sales team

We have dedicated sales and marketing teams for our products. As of the Latest Practicable Date, we had a sales and marketing team of 24 personnel. Our sales and marketing personnel are primarily responsible for liaising with existing customers to understand their requirements and collect product feedback, as well as monitoring the progress and fulfillment of customer orders. Our sales and marketing personnel also seek to expand our customer base through showcasing the strengths of our products and services to potential customers.

Our marketing strategy

Our main marketing activities include sponsorship of and participation in industry exhibitions and conferences, such as SMM Battery Recycling and Circular Industry Conference and South East Asia Lithium Battery Recycled Black Mass Material Technology and Resources Exchange Conference. We arrange marketing specialists to maintain close contact with existing and potential customers through on-site visits, online communication and sample delivery to explore cooperation opportunities. We implement tiered-customer management and conduct continuous regular visits to key customers. We also actively participate in domestic and overseas academic and industry conferences to elevate our brand awareness. We believe our active participation in these exhibitions and conferences allows us to keep abreast of the latest industry policies and trends and exchange information and ideas with other companies in our industry.

Our sales volume, average selling price and pricing policy

We price our products based on various factors including raw material costs, product value and prevailing market conditions. We adopt differentiated pricing for different products. The pricing of hydrometallurgy products is mainly determined with reference to market prices of major metal salts such as lithium carbonate, nickel sulfate, and cobalt sulfate released by authoritative third-party platforms. Similarly, the pricing of black mass also refers to the aforesaid third-party metal price indices, with final prices adjusted according to customer-specific requirements and varying metal content specifications. According to the CIC Report, our pricing for recycling, hydrometallurgy and cascade utilization products is generally in line with prevailing market practice.

The table below sets forth a breakdown of the sales volume and average selling price of our major products for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Sales Volume	Average Selling Price[(1)] *(RMB/ton or RMB/kWh)*	Sales Volume	Average Selling Price[(1)] *(RMB/ton or RMB/kWh)*	Sales Volume	Average Selling Price[(1)] *(RMB/ton or RMB/kWh)*
Recycling products (ton)	24,246	40,289	37,353	26,334	49,342	24,935
Hydrometallurgy products (ton)	–	–	4,248	6,072	26,086	7,165
Cascade utilization products (kWh)	314,296	576	628,283	256	394,393	209

Note:

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

During the Track Record Period, the pricing of our products fluctuated significantly mainly due to the change in the price of raw materials. We closely monitor the price fluctuations in our raw material purchases and review and adjust the pricing of our products when necessary. In particular, we inspect the price trend of key raw materials from time to time to grasp the current and future purchase price, and to identify the potential discrepancies between supply and demand in the industry. However, our pricing strategies mentioned above may not be able to fully cover the risks associated with the decrease in raw material prices. See "Risk Factors — Risks Relating to Our Business and Industry — Our business is exposed to price fluctuations in raw materials" and "Financial Information — Year-to-Year Comparison of Results of Operations" for further details.

Our traders

We consider customers who purchase our products not for their own use as traders for purpose of this document. Traders form a part of our sales network. As of December 31, 2023, 2024 and 2025, we had 67, 45 and 62 traders, respectively. We usually do not enter into any framework agreements with

our traders nor do we set any sales performance targets or reselling prices for them. Our traders purchase products from us by placing sales orders with us from time to time based on their actual demand.

During the Track Record Period and up to the Latest Practicable Date, we did not have any exclusivity arrangement with our traders. For our transactions with traders, in line with industry practice, none of these customers is entitled to return our products (including unsold or obsolete goods), unless our products are defective. The return rate of our products sold to traders, being the total monetary amount of goods returned by traders divided by the total revenue generated from traders in the relevant year, was approximately 1.5%, nil and less than 0.01% for the years ended December 31, 2023, 2024 and 2025, respectively. We retain no ownership control over our products sold to our trader customers and maintain a buyer-seller relationship with our traders. Our traders are responsible for managing their own inventories and anticipating demands from their customers.

The following table sets forth a breakdown of our revenue from the sales of our products by customer type for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Revenue	%	Revenue	%	Revenue	%
	RMB'000		*RMB'000*		*RMB'000*	
Non-traders	1,113,468	96.2	1,152,613	98.5	1,232,564	82.2
Traders	44,477	3.8	17,919	1.5	267,053	17.8
Total	1,157,945	100.0	1,170,532	100.0	1,499,617	100.0

Our cooperation with traders enables us to penetrate markets and cater to diversified demands from various customers. According to CIC, it is common for lithium battery recycling and material recovery solution providers to sell products to traders.

To the best of our Directors' knowledge, all of our traders for the Track Record Period were Independent Third Parties.

After-sale services

We value customer experience and are dedicated to offering attentive customer service to our customers. We also have after-sale specialists to handle customer complaints and after-service enquiries in a timely manner. During the Track Record Period, we had not received any material complaints or reports of material product quality issues from our customers.

SEASONALITY

Our lithium battery recycling and material recovery business has a stockpiling peak in the fourth quarter with rising demand for used batteries and production scraps prices as upstream suppliers release large volumes of waste materials and downstream enterprises stock up for raw material requirements for the production in the following year.

In line with the manufacturing industry in the PRC, our production typically halts for the Chinese New Year holiday. As a result of the foregoing, our production and sales volume in the first quarter of each financial year was lower than that in other quarters.

OUR CUSTOMERS

Our major customers

Our customers are primarily manufacturers of batteries and battery materials in China. For the years ended December 31, 2023, 2024 and 2025, revenue from our five largest customers for each year during the Track Record Period represented approximately 45.9%, 42.7% and 29.5% of our total revenue, and revenue from the largest customer for each year during the Track Record Period represented approximately 25.8%, 16.5% and 7.6% of our total revenue, respectively. We generally grant a credit period of nil to 45 days to customers.

The tables below set forth the basic information of our five largest customers in each year during the Track Record Period:

Year ended December 31, 2023

Customer	**Year of commencement of business relationship**	**Major products provided**	**Payment method**	**Revenue amount**	**Percentage to total revenue of our Group**
				RMB'000	*%*
Customer A[1]	2022	Recycling products	Bank transfer	298,294	25.8
Ganzhou Jirui New Energy Technology Co., Ltd.* (贛州吉銳新能源科技股份有限公司)[2]	2022	Recycling products	Bank transfer	73,082	6.3
Customer B[3]	2022	Recycling products	Bank transfer	57,160	4.9
Customer C[4]	2023	Recycling products	Bank transfer	52,749	4.6
Customer D[5]	2022	Recycling products	Bank transfer	49,873	4.3
Total				531,158	45.9

Year ended December 31, 2024

Customer	Year of commencement of business relationship	Major products provided	Payment method	Revenue amount *RMB'000*	Percentage to total revenue of our Group *%*
Customer A[(1)]	2022	Recycling products and cascade utilization products	Bank transfer	193,314	16.5
Customer E[(6)]	2023	Recycling products	Bank transfer	83,289	7.1
Customer F[(7)]	2023	Recycling products and hydrometallurgy products	Bank transfer	80,457	6.9
Customer G[(8)]	2024	Recycling products	Bank transfer	72,233	6.2
Customer D[(5)]	2022	Recycling products	Bank transfer	70,460	6.0
Total				499,753	42.7

Year ended December 31, 2025

Customer	Year of commencement of business relationship	Major products provided	Payment method	Revenue amount *RMB'000*	Percentage to total revenue of our Group *%*
Customer E[(6)]	2023	Recycling products	Bank transfer	114,669	7.6
Customer H[(9)]	2022	Recycling products	Bank transfer	97,856	6.5
Customer D[(5)]	2022	Recycling products	Bank transfer	94,239	6.3
Customer I[(10)]	2024	Recycling products	Bank transfer	75,298	5.0
Customer J[(11)]	2025	Recycling products and hydrometallurgy products	Bank transfer	61,110	4.1
Total				443,172	29.5

Notes:

(1) A group of private companies primarily focusing on the recycling and cascade utilization of used battery business headquartered in Zhaoqing, Guangdong Province, China, including (i) a parent company with a registered capital of approximately RMB375.0 million as of the Latest Practicable Date; and (ii) five of its subsidiaries.

(2) A group of private companies primarily focusing on the field of recycling and cascade utilization of used battery cathode materials headquartered in Ganzhou, Jiangxi Province, China, including (i) a parent company, namely Ganzhou Jirui New Energy Technology Co., Ltd., with a registered capital of approximately RMB177.2 million as of the Latest Practicable Date; and (ii) one of its subsidiaries.

(3) A group of companies, including (i) a public company listed on the Shenzhen Stock Exchange primarily engaged in the disposal of non-ferrous metal hazardous waste and the recycling and cascade utilization of renewable resources headquartered in Zhaoqing, Guangdong Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB562.0 million; and (ii) one of its subsidiaries.

(4) Customer C is a private company primarily engaged in the processing and sales of non-ferrous metals and mineral products headquartered in Shangrao, Jiangxi Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB1.0 million.

(5) Customer D is a private company primarily focusing on high-value services for the new energy industry, conducting recycling and cascade utilization of used batteries headquartered in Shaoxing, Zhejiang Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB360.0 million.

(6) Customer E is a public company listed on the Shenzhen Stock Exchange primarily specializing in the research, development, production, and sales of cobalt-based materials headquartered in Ganzhou, Jiangxi Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB294.7 million.

(7) A group of companies, including (i) a public company listed on the Shanghai Stock Exchange primarily specializing in the research, development, production, and sales of new materials headquartered in Jiangmen, Guangdong Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB510.2 million; and (ii) one of its subsidiaries.

(8) Customer G is a private company primarily focusing on the research and development of new material technologies, recycling of renewable resources, and the recycling and cascade utilization of used batteries from EV headquartered in Shangrao, Jiangxi Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB50.0 million.

(9) A group of three companies under the common control of a public company listed on the Shanghai Stock Exchange primarily engaged in the research, development, manufacturing, and sales of lithium battery materials and cobalt-based materials headquartered in Jiaxing, Zhejiang Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB1,896.7 million.

(10) Customer I is a private company primarily focusing on the manufacturing of advanced non-ferrous metal materials, non-ferrous metal alloy manufacturing and rolling processing, and the processing and disposal of metal waste and scrap headquartered in Tongling, Anhui Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB10.0 million.

(11) Customer J is a private company primarily providing supply chain management services and the sales of construction materials, high-performance non-ferrous metals, and electronic specialty materials headquartered in Jiangmen, Guangdong Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB100.0 million.

Our Directors confirm that our five largest customers in each year during the Track Record Period were all Independent Third Parties and that none of our Directors, their respective close associates or any Shareholder (which to the knowledge of our Directors owning more than 5% of our share capital as of the Latest Practicable Date) had any interest, directly or indirectly, in any of our five largest customers in each year during the Track Record Period.

During the Track Record Period, to the best knowledge of our Directors, we did not have any material disputes with our customers or experience any material delays in or disruption of our product delivery. We believe that perceived quality and reputation are of paramount importance for the provision

of our product offering. We believe that our customer relationships are well-established and that our commitment to reliability and service quality will enable us to further attract new customers and diversify our customer base. We aim to take a flexible approach to continue broadening our customer base and service range while strengthening our relationship with key customers.

Salient terms of our sales agreements

We typically enter into one-off sales agreements with our major customers. In some cases, we enter into semi-annual/annual framework sales agreements with customers, under which our customers will enter into individual purchase orders with us. Our sales agreements typically contain the following terms.

Terms	The agreements typically do not have a fixed term. We accept customer orders and arrange delivery as needed.
Specification	The customer orders will list out the type, specifications, and quantity of the products.
Pricing	For recycling products and hydrometallury products, prices are based on the agreed ratio of the latest market prices of corresponding metals; for cascade utilization products, fixed contracted prices apply.
Payment	We generally require customers to pay a certain percentage of payment in advance, with the balance settled after goods delivery and mutual confirmation of the settlement statement. Payment shall be made through bank transfer.
Delivery	We deliver goods to the customer's designated place or make goods available for customer self-pickup within the agreed period.
Inspection and acceptance	Recycling products are tested by a mutually agreed third party; and cascade products are inspected by customers within the agreed period.
Product returns and exchanges	For recycling products and hydrometallury products, we generally do not accept returns or exchanges, except where the metal content of the product fails to meet the contractual requirements; for cascade utilization products, we generally do not accept returns or exchanges except where quality defects exist.

In some cases, we may enter into framework sales agreements with customers to govern long-term and regular sales cooperation. These agreements set out the general terms such as product categories, quality specifications, pricing mechanisms, delivery arrangements, and payment terms. We usually agree on approximate quantities under the framework, with the final quantity subject to actual purchase orders issued.

OUR SUPPLIERS

Our major suppliers

Our suppliers are primarily battery manufacturers, EV OEMs, automobile insurance companies and energy storage operators in China. We select our suppliers that meet our prescribed requirements and qualification criteria. We consider several factors in the selection of suppliers, including but not limited to the supply quality, prices offered, years of operation and quality control accreditations. Potential key raw materials suppliers are subject to inspection conducted by us in order to evaluate their production processes and quality-control. We conduct annual classification and rating of our suppliers to optimize our supplier network. Our suppliers generally grant us a credit period of nil to 10 days. Our suppliers generally do not accept returns or exchanges, and generally do not provide product warranties.

For the years ended December 31, 2023, 2024 and 2025, procurement from our five largest suppliers for each year during the Track Record Period represented approximately 49.5%, 27.0% and 21.3% of our total purchase for the same years, respectively, and procurement from our largest supplier for each year during the Track Record Period represented approximately 16.1%, 6.8% and 6.6% of our total purchase for the same years, respectively.

The following tables set forth the basic information of our Group's five largest suppliers in each year during the Track Record Period:

Year ended December 31, 2023

Supplier	**Year of commencement of business relationship**	**Products principally procured**	**Payment method**	**Purchase amount** *RMB'000*	**Percentage to total purchase amount of our Group** *%*
Supplier A[(1)]	2022	Electrode sheets	Bank transfer	211,911	16.1
Supplier B[(2)]	2023	Electrode sheets and used batteries	Bank transfer	190,447	14.5
Supplier C[(3)]	2018	Electrode sheets	Bank transfer	108,073	8.2
REPT BATTERO Energy Co., Ltd. (瑞浦蘭鈞能源股份有限公司)[(4)]	2023	Battery cells and electrode sheets	Bank transfer	74,119	5.6
Supplier D[(5)]	2018	Electrode sheets	Bank transfer	67,019	5.1
Total				651,569	49.5

Year ended December 31, 2024

Supplier	Year of commencement of business relationship	Products principally procured	Payment method	Purchase amount *RMB'000*	Percentage to total purchase amount of our Group %
Supplier B[(2)]	2023	Battery cells and electrode sheets	Bank transfer	74,723	6.8
Supplier E[(6)]	2023	Battery cells	Bank transfer	59,961	5.5
Supplier F[(7)]	2023	Electrode sheets	Bank transfer	58,567	5.4
REPT BATTERO Energy Co., Ltd. (瑞浦蘭鈞能源股份有限公司)[(4)]	2023	Electrode sheets	Bank transfer	53,253	4.9
Supplier C[(3)]	2018	Electrode sheets and wound cores	Bank transfer	48,180	4.4
Total				294,684	27.0

Year ended December 31, 2025

Supplier	Year of commencement of business relationship	Products principally procured	Payment method	Purchase amount *RMB'000*	Percentage to total purchase amount of our Group %
Supplier C[(3)]	2018	Crude black mass, electrode sheets and wound cores	Bank transfer	89,733	6.6
REPT BATTERO Energy Co., Ltd. (瑞浦蘭鈞能源股份有限公司)[(4)]	2023	Electrode sheets	Bank transfer	59,529	4.4
Supplier B[(2)]	2023	Electrode sheets	Bank transfer	54,128	4.0
Supplier G[(8)]	2024	Crude black mass	Bank transfer	49,879	3.6
Jiangsu Lihua New Energy Technology Co., Ltd.* (江蘇力華新能源科技有限公司)[(9)]	2023	Crude black mass	Bank transfer	36,405	2.7
Total				289,674	21.3

Notes:

(1) Supplier A is a private company primarily focusing on the recycling and cascade utilization of used power accumulators for new energy vehicles headquartered in Wuhu, Anhui Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB15.0 million.

(2) A group of companies, including (i) a parent company which is a public company listed on the Shenzhen Stock Exchange primarily focusing on lithium battery solutions covering consumer, power, and energy storage batteries headquartered in Huizhou, Guangdong Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB2,045.7 million; and (ii) six of its subsidiaries.

(3) A group of 11 companies under the common control of a public company listed on the Shenzhen Stock Exchange primarily focusing on the R&D and production of consumer batteries, EV power batteries, energy storage systems, and smart hardware headquartered in Shenzhen, Guangdong Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB1,845.8 million.

(4) REPT BATTERO Energy Co., Ltd. and three of its subsidiaries. It is a public company listed on the Stock Exchange of Hong Kong primarily focusing on the R&D, production, and sales of power and energy storage battery products headquartered in Wenzhou, Zhejiang Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB2,276.9 million.

(5) A group of eight companies under the common control of a public company listed on both Shenzhen Stock Exchange and the Stock Exchange of Hong Kong primarily focusing on the manufacturing of automobiles, electronics, new energy, and rail transit headquartered in Shenzhen, Guangdong Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB9,117.2 million.

(6) Supplier E is a private company primarily focusing on the production of LFP materials and cells, ternary materials and cells, and power battery packs headquartered in Hefei, Anhui Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB10,000.0 million.

(7) A group of three companies under the common control of a private company primarily focusing on the R&D, production, and sales of new energy storage batteries, power batteries, and energy management systems headquartered in Xiaogan, Hubei Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB4,877.4 million.

(8) Supplier G is a private company primarily focusing on the processing of waste electrical and electronic products and the recycling and dismantling of scrapped EV headquartered in Ganzhou, Jiangxi Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB20.0 million.

(9) Jiangsu Lihua New Energy Technology Co., Ltd. is a private company primarily focusing on the processing of lithium battery materials and the R&D of resource recycling technologies headquartered in Changzhou, Jiangsu Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB10.0 million.

Our Directors confirm that our five largest suppliers in each year during the Track Record Period were all Independent Third Parties and that none of our Directors, their respective close associates or any Shareholder (which to the knowledge of our Directors owning more than 5% of our share capital as of the Latest Practicable Date) had any interest, directly or indirectly in any of our five largest suppliers in each year or period during the Track Record Period.

We consider it important to maintain good business relationships with our suppliers and where possible, to diversify our supplier base so as to avoid any disruptions of our operations. Our Directors confirm that during the Track Record Period and as of the Latest Practicable Date: (i) we did not experience any material difficulties in obtaining supplies to our business in a timely manner; and (ii) we did not have any material disputes with our suppliers that could materially and adversely affect our business operations.

Salient terms of our purchase agreements

Our purchase agreements entered into with our suppliers typically contain the following terms.

Terms	The agreements typically do not have a fixed term. We place orders with our suppliers as needed.
Specification	The purchase orders will list out the type, specifications, and quantity of required materials.
Pricing	Pricing is primarily based on the agreed ratio of the prevailing market prices of relevant metals or fixed price.
Payment	Suppliers generally require us to pay a certain percentage of payment in advance, with the balance settled after goods delivery and mutual confirmation of the settlement statement. Payment shall be made through bank transfer.
Delivery	Suppliers are responsible for delivering the raw materials to our designated place within a specified period.
Inspection and acceptance	We are entitled to conduct inspections of the delivered goods before acceptance.

Outsourced production arrangements

Under certain circumstances where our customers require relevant metal salt products, we may outsource the metal salt production step considering that we had no in-house production capability for metal salt products during the Track Record Period. We select qualified manufacturers who are mainly engaged in the production of metal salt products with industry experience and stable production capacity. We set standards for raw material procurement and production procedures, and entrust eligible suppliers to complete outsourcing processing services of metal salt products. To the best of our knowledge, during the Track Record Period, all of our outsourced process services providers for metal salt products were our Independent Third Parties.

We generally enter into short-term outsourced production agreements on an as-needed basis with the relevant suppliers. The agreements typically specify the scope and specifications of outsourced products, and payment terms either on the date of product pickup or in accordance with the payment terms agreed under the respective contracts. We place purchase orders according to our actual business demands, with detailed product categories, specifications, quantities, delivery schedules and other core terms stipulated in each order. Our outsourced production suppliers generally do not accept returns or exchanges, and generally do not provide product warranties. We incurred outsourced processing costs of approximately RMB9.1 million, RMB0.1 million and RMB11.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

OVERLAPPING CUSTOMERS AND SUPPLIERS

For the years ended December 31, 2023, 2024 and 2025, among our five largest customers for each year during the Track Record Period, one, two and one customer(s) in each year during the Track Record Period were also our suppliers in the corresponding year, from which we generated revenue of RMB298.3 million, RMB265.5 million and RMB97.9 million, accounting for 25.8%, 22.7% and 6.5% of our total revenue for the relevant years, respectively. Our purchase amount from them amounted to RMB7.3 million, RMB12.1 million and RMB 2.5 million, accounting for 0.6%, 1.1% and 0.2% of our total purchase amount in the corresponding year, respectively.

For the same years, among our five largest suppliers for each year during the Track Record Period nil, nil and two suppliers in each year during the Track Record Period were also our customers in the corresponding year. Our purchase amount from them amounted to nil, nil and RMB143.9 million, which accounted for nil, nil and 10.6% of our total purchase amount in the corresponding year, respectively. Our revenue generated from such suppliers amounted to nil, nil and RMB60.9 million, accounting for nil, nil and 4.1% of our total revenue in the corresponding year, respectively.

According to CIC, due to the nature of the industry, it is a common practice in the lithium battery recycling and material recovery industry to have overlapping customers and suppliers, where we may purchase used batteries and production scraps from battery manufacturers and sell our products to them to serves as key raw materials for manufacturing batteries and where in limited occasions, we may procure processing services from lithium battery recycling and cascade utilization, and battery material recovery customers with metal salt production capabilities, or on customer's behalf, we may purchase metal salts from lithium battery recycling companies which procure black mass from us for their production.

Our Directors have confirmed that all of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms. During the Track Record Period, our sales and purchases with the overlapping customers and suppliers were not inter-conditional with each other. The terms of our agreements with these overlapping customers and suppliers are substantially similar to those with our other suppliers and customers.

OUR INFORMATION TECHNOLOGY INFRASTRUCTURE

We utilize a number of information technology systems to manage all aspects of our operations, including but not limited to sales management, expense management, material procurement, production, quality control, inventory management and human resources. The following information technology systems are the most critical to our business among our collective integrated information systems:

ERP System	Our enterprise resources planning system, or ERP system, regulates our operations, inventory control, procurement, production and sales management. It provides us with timely access to inventory and sales data and allows our management to monitor our sales performance and make appropriate adjustments in response to the market conditions. It also facilitates our procurement, marketing strategies and decision-making process.

DCS Production Control System	Our DCS Production Control System provides us with automated control over critical production processes, including real-time monitoring, data acquisition, and automated control of key operational nodes to ensure process stability and efficiency.
WMS System	Our WMS system, enables intelligent control over the entire warehousing process. It accurately verifies goods information and automatically allocates storage locations upon warehousing, and conducts intelligent picking and rapid verification to improve delivery efficiency upon outbound. It monitors inventory levels in real time, triggers automatic replenishment alerts and optimizes inventory layout. The system also integrates with upstream and downstream systems for data sharing, supporting warehousing decisions and reducing operating costs.
R&D Management Platform	Our R&D management platform supports automatic statistics embedded in task scenarios to help control labor costs and project progress. It integrates tools to collect equipment working hour data and optimize equipment resource allocation. It covers the full lifecycle of R&D projects, adapts to multiple development models, connects cross-team collaboration, and enables data-driven decisions to comprehensively improve R&D efficiency.
Expense Control System	Our Expense Control System standardizes our full-process expense management and approval workflows. It transforms expense management into proactive closed-loop control covering pre-event budgeting, in-process supervision and post-event review. It improves the efficiency of expense approval and reimbursement, delivers real-time data insights to support management decision-making, and effectively mitigates financial, taxation and internal compliance risks, while optimizing operating costs and achieving compliant and cost-effective business operations.

The capabilities and the stability of our IT infrastructure are vital to our business operations. The IT department performs system checks, data back-ups, system maintenance and other activities to secure the continual operation of the critical IT systems and facilities. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material failure or breakdown of our IT systems which had resulted in a material and adverse impact on our overall business operations.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received various awards and recognitions for our quality, platform capabilities, brand influence and innovation. Representative awards and recognitions are set forth below:

Award year	Awards/Recognitions	Issuing entities
2026	National-Level Key Little Giant Enterprise (國家重點"小巨人"企業)	Ministry of Industry and Information Technology (工業和信息化部)
2026	Shenzhen Well-known Brand (深圳知名品牌)	Shenzhen Well-known Brand Evaluation Committee (深圳知名品牌評價委員會)
2026	Shenzhen Advanced Collective (深圳市先進集體)	Shenzhen Municipal Committee of Communist Party of China and Shenzhen Municipal People's Government (中共深圳市委、深圳市人民政府)
2026	2025 Pengcheng Outstanding Engineer Team (2025年鵬城卓越工程師團隊)	Human Resources and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局)
2025	2025 Top 500 Enterprises in Shenzhen (2025深圳企業500強)	Shenzhen Enterprise Confederation and Shenzhen Entrepreneur Association (深圳市企業聯合會、深圳市企業家協會)
2024	Guangdong Provincial Engineering Research Center for High-value Utilization of Retired Power Batteries (廣東省退役動力電池高值化利用工程技術研究中心)	Guangdong Provincial Department of Science and Technology (廣東省科學技術廳)
2024	National-Level Specialized, Sophisticated, Distinctive, and Innovative Little Giant Enterprise (國家級專精特新"小巨人")	Ministry of Industry and Information Technology (工業和信息化部)
2024	Guangdong Provincial Single Champion Enterprise in Manufacturing (廣東省製造業單項冠軍企業)	Guangdong Provincial Department of Industry and Information Technology (廣東省工業和信息化廳)
2024	Inclusion of our Used EV Battery Pack Energy Storage System Technology and Application Demonstration Project in the Green Technology Promotion Catalog (2024 Edition) (《綠色技術推廣目錄(2024年版)》)	NDRC
2024	Jiangmen Municipal Engineering Research Center for Comprehensive Utilization of Retired Power Batteries (江門市退役動力電池綜合利用工程技術研究中心)	Jiangmen Municipal Bureau of Science and Technology (江門市科學技術局)

Award year	Awards/Recognitions	Issuing entities
2023	Shenzhen Well-known Brand (深圳知名品牌)	Shenzhen Well-known Brand Evaluation Committee (深圳知名品牌評價委員會)
2023	Key Enterprise of the "Shenlong Technology Plan" ("深龍科技計劃"重點企業)	Longgang District Development and Reform Bureau (龍崗區發展和改革局)
2023	2023 Top 500 Manufacturing Enterprises of Guangdong Province (2023年廣東省製造業企業500強)	Institute of Industrial Economics of Jinan University, Guangdong Provincial Manufacturing Association and Guangdong Provincial Institute of Development and Reform (暨南大學產業經濟研究院、廣東省製造業協會、廣東省發展和改革研究院)

COMPETITION

According to CIC, China leads the development of the lithium battery recycling and material recovery industry, and the global and Chinese lithium battery recycling and material recovery industry is entering a period of rapid growth driven by large-scale battery decommissioning, surging demand for recycled materials and increasingly stringent global ESG and compliance requirements. The industry demonstrates a clear trend of rising concentration, with resources accelerating to flow toward qualified enterprises with technological advantages and diversified channel advantages.

According to the CIC, the primary competitive factors in our markets include stable and diversified sources of used batteries, integrated comprehensive treatment capability and globalized industrial chain layout. We believe we can compete effectively in the market by leveraging our mass production capability, stable supply, R&D capabilities, high-quality product portfolio and reliable partnerships with customers.

Competition in our industry primarily centers on the seizing of upstream supply channels, the establishment of integrated industrial chain processing capabilities, technological innovation, platform expandability, product pricing, the quality and diversity of solutions, financial strength, and the ability to acquire and retain customers. See "Risk Factors — Risks Relating to Our Business and Industry — We face intense competition in the lithium battery recycling and material recovery industry" for further details.

In addition, when we enter into a new market, we may face intense competition from companies with an established presence in the relevant geographical areas and from other companies with similar expansion targets. We cannot assure you that we will be able to successfully compete to expand our coverage and make strategic acquisitions. See "Risk Factors — Risks Relating to Our Business and Industry — Our overseas sales and marketing plans and strategies may not yield the desired results" for further details.

For further details, see "Industry Overview".

INTELLECTUAL PROPERTY

Intellectual property is important to our success and competitiveness. As of the Latest Practicable Date, we had registered 119 patents and applied for 47 patents, and registered 28 trademarks, five copyrights and three domain names in the PRC. We also hold one registered patent each in the United States, Canada and Mexico, respectively, and filed one patent application in Europe. See "Statutory and General Information — B. Further information about our business — 2. Intellectual property rights of our Group" in Appendix VII to this document for further details.

We also seek to protect our proprietary technology and process by entering into confidentiality agreements with consultants, business partners and contractors. We have entered into confidentiality agreements and non-competition agreements with our senior management and certain core members of our R&D team and other key employees who have access to trade secrets or confidential proprietary information. Our standard employment contract contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of an employee's employment with us. However, despite measures taken to protect our intellectual property rights, third parties may nevertheless gain unauthorized access to our confidential information and trade secrets. For further details, see "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to adequately protect our intellectual property rights, and uncertainty regarding the validity, enforceability or scope of our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly" for further details.

As of the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings or claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent. Our Directors confirmed that they were not aware of any legal, arbitral or administrative proceedings of infringement of any third parties' intellectual property rights by us as of the Latest Practicable Date.

EMPLOYEES

As of the Latest Practicable Date, we had 329 full-time employees, all of who were based in China.

The following table sets forth the numbers and percentages of our full-time employees by function as of the Latest Practicable Date:

	Number of employees	**% of total employees**
Management and administration	37	11.3
Production	163	49.5
R&D	36	10.9
Sales and Marketing	24	7.3
Finance	14	4.3
Supply chain	55	16.7
Total	329	100.0

We believe that our employees are valuable assets that contribute to our success. We recruit our employees based on a number of factors such as their working experience, their educational background, and our vacancy needs. We generally pay our employees a fixed salary and other allowances based on their respective positions and responsibilities.

We entered into individual employment contracts with our full-time employees covering matters such as wages, employee benefits, employment scope, and grounds for termination. As of the Latest Practicable Date, we have established a labor union, and we have not had any material dispute with our employees.

Our employees receive trainings to enhance their vocational skills, knowledge of industry quality standards, occupational health, and safety standards and applicable laws and regulations.

We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes, work stoppages, or labor strikes or any work safety related incidents that led to disruptions in our Group's operations.

We are committed to providing a fair, diversified, and inclusive workplace for all employees by strictly abiding by laws and regulations in the relevant jurisdictions relevant to compensation and dismissal, equal opportunities, diversity, antidiscrimination, and other benefits. In compliance with relevant law requirements, the recruitment, remuneration and welfare, promotion and dismissal of our employees are dependent on their competence at work. We respect the rights and interests of every employee and strive to ensure a discrimination and harassment free working environment for all employees, where equal opportunities are offered to all employees regardless of their age, gender, race, nationality, disability, family status, marital status, or any other factors irrelevant to their work competence.

We also provide benefits to our employees as part of their compensation package which we believe is in line with industry norm. For example, our PRC-based employees are entitled to housing provident fund and social insurance including pension, basic medical insurance, maternity insurance, work-related injury insurance, and unemployment insurance, as mandated by the PRC laws and regulations.

Social insurance and housing provident fund contributions

Pursuant to applicable PRC laws and regulations, employers are required to make contributions to, and employees are required to participate in, a number of social insurance funds, including pension fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and the housing provident fund. See "Regulatory Overview — Laws and Regulations Relating to Employment, Social Security and Housing Provident Funds" for further details. During the Track Record Period, we did not make full contributions to social insurance and housing provident fund for certain employees.

During the Track Record Period and up to the Latest Practicable Date, we did not incur any material administrative penalties or court enforcement in relation to social insurance and housing provident fund contributions, receive any inspection or investigation from the relevant authorities regarding such contributions, or receive any employee complaints or reports on social insurance and housing provident fund contributions. Based on interviews and consultations with relevant competent

authorities, in general, they will only conduct inspections and take actions against enterprises in the event of employee complaints or reports, or when the authorities issue regulatory notices or conduct proactive inspections on their own initiative. We will make timely rectification and back-payments if required by the authorities.

Based on the above, our PRC Legal Advisor is of the view that, in the absence of material changes to applicable laws, regulations and regulatory practices and no collective employee complaints, and on the condition that, in the event of any complaints or reports, we will promptly and properly handle such complaints or make rectifications in a timely manner as required by the competent authorities, and that no regulatory notices or proactive inspections have been issued by the competent authorities, the likelihood that we were required to pay the historical shortfalls of social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date is remote, and the likelihood that we would be subject to material administrative penalties due to our failure to make full social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date is remote.

INSURANCE

We are required by relevant laws and regulations in the PRC to maintain employment injury insurance, which covered, among other things, work injuries, accidents or incidents which gave rise to employees' occupational health diseases. We also make contributions to other types of social insurance for our employees in accordance with the relevant laws and regulations of the PRC. However, we do not maintain business interruption insurance, any insurance for our information technology infrastructure and systems, or any insurance for our leased properties, which is in line with general industry practice in China.

Our Directors consider our insurance coverage to be customary for businesses of our size and type and in line with the standard commercial practice in the jurisdictions where we have operations. However, the risks related to our business and operations may not be fully covered by insurance. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may be inadequate to protect us from potential losses" for further details.

PROPERTIES

Owned properties

As of the Latest Practicable Date, we own two land parcels located in Jiangmen and Shenzhen, respectively with a total site area of approximately 63,549.14 sq.m. The land parcel in Jiangmen has a GFA of approximately 49,667.69 sq.m. During the Track Record Period and up to the Latest Practicable Date, save as disclosed below, we have obtained all certificates for the properties we owned. As of the Latest Practicable Date, we had one construction-in-progress project, namely the Shenzhen Lithium Battery New Energy Building, situated on our land parcel in Shenzhen with an estimated GFA of approximately 57,331.50 sq.m. Upon completion, the Shenzhen Lithium Battery New Energy Building will be primarily used for office, R&D and production purposes. During the Track Record Period and up to the Latest Practicable Date, we have obtained all required approval and construction certificates for such construction-in-progress project at the current stage.

As of the Latest Practicable Date, we had self-constructed container shed areas in our leased property in Shenzhen. Such container shed areas are primarily used for meetings, R&D and general office purposes. We are unable to complete the relevant temporary construction filing and approval procedures for such container shed areas due to the absence of valid land ownership certificates. Our purchase amount and relevant construction costs for such container sheds are approximately RMB0.9 million. As advised by our PRC Legal Advisor, unauthorized temporary construction may be ordered to be demolished within a specified time limit by the competent department and may be subject to a fine of up to one time the construction cost. Considering the following factors: (i) the aforesaid container shed areas are not involved in our core R&D activities or production. Even if such temporary structures were required to be demolished, we can secure lawful alternative premises in a timely manner, and relocation would not have any material adverse impact on our business operations. If the competent government authorities require demolition, we will comply with such requirements within the prescribed timeframe; (ii) during the Track Record Period and up to the Latest Practicable Date, our Group had not been subject to any litigation, disputes or penalties by the competent authorities in relation to such temporary structures; and (iii) Mr. Zheng confirmed to bear any costs or losses that may arise to our Group therefrom, our PRC Legal Advisor is of the view that the lack of approval for the relevant temporary structures will not materially and adversely affect our business operations.

Leased properties

As of the Latest Practicable Date, we leased nine properties with an aggregate GFA of approximately 34,820.26 sq.m. in Jiangmen, Liyang and Shenzhen. These leased properties were mainly for production, office and dormitory use and the leases vary in duration from one to 16 years.

We believe our current leased properties are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration. During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in renewing the leases for our leased properties. Our Directors confirm that none of the properties stated above are individually material to our Group in terms of rental expenses.

As of the Latest Practicable Date, the lessors of four of our leased properties in Shenzhen and one leased property in Jiangmen had not provided us relevant real estate ownership certificates or documents. As advised by our PRC Legal Advisor, we may face the risk of being unable to continue occupying and using such leased properties. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation, disputes or administrative penalties in connection with such leased properties in accordance with the relevant laws and regulations in PRC. Considering the following factors: (i) during the Track Record Period and up to the Latest Practicable Date, our Group has not been subject to any litigation, disputes or penalties by the competent authorities in relation to the leased properties, and the title defects of such properties have not affected our actual use of the properties; (ii) our Group has not received any claims from the lessors or any third parties regarding the ownership of the leased properties, and such properties are primarily used for office and R&D purposes, which are relatively easy to relocate and highly substitutable. Even if the leased properties could no longer be used due to such title defects, we would be able to secure alternative properties and relocation would not have any material adverse impact on our production and operations; (iii) the local government, being the property owner of our leased property in Jiangmen, has issued written confirmation acknowledging that they have leased this property to our lessor and are aware that

the lessor has subleased such property to us; (iv) the lessors of our three leased properties in Shenzhen have confirmed that, apart from the liabilities stipulated under the lease agreements, they undertake to assume responsibility for any ownership issues, title disputes or other causes that may prevent us from using the leased properties or cause us to suffer any losses; and (v) Mr. Zheng confirmed to bear any costs or losses that may arise to our Group therefrom, our PRC Legal Advisor is of the view that the failure of the lessors of the relevant leased properties to provide relevant real estate ownership certificates or documents will not materially and adversely affect our business operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a company engaged in the lithium battery recycling and material recovery, our core business model is inherently aligned with circular economy principles and resource efficiency. We recognize that long-term and sustainable growth depends not only on operational excellence, but also on strong governance, environmental stewardship and responsible stakeholder engagement. Accordingly, ESG considerations are systematically embedded into our corporate strategy, enterprise risk management framework and key decision-making processes.

ESG governance

Board-level oversight

The Board bears ultimate responsibility for the Group's ESG strategy and performance. In line with the requirements of the Hong Kong Stock Exchange, the Board oversees the identification and management of material ESG-related risks and opportunities and ensures that appropriate ESG risk management and internal control systems are established and functioning effectively.

The Board reviews and approves the Group's ESG strategy, key priorities and annual objectives, and monitors progress against relevant performance indicators. It also reviews and approves ESG disclosures, including the ESG report, and assesses whether adequate resources have been allocated to support ESG initiatives.

The Board conducts at least an annual review of the effectiveness of the ESG governance framework. Given the nature of our operations, particular focus is placed on environmental compliance, hazardous waste management, occupational health and safety, supply chain integrity and climate-related regulatory and transition risks. ESG-related performance indicators are incorporated into senior management's performance evaluation to enhance accountability.

Management-level oversight

Senior management is responsible for implementing the ESG strategy approved by the Board and integrating ESG considerations into business planning, budgeting and operational management.

Management regularly reviews ESG performance, monitors compliance with environmental permits and safety regulations, and evaluates emerging ESG risks and regulatory developments. Significant ESG matters are reported to the Board in a timely manner. Management also ensures that sufficient financial and human resources are allocated to environmental protection, safety management and ESG data management.

Operational implementation

At the operational level, a cross-functional ESG working group supports the implementation of ESG initiatives across the organization. The working group coordinates ESG data collection, facilitates risk assessments, oversees environmental and safety control measures and monitors supplier ESG compliance.

Through regular internal reviews, the Group assesses compliance with relevant policies and regulatory requirements and implements corrective actions where necessary to strengthen its ESG management practices.

Potential climate risks and opportunities to our business operations

Climate-related physical risks

Our manufacturing facilities and office premises are exposed to climate-related physical risks, including acute risks such as typhoons, extreme rainfall, and other severe weather events, as well as chronic risks such as rising temperatures and prolonged periods of extreme heat. Certain of our facilities are located in regions that may be vulnerable to such climate-related hazards.

The occurrence of extreme weather events or sustained increases in temperature could disrupt our operations, damage production facilities or equipment, interrupt utilities supply (including electricity), and affect transportation and logistics. Such events may also result in temporary suspension of operations or reduced production efficiency. Any material disruption to our production processes could impair our ability to process used batteries and production scraps in a timely manner and fulfill contractual obligations with customers. In addition, we may incur increased costs relating to facility repairs, reinforcement measures, equipment replacement, insurance premiums or other preventive actions.

Climate-related transition risks

China's evolving climate, environmental and industrial policies may give rise to transition risks for our business. The introduction of more stringent emissions standards, potential expansion or stricter implementation of the national Emissions Trading Scheme, and other carbon-related regulatory measures may increase our compliance and operational costs. Such developments could require us to upgrade or modify our existing recycling technologies and infrastructure.

If we are unable to adapt to regulatory changes in a timely and cost-effective manner, our operational efficiency and competitiveness may be adversely affected. We therefore continuously monitor policy developments and seek to align our technology roadmap and operational practices with national decarbonization and industrial priorities.

Climate-related opportunities

The transition to a low-carbon economy may also present growth opportunities. As China accelerates EV adoption and advances circular economy policies, demand for battery recycling and critical mineral recovery is expected to increase.

Our operations contribute to resource efficiency and domestic supply chain resilience by returning recycled critical minerals to the market. By leveraging government-supported traceability systems and green finance initiatives, we aim to enhance our operational capabilities and expand capacity in a manner aligned with China's low-carbon transition objectives.

Other ESG-related risks and mitigation measures

In addition to climate-related risks, our operations may be subject to other ESG-related risks associated with the nature of the lithium battery recycling industry.

Environmental compliance and hazardous materials management risk

Our operations involve the dismantling and processing of production scraps and used batteries, which requires the storage, transfer and disposal of hazardous waste in accordance with stringent environmental laws and regulatory requirements. We are subject to stringent environmental laws and regulatory requirements relating to hazardous waste storage, transfer and disposal, as well as wastewater and exhaust gas emissions.

Any failure to comply with applicable environmental regulations or permit conditions could result in administrative penalties, operational restrictions or reputational impact.

To mitigate such risks, we operate under certified environmental management systems and implement structured procedures for hazardous waste classification, storage and transfer. Hazardous waste is stored in designated facilities and transferred only to licensed third-party contractors. We conduct regular environmental monitoring in accordance with pollutant discharge permit requirements and maintain internal review mechanisms to support ongoing compliance.

Occupational health and safety risk

Our operations, particularly during project construction, equipment installation and maintenance, involve activities with inherent risks, including working at heights and hot work. In addition, our production processes require the handling of chemicals and materials that may pose occupational health risks if not properly managed.

Workplace accidents or occupational health incidents could result in operational disruptions, regulatory investigations or increased compliance costs.

To address these risks, we have established health and safety management systems certified under ISO 45001 and implemented structured safety procedures, including a permit-to-work system for high-risk activities. We systematically identify occupational hazards associated with each role and communicate relevant risks and protective measures to employees. Regular safety training, emergency drills, chemical inventory controls and occupational health examinations are conducted to promote a safe working environment.

Supply chain and regulatory policy risk

Our business relies on stable upstream supply of raw materials (including production scraps and used batteries) and downstream demand for recycled materials. The global lithium battery recycling industry is subject to evolving regulatory requirements, including policies relating to battery traceability, environmental compliance and industry access standards.

Changes in regulatory policies or non-compliance by counterparties could affect supply stability, increase compliance costs or impact our business operations.

To mitigate these risks, we closely monitor policy developments and align our operational practices with applicable regulatory requirements. We conduct qualification assessments of key suppliers and implement procedures to ensure compliance with relevant environmental and legal standards. We also maintain communication with customers and industry participants to enhance coordination and supply chain transparency.

Environment

We strictly comply with all applicable environmental laws and regulations in the jurisdictions where we operate. As a company engaged in the lithium battery recycling and material recovery, environmental management is central to our business model and risk management framework. We have established environmental management systems to ensure that our operations are conducted in a compliant and responsible manner. Our management systems are certified to internationally recognized standards, including ISO 14001 Environmental Management Systems and ISO 50001 Energy Management Systems.

We recognize that our operations, particularly battery dismantling, resource extraction and production activities, may pose environmental risks if not properly managed. Accordingly, we adopt a management approach that emphasizes source reduction, process control and end-of-pipe treatment. We will continuously assess the environmental impact of our operations and refine our management measures in response to technological developments and regulatory requirements.

Metrics and targets

We have established a systematic process to monitor and manage our environmental footprint. Environmental data, including energy consumption, water usage, waste generation and emissions, are collected and reviewed on a regular basis by relevant departments and reported to management.

The Group has set annual environmental management objectives and incorporated key environmental compliance indicators into its core management metrics. In particular, hazardous waste compliant disposal rate, wastewater discharge compliance rate and exhaust gas emission compliance rate are monitored as priority performance indicators. Our Jiangmen Base maintains valid contracts with qualified third-party vendors for the disposal of hazardous and solid waste. These partners possess all necessary environmental certifications and processing licenses. The Group is committed to maintaining a 100% compliant disposal rate for hazardous waste and ensuring that wastewater and exhaust gas emissions consistently meet applicable national and local regulatory standards. We also aim to prevent the occurrence of any material environmental violations.

Hazardous waste is subject to strict classification, storage and transfer procedures, with disposal carried out exclusively through qualified and licensed third-party contractors. Chemical substances are managed through a controlled inventory system to ensure compliance with regulatory requirements.

Our facilities are equipped with wastewater and exhaust gas treatment infrastructure. We conduct regular environmental monitoring in accordance with the requirements of our pollutant discharge permits to ensure continuous compliance.

Building on this operational foundation, we are in the process of further formalizing measurable and time-bound environmental targets, including improving metal recovery efficiency, reducing energy intensity and enhancing water recycling rates, in alignment with our long-term strategy of advancing circular economy principles.

Waste

Our operations generate both hazardous and non-hazardous waste. Hazardous waste primarily includes waste oil, waste laboratory consumables and contaminated protective equipment. In accordance with our internal hazardous waste management procedures, such waste is stored in designated facilities equipped with appropriate protective measures and recorded in an electronic tracking system to ensure traceability.

Hazardous waste is transferred only to licensed and qualified third-party treatment providers in compliance with applicable regulations. Internal reviews and periodic inspections are conducted to prevent improper storage or disposal.

Non-hazardous waste, such as domestic and office waste, is collected and managed through local sanitation authorities or appropriate service providers.

As a company whose core activity is battery recycling and material recovery, we contribute to the circularity of critical battery materials, including lithium, cobalt and nickel. By enabling material recovery and reuse, we reduce reliance on primary mining and support the reduction of full lifecycle carbon emissions across the lithium batteries.

Waste generation figures for the years ended December 31, 2023 and 2024 are unavailable as previous operations primarily involved the dismantling and crushing of production scraps. Data collection has been expanded starting in 2025 to account for the Jiangmen Base. We are refining our reporting framework to include more robust comparative data in future disclosures.

Waste generated	**Year ended December 31, 2025**
Hazardous waste (tons)	2,955.7
Hazardous waste intensity (tons/employee)	8.54
Non-hazardous waste (tons) *(Includes general office waste, plastics, papers, metals, and food waste)*	38.0
Non-hazardous waste intensity (tons/employee)	0.11

Energy consumption

We monitor our energy consumption on a monthly basis as part of our energy management system. Energy usage primarily consists of purchased electricity, steam used in production processes and, where applicable, electricity generated from on-site renewable sources.

In support of China's dual carbon goals, we have implemented renewable energy initiatives to reduce our operational carbon footprint. A rooftop solar photovoltaic system has been installed at our production facility, and the electricity generated is used directly in our operations, thereby reducing reliance on grid electricity and lowering indirect greenhouse gas emissions.

During the equipment selection process, we prioritize the procurement of motors that meet or exceed National Grade 2 energy efficiency standards, reducing baseline electricity consumption. On-site, we maximize resource efficiency by monitoring production in real-time to ensure optimal hourly throughput, which lowers the energy intensity per unit of product. Furthermore, our internal logistics have been transitioned to prioritize the use of electric forklifts, reducing reliance on fossil fuels.

We also promote energy efficiency in daily operations through operational controls and awareness initiatives, including optimized temperature settings for air conditioning systems and internal reminders to encourage energy-saving practices.

The following table sets forth the amount of energy consumption during the Track Record Period:

	Year ended December 31,		
Energy consumption	**2023**	**2024**	**2025**
Petrol (MWh)	221.6	225.3	283.7
Diesel (MWh)	55.1	123.5	123.5
Purchased electricity (MWh)	431.7	2,991.6	6,952.1
Electricity generated from solar panel and consumed during operation (MWh)	25.4	92.7	1,502.3
Steam (MWh)	–	232.2	–
Total energy consumption (MWh)	733.8	3,665.3	8,861.6
Energy consumption intensity (MWh/employee)	2.04	11.90	25.6

Note:

Steam consumption was recorded in 2024 primarily during the commissioning of production lines and steam pipeline systems at our production base. Following process optimization and technological modifications implemented in 2025, our production process has substantially reduced reliance on externally supplied steam. Heating requirements are now largely achieved through self-sustaining exothermic reactions generated during the smelting process. As such, steam usage is not expected to constitute a significant ongoing energy source under the current production configuration.

Greenhouse gas emissions

Our greenhouse gas ("**GHG**") emissions are calculated in accordance with the principles of the Greenhouse Gas Protocol.

- Scope 1 emissions primarily arise from company-owned vehicles.
- Scope 2 emissions primarily arise from purchased electricity and steam consumed in operations.

The following table sets forth the amount of greenhouse gas emissions during the Track Record Period. Data for the years ended December 31, 2023 and 2024 is limited, as previous operations primarily involved production scraps dismantling and crushing lines during those years. With the Jiangmen Base becoming operational in 2025, we have expanded our data tracking to ensure full transparency and will provide year-on-year comparisons in all upcoming ESG reports.

	Year ended December 31,		
GHG emissions	**2023**	**2024**	**2025**
Scope 1 (tCO2e)	81.4	101.43	118.90
Scope 2 (tCO2e)	231.7	1,697.23	3,730.50
Total GHG emissions (tCO2e)	313.1	1,798.66	3,849.40
GHG emissions intensity (tCO2e/employee)	0.87	5.84	11.13

At present, the Group has not commenced the comprehensive accounting and disclosure of Scope 3 (other indirect) greenhouse gas emissions. Due to the characteristics of the lithium batteries recycling and material recovery industry in which we operate, our value chain involves numerous upstream and downstream partners, making the collection and verification of supply chain carbon data complex and challenging.

The Group recognizes the importance of Scope 3 emissions in assessing our overall climate impact. We are gradually establishing a data collection system to collect and manage relevant supply chain data and will initiate the accounting and disclosure of Scope 3 emissions when sufficient data and methodologies are in place, in line with industry best practices and regulatory developments.

Water

We monitor our water usage monthly. Our water management strategy focuses on the transition toward a circular water economy. At our Jiangsu facility, industrial water use is primarily dedicated to equipment cooling and environmental protection systems. We have implemented a closed-loop system that enables the continuous recycling and reuse of production water. Freshwater withdrawal is strictly limited to replenishing volumes lost through natural evaporation. To further minimize our environmental footprint, cooling water from our environmental facilities undergoes pressure filtration for reintegration into the production process. This dual-purpose approach simultaneously reduces wastewater discharge and ensures the sustainable management of local water resources.

The following table sets forth the amount of water consumption during the Track Record Period. Data for the years ended December 31, 2023 and 2024 is limited, as operations primarily involved production scraps dismantling and crushing lines during those years. With the Jiangmen Base becoming operational in 2025, we have expanded our data tracking to ensure full transparency and will provide year-on-year comparisons in all upcoming ESG reports.

	Year ended December 31,		
Water consumption	**2023**	**2024**	**2025**
Water consumed (tons)	550	2,690	15,061
Water consumption intensity (tons/employee)	1.6	7.8	43.5
Water recycled (tons)	–	–	8,984

Our facilities are equipped with the necessary wastewater and exhaust gas treatment equipment. We conduct regular environmental monitoring in accordance with our permit requirements to ensure our discharges remain within prescribed limits.

Employment and labor practices

The Group has established internal policies to govern our employment practices. These include a Recruitment Management Specification to ensure fair and transparent hiring, a Compensation Model to guide fair remuneration, a Transfer Management Specification for internal mobility, and a Resignation Management Specification to ensure orderly and respectful departures. Our recruitment and management practices are designed to provide equal opportunities to all employees and job applicants, prohibiting discrimination based on protected characteristics.

Competitive and supportive benefits package is provided to our employees. This includes mandatory social insurance and housing fund contributions for all employees (the "**five social insurances and one housing fund**"). For our frontline production staff and employees who frequently travel on business, we provide supplementary commercial insurance. Additionally, all employees enjoy statutory holidays, birthday and holiday gifts, and departmental team-building activity budgets. During the Track Record Period, we confirm there have been no significant labor disputes or violations of employment-related laws and regulations, and we have no incidents related to child or forced labor.

Health and safety

The health and safety of our workforce is a top priority. We have established health and safety rules and procedures that are communicated to all employees through training and reinforced through on-site management by supervisors. Our occupational health and safety system is also certified with ISO 45001.

In accordance with the requirements of the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, we systematically identify health risks associated with each role and formulate appropriate mitigation measures. Our Occupational Disease Hazard Notification Form, which serves as an appendix to the employment contract, ensures that every affected employee is fully informed of the specific risks of their position, the protective measures available, and their corresponding rights and responsibilities. Employees are required to adhere to established safety protocols, properly use protective equipment, and participate in mandatory health surveillance programs.

Our operations, particularly in project construction, equipment installation, and maintenance, involve activities with inherent risks, such as working at heights and hot work (e.g., welding). To mitigate these risks, we have implemented a permit-to-work system. Before any high-risk task begins, a work permit is issued only after a thorough on-site safety check by the responsible personnel and a dedicated safety officer, who then supervises the work on-site until completion. We also maintain strict control over chemicals and hazardous substances used in our processes. This includes maintaining detailed inventory records and complying with regulatory requirements for controlled substances, such as reporting precursor chemicals and explosives on public security platforms.

To ensure the safety of our personnel and the surrounding ecosystem, the Group maintains stringent controls over hazardous substances. All chemical procurement, storage, and usage are conducted through a transparent approval process in strict accordance with Public Security Bureau (PSB) regulations, ensuring 100% legal compliance and traceability. Additionally, we conduct regular monitoring of noise, dust, and other potential environmental impacts. These assessments are performed in alignment with our Discharge Permit and occupational health requirements, ensuring that all operational outputs remain well within national statutory limits.

Regular safety training sessions and emergency drills were conducted for all employees. We also ensure that necessary personal protective equipment is available, regularly inspected, and used correctly. Furthermore, we provide regular occupational health check-ups for our employees to monitor their well-being.

Talent acquisition, development and training

As our business continues to grow sustainably, we recognize that relying solely on external hiring will not meet our talent needs. In response, we have made internal talent development a strategic priority and launched our comprehensive "Eagle Talent Project" to systematically cultivate our workforce.

The project consists of targeted programs for employees at different career stages. For graduates, we offer a structured induction program combining classroom training, departmental rotations across production, quality, R&D, and dedicated mentorship, with clear performance standards for successful completion. For existing employees transitioning from individual contributors to team leaders, we provide management training focused on team leadership, communication, and performance management. For our senior managers and future leaders, we have established development programs that include executive mentorship, rotational assignments, and individual development plans. Our goal is to create a sustainable pipeline of capable talent at every level, ensuring we have the people we need to support our company's growth.

During the Track Record Period, the composition of our Group's workforce by category was as follows:

	Year ended December 31,		
Employment	**2023**	**2024**	**2025**
Total number of employees	359	308	346
By gender	**2023**	**2024**	**2025**
Male	250	213	254
Female	109	95	92
By age	**2023**	**2024**	**2025**
18–30	121	99	124
31–40	150	148	161
41–49	54	43	46
50 or above	34	18	15

Supply chain management

The Group actively integrates ESG criteria into its supplier management system to ensure a sustainable supply chain. During the supplier selection and engagement process, we conduct due diligence to assess potential partners' compliance with applicable laws and regulations. Specifically, we evaluate suppliers' environmental performance by verifying their possession of necessary permits and their commitment to using environmentally friendly materials and processes, with a particular focus on the proper handling of hazardous waste given the nature of our industry. Furthermore, we assess their labor practices to ensure the provision of safe working conditions, fair treatment of employees, and the strict prohibition of child or forced labor. We communicate our ESG expectations through our procurement agreements and regular business communications, requiring suppliers to uphold high standards of business ethics and integrity. We also conduct periodic reviews and, where necessary, site visits to monitor their ongoing compliance and performance against these standards.

Product responsibility

The Group's quality management system is certified with ISO 9001. The quality control team works closely with R&D to test and evaluate new products and technologies against relevant quality standards and customer specifications. Throughout production, we strictly adhere to customer quality requirements and applicable industry standards. Daily quality inspections are conducted at key control points to ensure products meet our internal standards at every stage. During the Track Record Period, we have not received any government penalties, product recalls, or other sanctions related to major product quality issues.

Anti-corruption

The Group is committed to maintaining the highest standards of integrity and ethical conduct in all our business dealings. This commitment is formalized through our Employee Integrity Agreement and Code of Business Conduct and Ethics, both of which all employees are required to sign. The Agreement explicitly prohibits bribery, the acceptance of kickbacks or undue advantages from business partners, misappropriation of company assets, conflict of interest, and the disclosure of confidential information. To ensure accountability and transparency, we have established a direct whistleblowing channel which reports directly to the Chairman of the Board.

To strengthen governance oversight and ensure accountability, the Group has established a whistleblowing mechanism that reports directly to the Chairman of the Board. A dedicated reporting email address has been published on our official website, enabling employees and external stakeholders to raise concerns regarding suspected misconduct. All reports are handled in a timely, independent and impartial manner, and the identity and information of whistleblowers are treated with strict confidentiality to protect them from retaliation.

Violations of our anti-corruption policies result in serious consequences, including termination of employment, forfeiture of bonuses, and where appropriate, referral to legal authorities.

During the Track Record Period, we confirm that there have been no significant incidents of corruption, fraud, or unethical behavior that have materially impacted our operations or financial performance.

LEGAL PROCEEDINGS

As of the Latest Practicable Date, there were no litigations or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would individually or in the aggregate, had a material adverse effect on our business, financial condition and results of operations.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. During the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the applicable laws and regulations relating to our business operations.

LICENSES, PERMITS AND CERTIFICATES

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

The following table sets forth a list of material licenses, permits and approvals held by us as of the Latest Practicable Date:

License/permit	Holder	Granting date	Expiry date
List of Enterprises Complying with the Industry Specifications for Comprehensive Utilization of New Energy Vehicle Waste Power Batteries (符合《新能源汽車廢舊動力蓄電池綜合利用行業規範條件》企業名單)	Our Company	December 7, 2022	–
Fixed Pollution Source Discharge Registration Receipt (固定污染源排污登記回執)	Our Company	March 3, 2023	March 2, 2028
Registration Certificate for Renewable Resources Recycling Operation (再生資源回收經營備案登記證明)	Our Company	June 17, 2024	–
Pollutant Discharge Permit (排污許可證)	Jiangmen Jiecheng	September 27, 2024	September 26, 2029
Safety Production License (Hazardous Chemicals) (安全生產許可證)[(1)]	Jiangmen Jiecheng	March 6, 2026	March 6, 2029
Hazardous Chemicals Registration Certificate (危險化學品登記證)	Jiangmen Jiecheng	December 25, 2025	December 24, 2028
Registration Certificate for Renewable Resources Recycling Operation (再生資源回收經營備案證明)	Jiangmen Jiecheng	April 25, 2025	–
Fixed Pollution Source Discharge Registration Receipt (固定污染源排污登記回執)	Jiangsu Jiecheng	July 20, 2023	July 19, 2028
Pollutant Discharge Permit (排污許可證)	Jiangsu Jiecheng	July 22, 2024	July 21, 2029
Registration Certificate for Renewable Resources Recycling Operation (再生資源回收經營備案登記證明)	Jiangsu Jiecheng	June 14, 2024	–

Note:

(1) On September 29, 2024, Jiangmen Jiecheng secured the Filing Receipt for the Trial Production (Utilization) Plan of Hazardous Chemicals Construction Project granted by Jiangmen Emergency Management Bureau, with a validity period ending on September 28, 2025.

RISK MANAGEMENT AND INTERNAL CONTROL

We are dedicated to the establishment and maintenance of a robust risk management and internal control system. We have adopted and will continually improve our internal control mechanisms to ensure compliance of our business operations. Furthermore, we conduct periodic reviews of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including corporate governance and environmental, social and governance matters. Our Board will be collectively responsible for the establishment and operations of mechanisms in relation to corporate governance and environmental, social and governance. Our Directors are involved in the formulation of such mechanisms and the related policies. We have adopted and implemented risk management policies in various aspects of our business operations to address various potential risks in relation to operations, compliance, intellectual property, and investment.

Business operational risk management

Business operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk. We take a comprehensive approach with regard to operational risk management and implement a mechanism with detailed and decentralized responsibilities, clear rewards and punishment systems. Our business operations, finance, digitalization development, and human resources departments are collectively responsible in ensuring that the compliance of our business operations conform with internal procedures. On the occurrence of a major adverse event, the matter will be escalated to our senior management and the Board of Directors may need to take appropriate measures. Through effective business operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Anti-corruption risk management

Anti-corruption risk refers to the risk of use of fraud, bribery or other illegal measures for (i) the pursuit of improper personal benefits at the expense of our Group's economic interests and (ii) the pursuit of improper interests of our Group. We have established our anti-corruption risk management policies prohibiting any corruption activities by the employees, either for the pursuit of improper personal benefits or improper interests of the Company. Our internal audit department is directly responsible for the anti-corruption risk management. We have maintained a whistle-blower mechanism encouraging the internal report of suspicious activities. We have zero-tolerance of corruption and do not accept employment or promotion of persons responsible for corruption incidents. We conduct routine internal training.

Intellectual property risk management

See "— Intellectual property" in this section for further details.

Audit Committee and board oversight

To monitor the ongoing implementation of our risk management policies, we have established an Audit Committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. See "Directors and senior management — Our Board of Directors".

Our internal audit department is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board of Directors on a timely basis.