
BUSINESS

OVERVIEW

We are a globally leading new energy materials company with technological innovation and advanced manufacturing capabilities. We focus on the research and development, manufacturing and sales of phosphate-based cathode materials, primarily LFP cathode materials, and are committed to providing high-performance, highly consistent and cost-effective cathode materials to customers across the global new energy industry.

Driven by the rapid development of the NEV and ESS sectors, the competitive advantages of LFP cathode materials have become increasingly evident, supporting continued market growth. On the one hand, driven by advancements in battery technologies, declining costs and the continued improvement of charging infrastructure, the increasing penetration of NEVs has provided sustained demand for power batteries. On the other hand, continued growth in global electricity demand, together with the rapid expansion of wind and solar power capacity, is driving increasing demand for large-scale ESS applications such as peak shaving and frequency regulation. At the same time, the rapid expansion of artificial intelligence data center computing capacity is placing increasingly stringent requirements on the stability and reliability of power supply, further accelerating the growth in demand for ESS and energy storage batteries. Benefiting from their inherent advantages in safety, cycle life and cost-effectiveness, together with continuous improvements in fast-charging capability and energy density, LFP lithium-ion batteries have continued to gain market share in both power and energy storage applications, thereby driving sustained growth in demand for LFP cathode materials. According to Frost & Sullivan, phosphate-based cathode materials accounted for 59.0% of the global shipment volume of lithium-ion battery cathode materials in 2023, which increased to 73.5% in 2025 and is expected to further increase to 81.5% by 2030 with a global shipment volume of approximately 13.5 million tons in 2030, signaling the arrival of the era of phosphate-based cathode materials.

According to Frost & Sullivan, we ranked first among phosphate-based cathode materials suppliers globally in terms of shipment volume for six consecutive years from 2020 to 2025, with a global market share of 28.2% in 2025. We have consistently pursued technology-driven growth, advanced our vertically integrated operation, optimized our production and operational management, and remained committed to sustainable development, with the aim of driving the development of the global new energy industry through continuous materials innovation.

We have established a comprehensive R&D and process management system covering raw material selection, particle size distribution control, high-temperature solid-state sintering, carbon coating and doping, supported by a visionary technology roadmap that underpins the continuous upgrading of our products. Leveraging our long-standing technological expertise, we have led the industry’s transition towards premium LFP cathode materials. According to Frost & Sullivan, we ranked first globally in the premium LFP cathode materials market by shipment volume in 2025, with a market share of 55.4%.

We have also built a vertically integrated operation spanning “resources — precursors — cathode materials — recycling.” We have achieved 100% in-house production of iron phosphate, and, building on this, we have been further extending into upstream mineral resources such as phosphate ore and pyrite. We have also developed in-house lithium carbonate processing capabilities, as well as lithium-ion battery recycling capabilities. Together with our production capability of iron phosphate, this enables vertical integration from raw materials to end products of LFP cathode materials. This vertically integrated operation has enhanced our supply chain resilience, and strengthened our cost competitiveness, enabling us to establish a difficult-to-replicate moat in cost control and supply chain resilience among industry peers.

BUSINESS

At the customer level, we have developed a broad and high-quality customer base supported by our industry-leading technological capabilities, comprehensive LFP cathode material product portfolio and the world’s largest production capacity of LFP cathode materials. We have served the leading power battery and energy storage battery manufacturers in China and globally, according to Frost & Sullivan.

Our continued efforts have enabled us to earn recognition from customers worldwide and achieve a series of remarkable achievements. Our principal achievements include:

Leading Market Position

Global market share of phosphate-based cathode materials¹ **28.2%**
 Ranked **No. 1** globally by shipment volume for **six consecutive years** (2020–2025)
 Market share of premium LFP cathode material¹ **55.4%**, ranked **No. 1** globally

Extensive Customer Coverage¹

China's top 10 power battery manufacturers: **10/10**
 China's top 10 energy storage battery manufacturers: **10/10**
 Global top 10 power battery manufacturers: **9/10**
 Global top 10 energy storage battery manufacturers: **10/10**

Vertically Integrated Operation

One of the very few in the industry to have achieved “resources — precursors — cathode materials — recycling”
100% in-house production of iron phosphate

Strong Profitability

One of the very few in the industry to have consistently sustained profitability across industry cycles²
 Profit attributable to owners of the Company³ increased by **115.2%** in 2025
 Profit attributable to owners of the Company⁴ increased by **1,337.8%** for the three months ended March 31, 2026

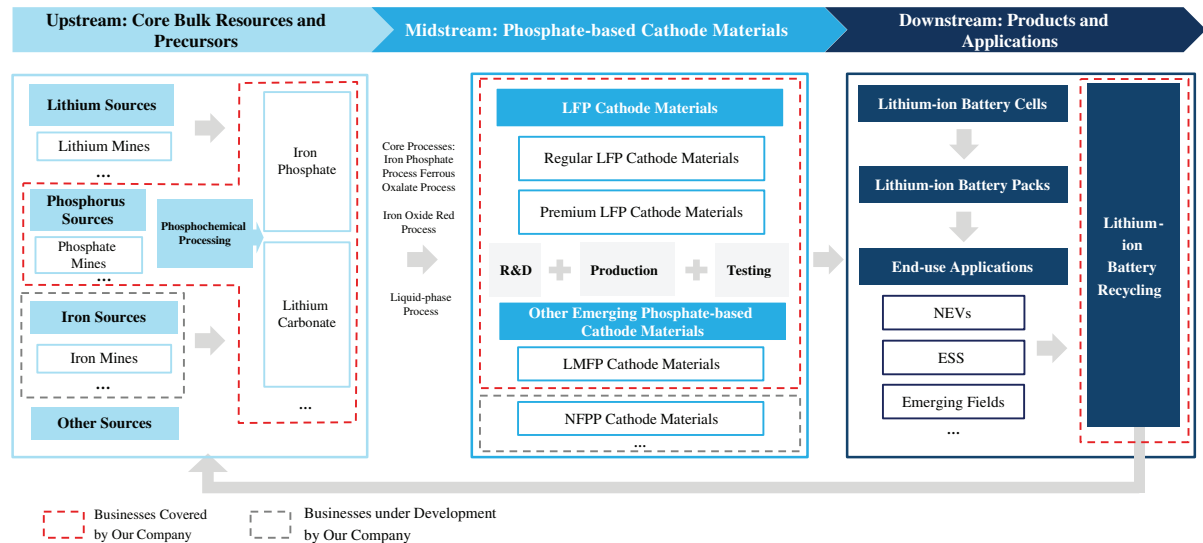
Notes:

- (1) Data source: Frost & Sullivan; in terms of shipment volume in 2025
- (2) Since 2020, the phosphate-based cathode materials industry has undergone cyclical fluctuations, with the vast majority of industry participants reporting losses in 2023 and 2024.
- (3) Compared to 2024
- (4) Compared to the three months ended March 31, 2025

BUSINESS

Our Business

We primarily provide LFP cathode materials. We are also strategically expanding our product portfolio to further include LMFP cathode materials, cathode materials for sodium-ion batteries and cathode materials for solid-state batteries. Our LFP cathode material products are primarily used in power batteries and energy storage batteries, with key performance indicators that we believe are at the forefront of the industry. The following diagram illustrates our position in the LFP cathode materials industry value chain:



Our cathode material products are designed to enhance the electrochemical performance of batteries by enabling high energy density, long cycle life, high fast-charging capability/energy efficiency, high consistency and strong cost competitiveness. Leveraging our industry experience and ongoing investment in product development and technological innovation, we continue to improve our industry-leading product performance, product quality and production efficiency through raw material optimization, the adoption of new technologies and production equipment, and ongoing process improvements. See “— Our Products” for further details of the key characteristics and competitive strengths of our products.

Our Scale and Profitability

Our products are positioned to meet downstream demand for higher energy density, higher fast-charging capability/energy efficiency and larger battery capacity. Our sales volume increased by 40.2% from 506.8 thousand tons in 2023 to 710.6 thousand tons in 2024, and further by 60.0% to 1,137.1 thousand tons in 2025, and increased by 34.2% from 222.6 thousand tons in the three months ended March 31, 2025 to 298.8 thousand tons in the same period in 2026.

Benefiting from our industry leading customer base, product performance, production utilization rates and cost advantages arising from our vertically integrated operation, together with our forward-looking industry judgments, disciplined inventory management and continuous cost optimization initiatives, we have become one of the very few enterprises in the industry to sustain profitability through industry cycles. Our revenue decreased by 45.4% from RMB41,357.7 million in 2023 to RMB22,598.5 million in 2024, primarily due to the decrease in the average selling prices of our phosphate-based cathode materials following the decline in the market prices of lithium carbonate, despite a significant increase in our sales volume. In the same year, our profit attributable to owners of the Company decreased by 62.4%. Our revenue increased by 53.2% from RMB22,598.5 million in 2024 to RMB34,624.8 million in 2025, while our profit attributable to owners of the Company increased by 115.2% from RMB593.6 million in 2024 to RMB1,277.2 million in 2025. Our revenue further increased by 121.3% from RMB6,762.1 million in the three months ended March 31, 2025 to RMB14,965.4 million in the same period in 2026, while our profit attributable to owners of the Company increased by 1,337.8% from RMB94.3 million in the three months ended March 31, 2025 to RMB1,356.1 million in the same period in 2026.

BUSINESS

Our Vertically Integrated Operation

We have developed a vertically integrated operation spanning “resources — precursors — cathode materials — recycling”, which has effectively enhanced our supply chain resilience, continuously improved our ability to control costs, and built a moat that is difficult for competitors to replicate:

Vertically Integrated Operation Segment	Our Operation Layout
Resources	We have secured phosphate mines in Guizhou Province and intend to further expand our upstream mineral resource portfolio. As of the Latest Practicable Date, Huangjiapo phosphate mine had commenced mine development and tunnel excavation and had produced development ore during the process, while phosphate mines in Dashichang were under preliminary development. We have also been expanding into upstream sources such as pyrite to further strengthen our integrated supply system.
Precursors	We have established iron phosphate production capabilities in our production lines in Sichuan, Yunnan and Guizhou Provinces. We had achieved 100% in-house production of iron phosphate, enabling us to maintain product consistency while effectively controlling production costs.
Cathode materials	We operate production bases primarily across Hunan, Sichuan, Yunnan and Guizhou Provinces, leveraging the respective advantages of each location in terms of mineral resources, energy costs, geographical location and industrial clusters.
Lithium carbonate processing and recycling	We process lithium carbonate using raw materials including lithium ore and recycled black mass from lithium-ion battery scraps, while actively expanding our lithium-ion battery recycling operations. This enables us to diversify our lithium resource supply, strengthen supply chain resilience, enhance our ability to respond to market changes, promote the recycling of phosphorus, iron and lithium sources, establish a closed-loop supply chain and improve our ability to control costs while supporting the green and low-carbon transformation of the battery material industry.

Our Technology Innovation

We have established a comprehensive R&D and process management system covering raw material selection, particle size distribution control, high-temperature solid-state sintering, carbon coating and doping. Leveraging our technological expertise, we have developed a comprehensive R&D system and systematic industrialization capabilities in producing phosphate-based cathode materials that enable high energy density, high consistency, long cycle life and high fast-charging capability/energy efficiency. Our visionary technology roadmap supports the continuous upgrading of our product portfolio. Our fourth-generation LFP cathode material products have achieved stable mass production. We are also developing our fifth-generation LFP cathode material products, which are designed to further improve compaction density while supporting higher electrochemical performance. We have also developed new LMFP cathode materials to address customers’ differentiated product requirements. In addition, we are advancing the R&D of sodium-ion battery cathode materials, lithium-rich manganese-based cathode materials for solid-state batteries, high-nickel ternary cathode materials and high-voltage LNMO cathode materials.

We have established a collaborative innovation platform through extensive cooperation with universities and research institutions. We work closely with leading battery manufacturers on new product development, leveraging our in-house R&D capabilities to address their evolving and differentiated needs, while jointly advancing the industrialization of innovative materials and new technologies in intended application scenarios. We also actively participate in the formulation of national and industry standards, further demonstrating our technological leadership within the industry.

BUSINESS

Our Customer Base and Global Expansion

We have established a broad and high-quality customer base supported by our industry-leading technology capabilities, comprehensive LFP cathode material product portfolio and the world’s largest production capacity of LFP cathode materials, according to Frost & Sullivan. In 2025, our customer base included all of the top ten power battery manufacturers and energy storage battery manufacturers in China; in the same year, our customer base included all of the top ten global energy storage battery manufacturers, as well as nine of the top ten global power battery manufacturers, according to Frost & Sullivan.

Leveraging our technology leadership and production scale, we have continued to expand our global presence. We have started to supply products in volume to the overseas production facilities of domestic battery manufacturers and are conducting product qualification and validation with a number of leading overseas battery manufacturers. We are also accelerating our global manufacturing footprint, with our production base in Spain currently under construction, which is expected to further strengthen our overseas production capacity and support our long-term international expansion.

Our long-term strategic relationships with leading customers, together with our progressively expanding global manufacturing network, provide a strong foundation for our future growth and enhance our ability to respond to evolving market conditions.

Our Sustainability Initiatives

We are committed to promoting green and sustainable development through high standards of ESG governance. We have established phased carbon reduction targets, including achieving 100% renewable electricity consumption by 2030, operational carbon neutrality by 2035 and carbon neutrality across our entire value chain by 2040. We have conducted greenhouse gas verification for three consecutive years since the beginning of the Track Record Period and completed product carbon footprint certification under ISO 14067:2018 for three consecutive years. In 2025, the greenhouse gas emission intensity of our integrated products (tCO₂/t) decreased by 9.9% compared with 2023. We have completed carbon footprint certification for our principal products, and our compliance rate for hazardous substance requirements reached 100%. We have also continued to strengthen our environmental management systems, corporate governance and social responsibility initiatives. See “— Environmental, Social and Governance.”

OUR STRENGTHS

Comprehensive In-House R&D and Innovation System Establishes Our Technological Barrier

Leveraging our in-depth understanding of phosphate-based cathode materials and the underlying chemistry of key elements, including phosphorus, iron and lithium, we have established a comprehensive in-house R&D system spanning fundamental material research, material synthesis and mass production. Such R&D system enables us to construct a technology iteration mechanism of “one generation in mass production, one generation under reserve and one generation under development.” We possess established R&D talent pipeline and comprehensive intellectual property portfolio, and our premium products are well recognized by our customers.

We Prioritize R&D, Maintaining a Well-Established R&D System

We have consistently focused on the R&D, manufacturing and sales of phosphate-based cathode materials, with technological innovation serving as a key driver of our development. We have established a dedicated R&D organization comprising two core R&D departments of a research institute and a technology department, each with clearly defined responsibilities and highly efficient collaboration, forming an integrated R&D system that covers advanced fundamental research, new products and new process development, and mass production implementation. Our research institute is primarily responsible for foundational research for new products, new manufacturing processes and technologies, based on evolving market requirements, while our technology department focuses on product industrialization and

BUSINESS

commercialization, and collaborates closely with the research institute in the development and industrial application of new technologies, manufacturing processes and products. The close coordination between these two departments enables an efficient transition from laboratory research to industrial-scale mass production.

We also place significant emphasis on talent development by combining internal talent cultivation with external recruitment of experienced professionals. Supported by incentive measures including market-oriented compensation arrangements and long-term equity incentive schemes, we have established a stable and competitive R&D team, to attract key technical personnel and fully unleash the team’s innovative vitality. As of March 31, 2026, we had 683 R&D personnel who are multidisciplinary professionals covering material chemistry, chemical engineering processes, intelligent manufacturing, and electrochemical testing, we held 167 patents in Chinese Mainland, of which 97 were invention patents. In addition, we had eight overseas patents.

Our Multi-Faceted R&D Focuses on Both Product Performance Enhancement and Cost Efficiency Optimization

We closely monitor technological developments in the industry and the evolving requirements of our downstream customers. Guided by the requirements of end-use applications, we seek to optimize the balance among key battery performance characteristics, including energy density, cycle life, fast-charging capability/energy efficiency and safety, in order to develop integrated performance solutions that best meet our customers’ application requirements. On the one hand, we continuously iterate and enhance our portfolio of high-compaction-density phosphate-based cathode materials by further optimizing our premium LFP and LMFP product lines. Through the synergistic application of proprietary formulations and process technologies, including particle size distribution control, carbon coating and doping, we tailor the combination of key performance characteristics of our products to satisfy the diverse requirements of power batteries, energy storage batteries and emerging applications. On the other hand, leveraging our vertically integrated operation, proprietary synthesis technologies and refined operational management, we continuously maintain consistent product quality while further improving our ability to control costs, simultaneously achieve the optimization and upgrading of product performance, quality and cost thereby strengthening the overall competitiveness of our products.

Our phosphate-based cathode material products are designed to enable batteries with high energy density, long cycle life, high fast-charging capability/energy efficiency, while sustaining high consistency, as well as cost competitiveness. Our premium LFP cathode material products that have achieved stable mass production feature compaction densities of approximately 2.6 g/cm³ or higher. These products are designed to enable batteries with 6C fast-charging capability, high energy density and strong low-temperature performance. Our LFP cathode materials designed for energy storage applications are capable of achieving over 12,000 charge-discharge cycles and, according to Frost & Sullivan, demonstrating high energy efficiency and overcharge safety as compared with the industry average, which is highly recognized by our downstream customers.

BUSINESS

We Actively Advance Next-Generation Cathode Material Technologies to Meet the Requirements of Iterative Battery Technologies

In addition to continuously improving our existing product portfolio, we actively invest in next-generation battery material technologies to address future developments in battery technology. We are developing cathode materials for solid-state batteries and are advancing the development of lithium-rich manganese-based cathode materials, high-nickel ternary cathode materials and high-voltage LNMO cathode materials. Through proprietary doping and carbon coating technologies, we seek to enhance interfacial conductivity and structural stability of these materials. We are also developing sodium-ion battery cathode materials, leveraging our experience in phosphate-based cathode materials, together with our proprietary formulation optimization and particle size distribution control technologies, to address key technical challenges including compaction density and battery capacity. We believe these technologies have favorable commercialization prospects. In addition, certain of our existing production lines are compatible with the manufacturing of selected next-generation materials, which is expected to reduce the capital investment and commercialization timeline required for the industrial deployment of new products, thereby enabling us to respond more efficiently to future technological developments in the battery materials industry.

Vertically Integrated Operation Enhances Product Quality Control and Cost Competitiveness as Dual Moats

Building on the core elements required for the production of LFP cathode materials, namely, phosphorus, iron and lithium, we are among the very few companies in the phosphate-based cathode material industry that have established a vertically integrated operation spanning phosphate mines, phosphochemical production, iron phosphate manufacturing, LFP cathode material production and lithium-ion battery recycling, according to Frost & Sullivan. Through a combination of upstream resource development, 100% in-house production of iron phosphate and complementary recycled lithium resources, we have enhanced the stability of our raw material supply, improved product consistency and our ability to control costs.

Our Upstream Mineral Resource Deployment Reinforces Raw Material Supply Security

Phosphate ore is classified as a strategic mineral resource in China and is subject to production quota management. High-grade phosphate resources suitable for commercial development are limited, and many have already been secured by existing market participants making the acquisition of high-quality phosphate resources highly challenging. In addition, the development cycle from exploration and regulatory approvals to commercial production for a mine typically takes three to five years or longer. Furthermore, the extraction, purification and efficient utilization of mineral resources require significant industrial know-how and technological capabilities. As a result, by securing access to upstream mine assets we can enhance the stability of our raw material supply and reduce our reliance on third-party suppliers. To strengthen our long-term raw material supply, we have strategically secured phosphate mining resources in Guizhou Province. As of the Latest Practicable Date, our Huangjiapo phosphate mine had commenced mine development and tunnel excavation and begun producing development ore during the process, while our Dashichang phosphate mines remained under preliminary development. These mining assets enable us to progressively establish an integrated upstream value chain covering mining, ore beneficiation and phosphochemical production, thereby building a formidable first-mover advantage and enhancing the long-term security of our phosphorus supply from the source.

In parallel, we are expanding into complementary pyrite resources and related sulfuric acid production capacity. By utilizing pyrite-based sulfuric acid production processes, we expect to secure a stable supply of sulfuric acid required for phosphoric acid production, while simultaneously producing a stable iron source required for production. Together, these initiatives strengthen the integration of our upstream phosphorus, sulfur and iron supply chain and contribute to further improving our ability to control costs, creating a barrier that is difficult for industry peers to replicate.

BUSINESS

We Have Achieved 100% In-House Production of Iron Phosphate

Iron phosphate is the key precursor used in the production of LFP cathode materials, and its purity, microstructure and consistency have a direct impact on the electrochemical performance of the cathode materials. According to Frost & Sullivan, we are among the very few number of cathode material manufacturers that have achieved 100% in-house production of iron phosphate. Our internally developed iron phosphate production capabilities are able to fulfill our production requirements for LFP cathode materials. By manufacturing our own precursor materials, we are able to tailor key precursor characteristics to meet the process requirements of our proprietary cathode materials, standardize raw material specifications and improve product consistency. In addition, in-house production improves our overall manufacturing cost efficiency. We believe our ability to achieve full in-house supply of iron phosphate provides an important foundation for maintaining product quality and enhancing our overall competitiveness.

We Continue to Strengthen Our Lithium Resource Processing and Recycling Capabilities

Lithium is one of the most important raw materials used in our production. To diversify our lithium resource supply, enhance the resilience of our supply chain and strengthen our ability to respond to changes in market conditions, we conduct in-house lithium carbonate processing using lithium ore and recycled battery black mass, while also expanding our lithium-ion battery recycling capabilities. We have established annual battery-grade lithium carbonate processing capacity of 70,000 tons and continue to plan further capacity expansion. In parallel, we are developing used lithium-ion battery dismantling and black mass recycling and reuse operations to recover lithium from recycled battery materials and process it into battery-grade lithium carbonate. By utilizing both virgin lithium resources and recycled lithium resources, we seek to diversify our lithium supply sources, reduce our reliance on externally procured lithium carbonate and mitigate the impact of fluctuations in lithium prices on our operations.

Global Expansion of Intelligent Manufacturing Bases and Scaled Production Capacity Enhances Our Competitiveness

We have established advanced industrialization capabilities that enable the efficient commercialization of new technologies from laboratory development to mass production. Our integrated intelligent manufacturing system supports consistent product quality and efficient production. We have also continued to expand our manufacturing footprint in both China and overseas, solidifying our industry-leading position by leveraging our globally leading production capacity and localizing delivery advantages. As of March 31, 2026, our annual designed production capacity reached 1.3 million tons, ranking first globally and substantially exceeding that of our peers, according to Frost & Sullivan.

We Possess Leading Industrialization and Production Capabilities for Stable Mass Production

Leveraging our in-depth understanding of production equipment and manufacturing processes, we are able to efficiently translate laboratory R&D results into products for mass production, with our ability to industrialize and implement R&D process technologies on production lines being among the leading levels in the industry. We have collaborated with equipment manufacturers to develop customized core equipment. Our production lines incorporate proprietary manufacturing technologies, including our secondary sintering, particle size distribution control, carbon coating and doping technologies. We have also established a refined quality management system covering the entire production process, from raw material warehousing and high-temperature solid-state sintering to finished product screening and warehousing, with stringent control over key quality indicators such as magnetic impurities, enabling high consistency of our products. Our production lines are capable of continuous and stable operation, with their designed production capacity per production line and level of automation integration ranking among the industry's leading levels, according to Frost & Sullivan.

BUSINESS

Our Global Layout of Production Capacity Provides Distinct Scale Advantages

The cathode materials industry is characterized by substantial investment requirements and high barriers to industrialization. Production capacity and financial strength are therefore important competitive factors and key considerations for downstream battery manufacturers when selecting suppliers.

We operate multiple domestic production bases primarily in Xiangtan and Xiangxiang in Hunan Province, Suining in Sichuan Province, Fuquan in Guizhou Province and Anning in Yunnan Province. These production bases leverage their respective advantages in mineral resources, energy costs, geographical location and industrial clusters, with differentiated production positioning to optimize overall operational efficiency. We are also constructing our overseas production base in Spain, which is the largest LFP cathode material production facility under construction in Europe. The project has obtained environmental approvals and completed site preparation. Upon completion, the facility is expected to enable localized manufacturing and global delivery, further expanding our overseas market presence and strengthening our position as one of the very few Chinese LFP cathode material manufacturers with overseas large-scale manufacturing capabilities.

Extensive Coverage of Leading Global Customers and Joint Efforts for Low-Carbon Ecosystem

Lithium-ion battery cathode materials are one of the key components determining the overall performance of lithium-ion batteries. Downstream battery manufacturers generally adopt stringent supplier qualification standards and lengthy product verification procedures to ensure product performance and quality. As a result, once supplier relationships are established, they are typically stable and long-term. We conduct our product development and manufacturing with a customer-oriented approach, continuously enhancing product performance to meet evolving requirements for longer range and longer cycle life and other performance improvements in next-generation battery products, thereby continuously creating value for our customers.

We have established a broad customer base among leading battery manufacturers. According to Frost & Sullivan, in 2025, we achieved full coverage of the top ten power battery and energy storage battery manufacturers in China, which accounted for 97.6% and 94.5% on the respective markets, respectively. We also served nine of the top ten global power battery manufacturers and all of the top ten global energy storage battery manufacturers, which together accounted for 89.5% and 89.4% on the respective markets, respectively. Our products are widely applied in core sectors including passenger vehicle and commercial vehicle power batteries, as well as grid-scale and commercial and industrial ESS. We are also expanding into emerging applications, including embodied artificial intelligence, construction machinery and electric vessels, and this balanced layout across multiple sectors provides additional opportunities for our medium- to long-term business growth.

Going forward, we intend to further strengthen our relationships with leading global power battery and energy storage customers. Building on our expertise in lithium-ion battery material production, we also intend to collaborate with upstream and downstream participants across the value chain to promote carbon reduction and jointly build an integrated low-carbon ecosystem, thereby contributing to the global transition toward a low-carbon ecosystem.

Experienced Management Team with Strategic Vision and Strong Execution Capabilities

Our core management team has extensive experience in the battery materials industry and, prior to joining our Company, had years of operation and management experience in listed companies in the battery materials sector. Leveraging their industry experience, they have developed a deep understanding of technology development, business operations and long-term industry trends, and have demonstrated outstanding strategic planning, rapid response and highly efficient execution capabilities. Despite the cyclical nature of the new energy industry, our core management team has responded proactively to changes in market conditions and made timely strategic decisions. As a result, we have been one of the

BUSINESS

very few companies in the industry to have sustained profitability throughout the industry cycle, according to Frost & Sullivan, while further strengthening our competitive position relative to our peers, demonstrating the management’s precise strategic vision and management capabilities.

We have also established a multi-tiered talent incentive system centered on equity incentives and supported by market-oriented compensation and performance evaluation mechanisms. We have launched long-term equity incentive programs featuring broad coverage and an extended vesting period, which cover key personnel aligning employee interests with our operating performance and medium- to long-term development objectives, thereby fully mobilizing the operational motivation and technological R&D initiative of core management, business and technical personnel, and further enhancing the stability of our core teams.

OUR STRATEGIES

Against the backdrop of the long-term transformation of the global new energy industry, we have set the goal of building a world-class new energy materials platform through four long-term strategic pillars: technology leadership, integrated industrial value chain, lean manufacturing and global presence. We intend to leverage these pillars to strengthen our collaborative innovation across multiple chemical systems, vertically integrated operation, advanced large-scale manufacturing and global service capabilities. Through these initiatives, we aim to enhance our resilience across industry cycles, support sustainable and high-quality growth, and contribute to the global energy transition and low-carbon development.

Technology Leadership: Building a Multi-Chemistry Materials Platform Powered by Innovation

We are committed to innovation-driven development and focus on advancing the core technologies of phosphate-based cathode materials to further improve their performance boundaries. We aim to provide high-performance, reliable and cost-competitive materials solutions for power batteries, energy storage batteries and other emerging applications.

In anticipation of the long-term evolution of new energy battery technologies, we are proactively developing new electrochemical material systems, including those for sodium-ion batteries and solid-state batteries. We are building a diversified materials technology platform covering LFP cathode materials, LMFP cathode materials, sodium-ion battery cathode materials, lithium-rich manganese-based cathode materials, high-nickel ternary cathode materials and high-voltage LNMO cathode materials.

We are committed to the coordinated development of multi-chemistry systems and seek to leverage our platform-based materials capabilities to integrate fundamental research, product industrialization and commercialization. By effectively aligning technological innovation with evolving market requirements, we aim to develop differentiated product solutions that address the evolving needs of our customers, advance battery performance and expand the application boundaries. Through these efforts, we seek to create long-term value for our customers, further strengthen our technological capabilities and consolidate our leading market position as the industry continues to evolve.

Integrated Industrial Value Chain: Building an Integrated Ecosystem of Bulk Chemicals and Advanced Materials

We have developed deep expertise in the fundamental chemistry of key elements. Centered around phosphorus, sulfur, iron and lithium, we promote synergistic development of key resources, basic chemicals, critical precursors, advanced new materials and resource recycling, to build an integrated ecosystem in which bulk chemicals and advanced materials reinforce each other while resource development is effectively integrated with resource recycling.

BUSINESS

Through greater control over upstream bulk chemical operations, we seek to strengthen the reliability and security of our key raw material supply and our resource allocation capabilities, thereby establishing a competitive cost base and strengthening our resource advantages. Through technological advancement in downstream advanced materials, we seek to convert basic resources into higher value-added new energy materials and establish barriers through differentiated product value. Through our resource recycling system, we seek to facilitate the coordinated use of virgin and recycled resources, extend the value cycle of resources and achieve sustainable development.

We are committed to building an integrated ecosystem spanning bulk chemicals and advanced materials, in which resource security, large-scale manufacturing, materials innovation and resource recycling reinforce and complement one another. Through such integration, we seek to develop a differentiated and highly synergistic industrial model with enhanced resilience across industry cycles and core industrial advantages that are difficult to replicate, thereby establishing a strong industrial foundation for developing a world-class new energy materials platform.

Lean Manufacturing: Building a Scalable, Intelligent and Quality-driven Advanced Manufacturing System

We will continue to strengthen our large-scale, standardized and intelligent manufacturing capabilities. Leveraging our production scale, established production management capabilities and stringent quality control systems, we seek to dynamically align our manufacturing capabilities with global market demand, industry developments and evolving customer requirements, and to build an advanced manufacturing system that is efficient, high-quality, replicable and scalable.

Supported by production line upgrades, digitalization and lean operations, we seek to promote the coordinated development of manufacturing scale, technology, quality and efficiency, while continuously enhancing manufacturing efficiency, delivery capabilities and the consistency of product performance and quality. By providing stable and reliable large-scale deliveries, we aim to earn the long-term trust of leading global customers and translate our manufacturing capabilities into a key source of competitive strength, thereby further strengthening our leading market position.

Global Presence: Building a Global Production and Localized Service Network

We take a global perspective of the industry by steadily expanding our international production footprint and strengthening our localized operations, with the aim of establishing production, supply and customer service capabilities that are aligned with the development of the global new energy industry.

We intend to deepen our integration into the global new energy supply chain, leveraging localized capabilities to serve regional markets and coordinating resources across our global operations. We will seek to continuously improve our products, technologies and service capabilities along with the evolving requirements of customers worldwide.

We aim to develop an international business platform with our China operations as a solid foundation, supported by our overseas production and service network and connected through our relationships with customers globally. We seek to expand our global market presence and strengthen our international brand recognition, while facilitating the high-quality, large-scale and sustainable adoption of advanced cathode materials worldwide and progressing toward our long-term goal of building a world-class new energy materials platform.

OUR PRODUCTS

We are a globally leading new energy materials company specializing in the R&D, manufacturing and sales of phosphate-based cathode materials. LFP cathode materials are a key type of cathode materials used in lithium-ion batteries. As a core component of lithium-ion batteries, cathode materials play a critical role in the electrochemical performance of lithium-ion batteries, including energy density, rate performance, cycle life, safety and performance under varying operating conditions. Compared with other

BUSINESS

cathode materials used in lithium-ion batteries, LFP cathode materials offer superior thermal stability, longer cycle life and greater cost-effectiveness, making them the most widely adopted cathode material for lithium-ion power batteries and energy storage batteries, which are used in NEV and ESS applications. Accordingly, the performance and quality of LFP cathode materials are critical to the overall performance, reliability and service life of lithium-ion batteries.

Our products are primarily supplied to battery manufacturers for the production of power batteries and energy storage batteries, which are ultimately used in NEV and ESS applications. According to Frost & Sullivan, we have been the world’s largest supplier of phosphate-based cathode materials by shipment volume for six consecutive years from 2020 to 2025.

The following table sets forth a breakdown of our revenue by product type for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Phosphate-based										
cathode material . . .	41,105,774	99.4	22,214,955	98.3	33,909,853	97.9	6,653,351	98.4	14,705,738	98.3
Others ⁽¹⁾	251,897	0.6	383,572	1.7	714,915	2.1	108,790	1.6	259,706	1.7
Total	41,357,671	100.0	22,598,527	100.0	34,624,768	100.0	6,762,141	100.0	14,965,444	100.0

Note:

(1) Others primarily consist of sales of by-products generated during the production process, as well as sales of raw materials.

Through our proprietary manufacturing processes (especially the secondary sintering process) and continuous technological innovation, our phosphate-based cathode materials possess the following key performance characteristics and product advantages:

Performance Characteristics	Particulars
High-energy density	Through precise particle size distribution control, including the optimization of particle size and quantity and other particle gradation, as well as the use of low-impurity precursors with strictly controllable iron-to-phosphorus ratio, we continue to improve the compaction density and specific capacity of the LFP cathode material, which enables the battery manufacturers to manufacture cells with higher energy density under the same volume and weight.
Long-cycle life	Compared with a single sintering process, the secondary sintering process has a longer sintering time and lower temperature, which enables the LFP cathode materials to have characteristics such as high crystallinity, no impurity phase, and better carbon coating effect. They exhibit better structural stability and conductivity and generate fewer electrolyte side reactions during cycling. Based on this, batteries using our products can achieve a cycle life of over 12,000 charge-discharge cycles under applicable test conditions. Long cycle life is particularly important in energy storage applications, since batteries used in ESS are expected to undergo frequent charge-discharge cycles over extended periods of time.

BUSINESS

Performance Characteristics	Particulars
High fast-charging capability/energy efficiency	Following the first sintering step, which removes gaseous components from raw materials such as lithium carbonate, the secondary sintering step, which incorporates carbon source addition and grinding, enhances the carbon coating of LFP crystal particles, reduces primary particle size and optimizes electrical conductivity and ion diffusion efficiency. These improvements enable batteries using our products to maintain high electrochemical performance under low-temperature and high-rate operating conditions, resulting in enhanced fast-charging performance in power batteries and higher energy efficiency in energy storage batteries.
High consistency . . .	With 100% in-house production of iron phosphate, which determines product quality, relying on the management team’s extensive experience in quality control of cathode materials, we continuously optimize our quality management system, which covers all aspects of manufacturing, including raw material specifications, process technology, and production equipment, to improve the consistency of our products. These efforts enable the products to remain highly reliable while meeting the stringent quality standards of our customers. In particular, the performance of key indicators, such as magnetic substances, far exceeds the industry average and standard requirements.
High cost-effectiveness	On the basis that our secondary sintering process provides advantages such as high energy density, high fast-charging capability/energy efficiency, and long cycle life, and relying on our vertically integrated operation covering “resources — precursors — cathode materials — recycling”, with continuous process optimization and forward-looking strategic location selection, we are able to effectively control production costs while taking into account product quality and performance.

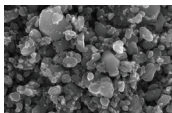
Our LFP cathode materials are of differentiated performance specifications, enabling us to meet the varying technical requirements of different battery applications. The compaction density of our LFP cathode material powder is 2.3-2.7 g/cm³. Higher compaction density enables a greater amount of LFP cathode material to be accommodated within a given volume, thereby increasing the energy density of the battery. Our premium LFP cathode material products that have achieved stable mass production feature compaction densities of approximately 2.6 g/cm³ or higher. Batteries incorporating our LFP cathode materials mainly exhibit the following key performance characteristics under applicable testing conditions:

- **Specific capacity (full cell):** approximately 145-146 mAh/g;
- **Cell energy density (full cell):** approximately 180-210 Wh/kg;
- **Fast-charging capability (power battery):** under charging rate of 6C, with capacity retention of no less than 98%;
- **Energy efficiency (energy storage battery):** energy efficiency of no less than 95.5% at 0.5P output power; and
- **Cycle life:** approximately 5,000 to over 12,000 charge-discharge cycles.

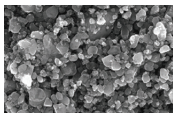
Our product design is driven by the intended application scenarios and the corresponding technical requirements of battery manufacturers and end users. We develop different types of LFP cathode materials with differentiated performance characteristics, principally for power battery and energy storage battery applications:

BUSINESS

- **YN series – the products are designed to deliver high energy density and fast-charging capability.** These products are principally designed for power battery applications, where higher energy density and higher fast-charging capability are required to support extended driving range and fast charging for NEVs. The key performance indicators of our representative YN series product are set out below:

Type	Picture	Specific capacity (full cell)	Energy density (full cell)	Fast-charging capability	Cycle life
Y9C		146 mAh/g	210 Wh/kg	6C, ≥98%	>10,000 cycles

- **CN series – the products are designed to deliver long cycle life, high safety, high energy efficiency and cost-effectiveness.** These products are principally designed for ESS applications, where long cycle life, overcharge safety, energy efficiency and cost-effectiveness are prioritized to support long-duration, high-frequency charge-discharge operations. The key performance indicators of our representative CN series product are set out below:

Type	Picture	Specific capacity (full cell)	Energy density (full cell)	Energy efficiency	Cycle life
CN-5B		146 mAh/g	200 Wh/kg	0.5P, ≥95.5%	>12,000 cycles

While each product is developed with particular application scenarios in mind, our customers ultimately select the products that best meet their specific technical and commercial requirements. In practice, customers for power battery applications generally prioritize higher energy density and fast-charging capability, while customers for energy storage battery applications typically place greater emphasis on high energy efficiency, long cycle life, overcharge safety and cost-effectiveness. However, products designed for power battery applications may also be used in other applications such as ESS, and products designed for energy storage applications may be used in the applications of power batteries, depending on the customer’s battery design and product specifications and performance requirements.

During the Track Record Period, our sales volume of phosphate-based cathode materials increased from 506.8 thousand tons in 2023 to 710.6 thousand tons in 2024 and 1,137.1 thousand tons in 2025. For the three months ended March 31, 2026, our sales volume reached 298.8 thousand tons. See “Financial Information — Description of Key Statements of Profit or Loss Items — Sales Volume and Average Selling Price.”

We have also developed LMFP cathode materials, a new type of phosphate-based cathode material developed by incorporating manganese into the LFP crystal structure. Compared with LFP cathode materials, LMFP cathode materials generally offer higher operating voltage and energy density while maintaining relatively favorable safety performance and cycle life, providing customers with additional choices.

BUSINESS

RESEARCH AND DEVELOPMENT

R&D Team and Investment

R&D is a key component of our business strategy and an important driver of our competitiveness. We continuously invest in R&D to enhance our technological capabilities, improve our production procedures and accelerate the commercialization of new technologies and products. Our R&D activities are market- and customer-oriented, with a focus on developing products and technologies that address the evolving performance requirements of lithium-ion batteries.

As the lithium-ion battery industry continues to develop rapidly, battery manufacturers and their end customers have placed increasing emphasis on higher energy density, faster-charging capability/higher energy efficiency, longer cycle life and lower production costs. Particularly in recent years, with the increasingly strict enforcement of battery safety standards, the secondary sintering process has demonstrated greater advantages. In response to these market trends and leveraging our technological expertise, we focus our R&D efforts, including on fifth-generation products and other next-generation cathode materials. We continuously optimize our manufacturing processes and product performance while investing in the development of new products, technologies and materials.

Through our accumulated experience in commercializing R&D results and our continuous application of new technologies and materials, we are able to respond efficiently to evolving market demand, accelerate product iteration and commercialization, and strengthen our long-term strategic cooperation with leading customers and suppliers. These efforts enable us to continuously develop new products, improve manufacturing processes, enhance product performance and stability, improve our ability to control costs and further strengthen our competitive position. See “— Our Strengths — Comprehensive and Innovative In-House R&D System Establishes Our Technological Barrier — We Actively Advance Next-Generation Cathode Material Technologies to Meet the Requirements of Iterative Battery Technology.”

As of March 31, 2026, we had an R&D team of 683 members, representing approximately 8.1% of our total workforce as of the same date. Our R&D team are experienced in material design, precursor preparation, doping, coating and sintering, and the engineering of cathode materials for end applications, and they work closely with our production bases to transfer new products into mass production.

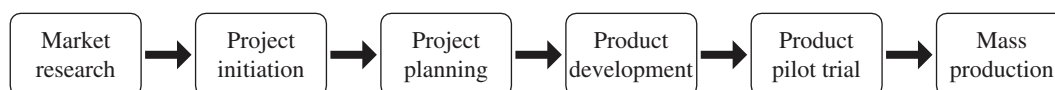
We have established a research institute and a technology department, each performing distinct but complementary functions within our R&D framework. Our research institute is primarily responsible for foundational research for new products, new manufacturing processes and technologies, based on evolving market requirements, as well as forward-looking and platform technologies such as next-generation chemistries and new material systems. The technology department is responsible for product industrialization and commercialization, including translating research outcomes into commercial products, introducing new products into mass production, process optimization and customer-specific development. The research institute and the technology department maintain close collaboration throughout the R&D process and jointly undertake the research, development and application of new technologies, manufacturing processes and materials to facilitate the commercialization of technological innovations and enhance our product competitiveness.

Our R&D expenses were approximately RMB358.2 million, RMB291.5 million, RMB380.9 million and RMB180.5 million in 2023, 2024 and 2025 and the three months ended March 31, 2026, respectively. This expenditure funds the development of new product series, the improvement of our existing products and processes, and our longer-term technology reserves. Our R&D efforts are reflected in a growing patent portfolio: as of March 31, 2026 we held 167 patents in Chinese Mainland, of which 97 were invention patents. In addition, we had eight overseas patents as of the same date. See “— Intellectual Property” for further details.

BUSINESS

R&D Approach and Process

Our R&D is oriented towards our customers and the market. We regularly communicate with our customers to ensure their requirements are built into our product development, and we use the feedback gathered through customer testing and validation to refine our designs, which together help us shorten the cycle for iterating and upgrading our products. We manage our development projects through the stages set out below.



- **Market research.** We track the requirements of battery manufacturers and end-users — such as their targets for energy density, fast charging, cycle life and cost — together with technological trends in the downstream battery industry, and feed these into our product planning.
- **Project initiation.** Drawing on our market research, we assess the technical feasibility, resource requirements and commercial prospects of a proposed project and decide whether to proceed.
- **Project planning.** We set the product specifications, technical route, development timeline and key milestones, taking into account the customer testing and validation that the project will require.
- **Product development.** We carry out material formulation, process design, sample preparation and laboratory testing in accordance with the project plan and refine the formulation and process in light of the results.
- **Product pilot trial.** We trial the product on a pilot production line to resolve the technical issues involved in scaling up, with the aim that mass-produced products consistently meet the targeted specifications.
- **Mass production.** Following a successful pilot trial, we transfer the technical documentation and process requirements to our production bases and provide the support needed to achieve stable, standardized mass production.

Our Technologies

Our core technologies span the production process of our phosphate-based cathode materials, from precursor preparation to the finished product, and the combination of these technologies underpins the energy density, stability, cycle life and cost of batteries incorporating our phosphate-based materials. The table below sets out our principal core technologies and how each contributes to product performance:

Core technology	Description
Iron phosphate preparation	We prepare iron phosphate with low impurity content and a strictly controlled iron-to-phosphorus ratio, providing a critical foundation for achieving high energy density in batteries using our cathode materials and ensuring the consistency of our finished phosphate-based cathode materials.
Secondary sintering	We pioneered a secondary sintering process which substantially enhances the effectiveness of carbon coating and doping while allowing reduced primary particle size, thereby improving the cycle life and low-temperature performance of batteries incorporating our LFP cathode materials. Leveraging particle size gradation theory, our secondary sintering process enables precise control over particle size and particle quantity, thereby enhancing the compaction density in our products.

BUSINESS

Core technology	Description
Particle size distribution control and nano-sizing .	During a secondary sintering process, the first sintering step decomposes functional groups and reduces ferric iron, while the second sintering step incorporates carbon coating and grinding to achieve precise control and nanoscale refinement of the particle size distribution. This enables enhanced energy density without compromising rate performance or cycle life.
Doping	We apply two rounds of grinding and two rounds of sintering to achieve balanced and uniform bulk and surface doping to enhance the electrical conductivity of our products, thereby achieving better rate capability and low-temperature performance.
Carbon coating	In our secondary sintering process, functional groups are fully decomposed during the first sintering step, followed by carbon coating during the second sintering step, which substantially improves the uniformity of the carbon coating. Combined with the optimization of our carbon source formulation, this further enhances the degree of graphitization and results in excellent electrical conductivity, thereby improving the rate performance and cycle life of batteries incorporating our LFP cathode materials.

Key R&D Projects

Our R&D efforts focus on enhancing the performance and application scope of our core products while building forward-looking technological capabilities. Beyond our existing portfolio, in response to the trend towards the commercialization of solid-state batteries, we are developing cathode materials compatible with solid-state battery systems, with a focus on lithium-rich manganese-based cathode materials, high-nickel ternary cathode materials and high-voltage LNMO cathode materials, and have enhanced the interfacial conductivity and structural stability of such materials through specialized doping and coating process optimization. We have also established early-stage technological reserves in sodium-ion battery cathode materials, drawing on our R&D experience accumulated in phosphate-based cathode materials and our leading nano-sizing, carbon coating and particle size distribution control technologies to address the capacity and compaction density bottlenecks of sodium-ion battery cathode materials. We believe these forward-looking capabilities position us to respond to evolving downstream demand.

The table below sets forth a summary of our key R&D projects as of March 31, 2026:

Project Name	Product Type	Project Description and Current Status
Fifth-generation high-compaction-density LFP cathode materials	LFP	We are developing a fifth-generation high-compaction-density LFP cathode material that further increases compaction density, towards ≥ 2.7 g/cm ³ , targeting the theoretical maximum, while preserving high specific capacity through in-situ doping and optimized particle size distribution control, to enhance the energy density and fast-charging capability achievable in our customers’ power batteries. This project has entered the pilot production stage.

BUSINESS

Project Name	Product Type	Project Description and Current Status
Third-generation low-cost energy-storage LFP cathode materials	LFP	For the cost-sensitive energy storage market, we developed lower-cost LFP cathode materials through formulation, process and yield improvements and our integrated raw-material supply, while maintaining the high energy efficiency, long cycle life and excellent overcharge safety performance that energy storage customers require. This project has been completed.
High-safety cathode materials for solid-state batteries	Lithium-rich manganese-based cathode materials	We are developing high-stability cathode materials compatible with solid-state electrolyte systems, focusing on interface stability and safety, to position us for next-generation battery architectures. This project is at the research stage.
Development of high-nickel ternary cathode materials for all-solid-state batteries	Ternary materials	We are developing high-nickel ternary cathode materials suitable for sulfide solid electrolytes. Through interface modification, we ensure high lithium-ion conductivity while enhancing system stability and safety; at the same time, with the help of high-compaction-density technology, we have increased the fill ratio of high-nickel ternary cathode materials, reducing cell steric resistance, and thus securing a favorable position for us in next-generation battery architecture. This project is at the research stage.
Phosphate-series material optimization . . .	LFP	We continue to refine our core phosphate-series formulation and process to improve product consistency and production yield and to further reduce cost, strengthening the competitiveness of our LFP cathode materials. This project is ongoing.
Second-generation high-compaction-density LMFP cathode materials	LMFP	We developed our second-generation high-compaction-density LMFP cathode materials, which offer higher operating voltage and energy density than LFP cathode materials, by optimizing the manganese-to-iron ratio, the coating system and the particle design. This project has been completed.
First-generation high-voltage LNMO cathode materials	LNMO	We developed our first-generation high-voltage LNMO cathode material by synthesizing a spinel-structured cathode material, which offers a higher operating voltage. The project has been completed.
Sodium-ion battery cathode materials	Sodium Iron Pyrophosphate (NFPP)	We leverage our existing phosphate chemical resources and integrated raw material supply to develop a low-cost NFPP. While meeting the energy density requirements of customers in some market segments, its wide temperature adaptability, rate performance and cycle life are excellent, laying a groundwork for the development of sodium-ion batteries. This project is at the research stage.

BUSINESS

R&D Cooperation

In addition to our in-house R&D capabilities, we collaborate with universities and institutions on the technologies and fundamental research relating to cathode materials. Under these arrangements, we typically provide research resources, and the intellectual property developed under such collaborations is owned by us/jointly owned by the parties, with us generally having the right to commercialize the relevant outcomes. During the Track Record Period, our core technologies and principal products were developed in-house and were not dependent on any third-party research institution.

The salient terms of our typical cooperation agreements are set forth below:

- **Term.** The initial term of the agreement is typically determined based on the time required for project implementation. Upon expiry of the agreement, the parties will negotiate whether to renew the agreement based on the status of their cooperation.
- **Objective.** The R&D objectives are specified in the cooperation agreements.
- **Costs and resources.** Each party generally bears its own costs incurred in performing the agreement.
- **Intellectual property rights.** Intellectual property rights arising from our collaborations are typically either solely owned by us or jointly owned by the parties, subject to the specific terms of each agreement.
- **Confidentiality.** Both parties are restricted from disclosing confidential information of the other party.

PRODUCTION

We manufacture our LFP cathode materials using the high-temperature solid-state sintering, under which iron phosphate and lithium carbonate undergo solid-state reaction to form the LFP crystal structure. This production process enables us to enhance compaction density while maintaining high capacity and product stability. Iron phosphate is the key precursor for our LFP cathode materials, while lithium carbonate serves as the principal lithium source. Leveraging our vertically integrated operation, we had achieved 100% of in-house production of iron phosphate used in the manufacture of our LFP cathode materials, enabling us to maintain a stable supply and consistent quality of this key production input. We primarily procure lithium carbonate from external suppliers and supplement such procurement through our in-house lithium carbonate processing capabilities, under which lithium-bearing raw materials, including lithium ore and recycled black mass from lithium-ion battery scraps, are processed into lithium carbonate. In addition, our upstream mineral resources and lithium-ion battery recycling capabilities further enhance the resilience of our supply chain and support the stable production of our LFP cathode materials.

BUSINESS

Our Vertically Integrated Operation

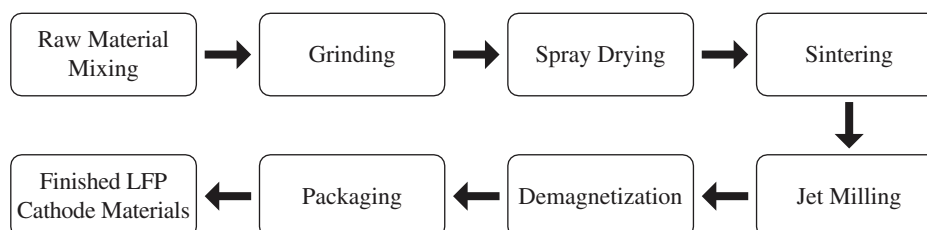
Leveraging our upstream phosphate resources, technological expertise and manufacturing capabilities in LFP cathode materials, we have established a vertically integrated operation spanning “resources — precursors — cathode materials — recycling”. We have integrated key stages from phosphate resource extraction and phosphochemical production to iron phosphate manufacturing and LFP cathode material production. Building on our vertically integrated operation, we are also expanding into lithium carbonate processing and lithium-ion battery recycling to further enhance the supply of key raw materials, improve resource utilization and reinforce the resilience of our supply chain, enabling us to better manage future market challenges and support our long-term sustainable growth. Meanwhile, we are actively developing pyrite mines in the upstream resources. This vertically integrated operation enhances supply chain resilience, improves product quality consistency and traceability, and strengthens our cost competitiveness. See “— Overview — Our Business.”

Production Process of Our LFP Cathode Materials

We manufacture our LFP cathode materials using the solid-state process, which is the prevailing production method for LFP cathode materials. In general, iron phosphate, lithium carbonate and other raw materials are accurately dosed, mixed and ground to form a homogeneous slurry. The slurry is then spray-dried into a uniform powder, which undergoes high-temperature sintering under a controlled atmosphere to form the desired LFP crystal structure. Through the secondary sintering process, we also further improve crystallinity, enhance the effectiveness of the carbon coating and optimize electrochemical performance, including electrical conductivity, fast-charging capability/energy efficiency and cycle life. The sintered material is subsequently jet milled to achieve the required particle size distribution, demagnetized to remove magnetic impurities, and finally tested and packaged.

We apply substantially the same core production process across our portfolio of LFP cathode materials. Product differentiation is primarily achieved through adjustments to formulation and process parameters, including precursor characteristics, carbon coating, doping and sintering conditions, to deliver products with different combinations of performance characteristics. In addition, customer performance requirements vary depending on the intended application. Customers procuring LFP cathode materials for power batteries generally prioritize higher energy density and fast-charging capability, whereas customers for energy storage battery applications generally place greater emphasis on long-term cycle life, stability and safety performance.

The principal production processes and the corresponding primary equipment used in the production of our LFP cathode materials are summarized below.



Process	Principal activities	Primary equipment
Raw material mixing	Iron phosphate, lithium carbonate and other inputs are accurately weighed and mixed to form a homogeneous slurry.	Metering system, reaction tank, transfer tank, conveying pipelines and valves

BUSINESS

Process	Principal activities	Primary equipment
Grinding	The slurry is ground to achieve the required particle size distribution.	Sand mill and transfer tank
Spray drying	The qualified slurry is atomized and dried into precursor powder.	Spray dryer
Sintering	The precursor powder undergoes high-temperature solid-state sintering to form the desired LFP crystal structure.	Kiln
Jet milling	The sintered material is milled to the required particle size distribution.	Jet mill
Demagnetization	Magnetic impurities are removed to improve product purity.	Electromagnetic iron remover
Packaging	The finished products are inspected, packaged and prepared for delivery.	Packaging machine and drying system

We regularly inspect and maintain the machinery used in our production processes and replace consumable parts and components in a timely manner. Our major production equipment and machinery have an estimated useful life of 5 to 10 years.

All of the major equipment and machinery used in our production are owned by us, and were primarily purchased from reputable equipment manufacturers in Chinese Mainland during the Track Record Period. We work closely with equipment manufacturers to specify the technical parameters and functional requirements of our production equipment, and guide the design and customization of the equipment to meet our manufacturing processes and production requirements. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any prolonged suspension of our production process or any significant interruption in our business operations due to production equipment failures or breakdowns.

We typically plan our production based on sales forecasts and customer orders. Specifically, we formulate our production plans based on our operating and sales performance, anticipated market demand, historical sales trends, sales forecasts, inventory levels and available production capacity, among other factors. We also adjust our production schedules on an ongoing basis in response to changes in market demand and customer orders to optimize production efficiency and ensure timely delivery of our products. This production model enables us to respond promptly to customer demand while maintaining high capacity utilization and effective cost control.

During the Track Record Period, we manufactured our LFP cathode materials at our own production bases and did not subcontract any of our production processes of our LFP cathode materials to third parties.

Mineral Resources

As part of our vertically integrated operation, we hold the mining right for the Huangjiapo phosphate mine and both the mining right and the exploration right in respect of phosphate resources at Dashichang. All of such mines are located in Guizhou Province in close proximity to our Guizhou production base. We hold these mining and exploration rights through a company in which we own a 67% equity interest. These phosphate resources strengthen the security and stability of our phosphate ore supply and support our vertically integrated operation.

BUSINESS

The Huangjiapo phosphate mine had commenced mine development and tunnel excavation as of the Latest Practicable Date. During the mine development process, development ore generated from tunnel excavation has been recovered and utilized to verify the compatibility and suitability of the phosphate ore for use in our in-house production of iron phosphate. The phosphate mines in Dashichang were under preliminary development as of the Latest Practicable Date. Meanwhile, we are actively developing pyrite mines in the upstream resources.

Principal Production Bases

We produce our LFP cathode material products in our own facilities, which is critical for us to control product quality, and react quickly to shifts in market and customer demand. As of the Latest Practicable Date, we operated five principal production bases in Chinese Mainland for the production of LFP cathode materials, iron phosphate and other key upstream materials. We have located our bases strategically, taking into account their mineral resources, energy costs, geographical location and industrial clusters, which we believe helps us control our production and logistics costs. The table below sets out the location and aggregate land area of each production base:

Production base	Aggregate land area (mu)
Hunan Xiangtan base	329
Hunan Xiangxiang base	423
Sichuan Suining base	767
Guizhou Fuquan base	2,220
Yunnan Anning base	1,609

We continuously monitor our production bases and utilization rates and update our production plans based on the rolling forecasts of customer orders.

The following table sets forth the production capacity, production volume and utilization rate of our phosphate-based cathode materials during the periods indicated:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
Phosphate-based cathode materials					
Production capacity ⁽¹⁾ ('000 tons)	561.9	726.0	994.5	211.8	334.5
Production volume ⁽²⁾ ('000 tons)	504.4	735.5	1,131.3	224.7	303.7
Utilization rate ⁽³⁾ (%)	89.8	101.3	113.8	106.1	90.8

Notes:

- (1) The production capacity for a given year or period is generally calculated based on the originally planned annual production capacity of the relevant production lines, assuming they operate at their full planned production capacity, taking into account the period during which such production lines are in operation in the relevant year or period.
- (2) The actual production volume represents the total volume of products produced during the relevant year or period.
- (3) The utilization rate is calculated as the production volume divided by the production capacity during the same year or period.

BUSINESS

Our production capacity increased from approximately 561.9 thousand tons in 2023 to 726.0 thousand tons in 2024 and 994.5 thousand tons in 2025 as we commissioned new production lines to meet growing downstream demand. Our utilization rate exceeded 100% in 2024 and 2025, primarily because we achieved output above nominal design parameters through technical upgrades and optimized production scheduling while improving the efficiency of maintenance under the background of strong downstream demand.

Planned Production Bases

We are expanding our production capacity to meet the growing demand for our phosphate-based cathode materials, further enhance our economies of scale and strengthen our cost competitiveness.

We intend to invest in and construct an Integrated Mining-Chemistry Project for New Battery Materials in Guizhou to lay out LFP and its upstream industry chain projects, including LFP, iron phosphate, phosphorus sources (phosphate mining, ore beneficiation, phosphochemical processing and sulfuric acid production for phosphoric acid manufacturing), iron sources (including pyrite), lithium carbonate processing, and lithium-ion battery recycling. The total construction period is expected to be five years. Upon completion, the project is expected to increase our annual designed production capacity for LFP cathode materials and iron phosphate by 800,000 tons and 1,000,000 tons, respectively. The total planned investment for the project is expected to be approximately RMB24.0 billion. We expect the project to help us expand our production capacity to meet growing market demand, further enhance our vertically integrated operation, and improve the resilience of our supply chain and strengthen our cost competitiveness. Approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] are expected to be used to finance the construction of the Guizhou project. See “Future Plans and [REDACTED] — [REDACTED].”

In addition, as of March 31, 2026, we were constructing a production base in Spain with an annual designed production capacity of 50,000 tons of LFP cathode materials, with a total investment of approximately RMB982.0 million, which is expected to be completed in 2027. The Spain production base is expected to strengthen our overseas manufacturing footprint, enhance our ability to serve overseas market and support our global presence strategy.

QUALITY CONTROL

We adhere to quality control standards and have established a quality management system covering supplier management, incoming raw material inspection, production process control, finished product inspection, and customer feedback handling to ensure stable product delivery. We also maintain a suite of advanced testing and analytical instruments to support our quality control. We have obtained ISO 9001 quality management system certification and IATF 16949 automotive industry quality management system certification for our quality control.

We have a quality control team responsible for the overall quality management of our operations, including implementing and monitoring quality control procedures across key stages of our production processes:

- **Supplier management.** We conduct evaluation of qualified suppliers based on factors such as product quality, delivery, service and cost performance. See “— Our Supply Chain — Our Suppliers.”
- **Incoming raw material inspection.** We inspect raw materials and production materials before they are accepted for warehousing or production.
- **Production process control.** We closely monitor the entire production process, from raw material mixing to finished product packaging, to ensure product consistency.
- **Finished product inspection.** We conduct inspection before product delivery based on applicable product standards and customer requirements.

BUSINESS

Our laboratories at each production base are under the unified vertical management of the Group headquarters, providing comprehensive support for raw material testing, process quality control, finished product testing, and R&D verification at our various production bases. The Hunan Xiangtan base testing center successfully obtained CNAS accreditation in December 2025 and currently holds qualifications for 16 core lithium-ion battery testing items. This signifies that the laboratory’s hardware and software conditions, management system, and testing capabilities have reached high industry standards, and its test results possess authoritative credibility.

Our laboratories at all bases share highly unified testing standards and technical systems with key testing equipment. This comprehensive approach covers three core testing areas of physical properties, chemical composition, and electrochemical performance. It can accurately measure powder physical properties such as particle size, specific surface area, tap density, and compaction density; detect chemical components such as iron, phosphorus, lithium, and various trace elements in materials; and perform electrochemical performance testing such as specific capacity and powder resistivity.

Leveraging a comprehensive testing system and professional technical capabilities, our laboratory can provide reliable quality control and technical support for all our product categories. As our business and product lines continue to grow, we will also expand our testing services and upgrade our technical capabilities to meet future development needs.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any incidents of being penalized by competent authorities for violating laws and regulations related to product and service quality.

SALES AND MARKETING

Our Sales Network

We adopt a direct sales model and our downstream customers include many well-known lithium-ion battery manufacturers. After establishing contact with potential customers, we typically go through a process that includes technical communication, sample validation and verification, contract signing, delivery and payment collection.

We maintain stable partnerships with downstream customers. As phosphate-based cathode materials directly affect the performance of lithium-ion batteries, battery manufacturers apply stringent screening in selecting suppliers. Once established, such cooperative relationships are typically stable and long-term.

After passing customers’ stringent supplier verification procedures, we sell our products directly to such customers. Through direct sales, we can understand customers’ demands and business development plans firsthand, and engage in deep collaboration with customers on strategy, technology roadmaps and product development.

During the Track Record Period, substantially all our revenue was derived from Chinese Mainland. The proportion of our overseas revenue continued to increase during the Track Record Period, mainly due to the increasing demand for LFP cathode materials in overseas markets. See “Financial Information — Description of Key Statements of Profit or Loss Items — Revenue by Region.”

We generally enter into framework sales agreements with our customers, which set out the general terms governing individual purchase orders placed by our customers. Salient terms of our typical framework sales agreements and purchase orders are as follows:

- **Term.** The agreements generally have a term of one to three years.
- **Pricing.** Prices are generally set out in purchase orders.

BUSINESS

- **Purchase orders.** Customers place purchase orders with us, typically setting out the type, specifications, unit price, quantity and time of delivery of the products they require.
- **Quantity.** Our framework sales agreements generally do not contain minimum purchase commitments, and actual purchase quantities are determined based on specific purchase orders.
- **Rights and obligations.** We are responsible for providing products in compliance with applicable national and industry standards and the requirements and specifications prescribed in the relevant agreement and/or purchase orders. Customers are generally entitled to conduct inspection on the delivered products.
- **Payment and credit term.** Customers make payment in accordance with the relevant purchase orders upon acceptance of the products or receipt of invoice. We generally grant credit terms of up to 60 days.
- **Quality control.** The standards and specifications of products will be specified in the agreement and/or separate purchase orders. We generally provide a one-year warranty as specified in the relevant agreement.
- **Delivery and logistics.** We generally deliver products to locations designated by customers. Delivery arrangements may vary depending on customer requirements and the relevant purchase orders.
- **Termination.** The agreements may generally be terminated (i) by mutual agreement in writing, (ii) upon advance written notice, and/or (iii) unilaterally by the non-defaulting party upon the occurrence of certain events specified in the relevant agreements.

Pricing

We price our products based on a number of factors, including the supply and demand dynamics of the downstream markets, product specifications requested by customers, raw materials and production costs and size of purchase orders. The global and domestic economic environment, general market demand and market competition also affect our pricing policies. The pricing of our LFP cathode materials also references the prevailing market prices of lithium carbonate listed on third-party institutions such as SMM. According to Frost & Sullivan, it is the industry norm to refer to the above-mentioned price index when determining the price of LFP cathode materials. With respect to raw material prices, we have established a price linkage mechanism under our customer purchase orders, pursuant to which the prices of our LFP cathode materials are linked to the prevailing market price of the lithium carbonate component of our products, primarily by reference to the prevailing market prices of lithium carbonate, and are generally adjusted on a monthly basis. We also take into account fluctuations in the prices of other raw materials and, where appropriate, negotiate corresponding price adjustments with our customers. See “— Our Supply Chain — Raw Materials.”

After-sales Service

Our sales agreements with customers typically contain customary warranties relating to product quality and conformity with the agreed specifications. Customers generally inspect our products upon delivery or within the inspection period specified in the relevant agreements. Where our products fail to conform to the agreed specifications or have quality defects attributable to us, we generally replace the defective products, accept product returns or provide other appropriate remedies in accordance with the terms of the agreements. During the Track Record Period, we did not receive any material customer complaints or product returns, and we did not record any provision for product warranty as historical warranty claims and related costs were insignificant.

BUSINESS

Marketing

As a phosphate-based cathode materials provider, we sell our products directly to lithium-ion battery manufacturers, and our customer base is concentrated among leading battery manufacturers. Accordingly, our marketing efforts focus on key account development and in-depth technical engagement with existing and prospective customers. Battery manufacturers apply stringent supplier qualification and product verification procedures, which typically progresses through technical communication, sample verification and contract execution. Once established, our cooperation with customers is generally stable. We also engage with customers at the product development stage and develop customized phosphate-based cathode materials tailored to their cell specifications, which deepens our cooperation with customers and enhances customer stickiness. We also expand our customer base through participation in industry exhibitions, trade shows and industry forums, as well as online channels including our corporate website.

OUR CUSTOMERS

Our customers are mainly lithium-ion battery manufacturers. In 2023, 2024 and 2025 and the three months ended March 31, 2026, our five largest customers together generated RMB39,750.1 million, RMB18,387.8 million, RMB24,715.6 million and RMB9,507.0 million of revenue, respectively, accounting for 96.1%, 81.4%, 71.3% and 63.6% of our total revenue, respectively. In addition, revenue generated from our largest customer were RMB16,947.3 million, RMB7,023.6 million, RMB10,294.7 million and RMB4,125.3 million, accounting for 41.0%, 31.1%, 29.7% and 27.6% of our total revenue in 2023, 2024 and 2025 and the three months ended March 31, 2026, respectively. During the Track Record Period, we generally granted credit terms of up to 60 days to our customers.

The following table sets forth the details of our five largest customers in each period during the Track Record Period.

For the three months ended March 31, 2026

Rank	Customer	Sales Amount	Percentage of total revenue	Major type of products/services purchased	Years of commencement of cooperation
		(RMB in millions)	(%)		
1 . . .	Company A ⁽¹⁾	4,125.3	27.6	LFP cathode materials	2017
2 . . .	Company B ⁽²⁾	1,604.1	10.7	LFP cathode materials	2017
3 . . .	Company C ⁽³⁾	1,400.9	9.4	LFP cathode materials	2020
4 . . .	Customer F ⁽⁴⁾	1,190.7	8.0	LFP cathode materials	2021
5 . . .	Customer E ⁽⁵⁾	1,186.0	7.9	LFP cathode materials	2019
	Total	<u>9,507.0</u>	<u>63.6</u>		

Notes:

- (1) A public company headquartered in Ningde, China and listed on the ChiNext of the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, primarily engaging in the manufacture of power batteries and energy storage batteries.
- (2) A public company headquartered in Shenzhen, China and listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, primarily engaging in the manufacture of new energy vehicles and power batteries.
- (3) A public company headquartered in Huizhou, China and listed on the ChiNext of the Shenzhen Stock Exchange, primarily engaging in the manufacture of consumer batteries, power batteries and energy storage batteries.
- (4) A public company headquartered in Shenzhen, China and listed on the ChiNext of the Shenzhen Stock Exchange, primarily engaging in the manufacture of lithium-ion batteries and battery modules.
- (5) A private company headquartered in Xiamen, China, primarily engaging in the manufacture of energy storage batteries and ESS.

BUSINESS

For the year ended December 31, 2025

Rank	Customer	Sales Amount	Percentage of total revenue	Major type of products/ services purchased	Years of commencement of cooperation
		(RMB in millions)	(%)		
1 . . .	Company A	10,294.7	29.7	LFP cathode materials	2017
2 . . .	Company B	5,981.3	17.3	LFP cathode materials	2017
3 . . .	Company C	3,743.8	10.8	LFP cathode materials	2020
4 . . .	Customer G ⁽⁶⁾	2,359.9	6.8	LFP cathode materials	2020
5 . . .	Company D ⁽⁷⁾	2,335.9	6.7	LFP cathode materials	2020
	Total	24,715.6	71.3		

Notes:

- (6) A public company headquartered in Wenzhou, China and listed on the Hong Kong Stock Exchange, primarily engaging in the manufacture of power batteries and energy storage batteries.
- (7) A private company headquartered in Wuxi, China, primarily engaging in the manufacture of power batteries and energy storage batteries. It is a subsidiary of a multinational green technology group.

For the year ended December 31, 2024

Rank	Customer	Sales Amount	Percentage of total revenue	Major type of products/ services purchased	Years of commencement of cooperation
		(RMB in millions)	(%)		
1 . . .	Company B	7,023.6	31.1	LFP cathode materials	2017
2 . . .	Company A	6,183.5	27.4	LFP cathode materials	2017
3 . . .	Company C	2,041.2	9.0	LFP cathode materials	2020
4 . . .	Customer E	1,838.1	8.1	LFP cathode materials	2019
5 . . .	Customer G	1,301.4	5.8	LFP cathode materials	2020
	Total	18,387.8	81.4		

For the year ended December 31, 2023

Rank	Customer	Sales Amount	Percentage of total revenue	Major type of products/ services purchased	Years of commencement of cooperation
		(RMB in millions)	(%)		
1 . . .	Company B	16,947.3	41.0	LFP cathode materials	2017
2 . . .	Company A	15,647.8	37.8	LFP cathode materials	2017
3 . . .	Company C	2,519.4	6.1	LFP cathode materials	2020
4 . . .	Customer E	2,436.1	5.9	LFP cathode materials	2019
5 . . .	Company D	2,199.5	5.3	LFP cathode materials	2020
	Total	39,750.1	96.1		

BUSINESS

Customer Concentration

For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, a significant portion of our revenue was derived from our five largest customers, which are among the leading lithium-ion battery manufacturers globally. According to Frost & Sullivan, customer concentration is primarily attributable to the highly consolidated nature of the downstream lithium-ion battery industry, where a few major global players command a significant share of the market. According to Frost & Sullivan, in 2023, 2024 and 2025, the top five battery manufacturers in China accounted for an aggregate market share of approximately 59.5%, 59.9% and 60.5% in the global lithium-ion battery industry, respectively. As a supplier of LFP cathode materials, our customer base reflects the concentrated competitive landscape of the downstream lithium-ion battery industry. Our ability to meet the stringent technical requirements, large-volume supply needs and continuous innovation demands of these industry leaders has been fundamental to our growth. Our Directors are of the view that the commercial relationship between our major customers and us is mutually beneficial and that our business remains sustainable notwithstanding the concentration of revenue among a limited number of customers, having considered that:

- We have established long-term and stable business relationships with our major customers. According to Frost & Sullivan, leading global battery manufacturers tend to forge deep, strategic partnerships with a select group of technologically advanced and scalable material suppliers rather than frequently changing suppliers, because consistency in raw material quality is critical to the performance, safety and reliability of their end-products. LFP cathode materials are key raw materials that directly affect the performance and quality of lithium-ion batteries. As a result, battery manufacturers generally maintain stringent supplier qualification and product verification procedures, and the qualification process for leading battery manufacturers typically takes one to two years. Once qualified, suppliers generally maintain relatively stable business relationships with customers due to the time, costs and operational risks associated with changing qualified suppliers. Our five largest customers are among the leading lithium-ion battery manufacturers globally and are well positioned to benefit from this continued market growth. Accordingly, we believe the sustained expansion of the lithium-ion battery market, together with our long-term business relationships with these leading battery manufacturers, provides a solid foundation for the continued demand for our products and supports the long-term sustainability of our business and financial performance.
- Our technological capabilities, manufacturing scale and vertically integrated operation reinforce the sustainability of our customer relationships. We continuously enhance our product competitiveness through ongoing R&D, technological innovation and process optimization. Our LFP cathode materials are recognized by our customers for their high energy density, long cycle life, excellent low-temperature performance, cost-effectiveness and consistent product quality. Together with our vertically integrated operation spanning phosphate resources, precursor manufacturing and cathode material production, these capabilities enable us to provide consistent product quality, reliable supply and competitive pricing, thereby strengthening customer loyalty and supporting long-term cooperation with our major customers.
- Our leading market position enables us to establish and maintain business relationships with leading battery manufacturers while continuing to diversify our customer base. According to Frost & Sullivan, we were the world’s largest supplier of phosphate-based cathode materials by shipment volume for six consecutive years from 2020 to 2025, with a global market share of 28.2% in 2025. According to Frost & Sullivan, in 2025, our customer base included all of the top ten power battery manufacturers and energy storage battery manufacturers by shipment volume in China. In the same year, our customer base included all of the top ten global energy storage battery manufacturers by shipment volume, as well as nine of the top ten global power battery manufacturers by shipment volume. Our established market position, manufacturing scale and proven track record have enabled us to serve leading lithium-ion battery manufacturers while continuously expanding our customer base. As a result, the aggregate revenue contribution from our five largest customers decreased from approximately 96.1% in 2023 to 81.4% in 2024 and further to 71.3% in 2025, and further decreased to 63.6% for the three months ended March 31, 2026. We believe this trend reflects our continued efforts to broaden our customer base and optimize our customer portfolio while maintaining stable business relationships with our strategic customers.

BUSINESS

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers. As of the Latest Practicable Date, Company A and Company B, both among our five largest customers during the Track Record Period, were our Shareholders, with Company A holding 6.03% and Company B holding less than 5% of our total issued Shares. Save for Company A and Company B, to the best of our knowledge, as of the Latest Practicable Date, none of our Directors and their respective close associates, or Shareholders who held more than 5% of our total issued Shares had any interest in any of our five largest customers during the Track Record Period that is required to be disclosed under the Listing Rules. As of the Latest Practicable Date, all of our five largest customers during the Track Record Period were Independent Third Parties.

Third-Party Payment Arrangement

During the Track Record Period, certain of our customers (each, a “**Relevant Customer**”, and collectively, the “**Relevant Customers**”) settled payments to our Group through the accounts of third-party payers designated by such Relevant Customers (the “**Third-party Payment Arrangements**”). During the Track Record Period, the third-party payers designated by the Relevant Customers primarily included, among others, the legal representatives or employees of the Relevant Customers. See “Risk Factors — We are subject to risks relating to third-party payments.”

In 2023, 2024 and 2025 and the three months ended March 31, 2026, a total of one, one, nil and one Relevant Customer(s), respectively, settled payments with us through the Third-party Payment Arrangements. As of March 31, 2026, all such Third-Party Payment Arrangements had been ceased. In 2023, 2024 and 2025 and the three months ended March 31, 2026, the aggregate amounts settled by the third-party payers designated by them were RMB6,134, RMB12,030, nil and RMB1,550,000, respectively, representing less than 0.01% of our revenue for each of the respective periods. For each period during the Track Record Period, the amounts settled through the Third-party Payment Arrangements accounted for only a minimal portion of our total revenue. During the Track Record Period, none of the Relevant Customers individually made a material contribution to our revenue.

To manage the risks associated with Third-Party Payment Arrangements, we obtained written confirmation letters in respect of the third-party payers designated by the Relevant Customers, verified the payments received against such designations, and reconciled such payments with the corresponding sales invoices and customer accounts. Our Directors have confirmed that: (i) such arrangements were made at the request of the Relevant Customers for their own commercial reasons; (ii) we did not enter into any agreement with such third-party payers; (iii) none of the third-party payers designated by the Relevant Customers was a connected person of our Group, and such designated third-party payers were independent of any of the Directors, senior management and Shareholders of our Group; and (iv) during the Track Record Period, we did not have any dispute with the customers or the third-party payers in relation to such arrangements.

To the best of our knowledge, the Relevant Customers requested to settle payments with us through the Third-party Payment Arrangements primarily because: (i) their own bank accounts were temporarily unable to make payments, for example, due to the suspension of corporate banking services by the relevant bank during public holidays; or (ii) they were companies wholly owned by natural persons and had not opened corporate bank accounts. In such circumstances, the Relevant Customers typically arranged for settlement through the personal bank accounts of their designated legal representatives or employees. According to Frost & Sullivan, such payment arrangements are consistent with industry practice.

During the Track Record Period and up to the Latest Practicable Date, we did not proactively arrange for any Third-Party Payment Arrangements in connection with the settlement of our sales transactions, and we do not intend to do so in the future. Where payments were made by third parties, such payments were initiated by our customers for their own commercial reasons and were not requested or arranged by us.

BUSINESS

During the Track Record Period, we were not subject to any material administrative penalties imposed by the PRC tax authorities in connection with any Third-Party Payment Arrangements. Our PRC Legal Advisor is of the view that the receipt of payments through such Third-Party Payment Arrangements does not violate any mandatory provisions of applicable PRC laws or administrative regulations. In addition, the risk of such arrangements being determined to constitute unjust enrichment under the PRC Civil Code requiring the return of the relevant payments is low, and the risk of such arrangements giving rise to money laundering liabilities under the PRC Criminal Law is also low. Our Directors are of the view, and our PRC Legal Advisor concurs, that the historical Third-Party Payment Arrangements did not, and are not expected to, have any material adverse effect on our business operations, financial condition or results of operations.

We generally do not permit third-party settlement, and sales orders are required to be settled directly by our customers through bank accounts under their own names. To strengthen our management of Third-Party Payment Arrangements and mitigate related risks, we have established the Fund Management Policy, which sets out requirements governing third-party payments and receipts, including relevant governance procedures, documentation and compliance requirements. We have also provided relevant personnel with enhanced training on applicable internal control procedures and anti-money laundering requirements. We will continue to monitor the effectiveness of these measures and refine our internal control procedures as appropriate in response to changes in applicable laws and regulations and our business operations.

OUR SUPPLY CHAIN

Raw Materials

We primarily procure key raw materials, including phosphorus source, iron source and lithium source (primarily lithium carbonate), and other auxiliary materials, for the production of our LFP cathode materials.

During the Track Record Period, we have experienced significant price fluctuations in our major raw material, lithium carbonate. According to Frost & Sullivan, lithium carbonate prices experienced significant volatility between 2020 and 2025. Driven by the rapid growth in demand for new energy batteries and periodic tight supply and demand, the daily spot quotation of global lithium carbonate increased from a minimum of approximately RMB41.0 thousand per ton in 2020 to a peak of over RMB600.0 thousand per ton in 2022. From 2023 onwards, as upstream production capacity was released, the prices of lithium carbonate fell rapidly, with the average annual prices dropping to RMB76.0 thousand per ton in 2025. In the second half of 2025, due to continuous increments on the downstream demand side, the price of lithium carbonate rebounded. In the first half of 2026, the global average price of lithium carbonate recovered to approximately RMB163.0 thousand per ton.

To mitigate the impact of raw material price fluctuations on our business, we have adopted a multi-pronged approach:

- **Price linkage mechanism.** Based on our customer purchase orders, we have established a lithium carbonate price linkage mechanism, pursuant to which the pricing of our LFP cathode materials is linked to the prevailing market price of lithium carbonate attributable to the lithium carbonate component of our products. Such market prices are primarily referenced to prices listed on third-party institutions, such as SMM, and are generally adjusted on a monthly basis. This mechanism enables us to pass on a substantial portion of lithium carbonate price fluctuations downstream. We also take into account fluctuations in the prices of other raw materials, such as phosphorus source, and negotiate corresponding price adjustments with customers where appropriate, taking into consideration prevailing market conditions and our commercial arrangements. See “— Sales and Marketing — Pricing.”

BUSINESS

- ***Supply chain management.*** We seek to maintain a stable supply of key raw materials through diversified sourcing channels, including: (i) expanding upstream capabilities by developing key mineral resources, such as phosphate mines, and producing certain phosphorus-related materials through our phosphochemical operations; (ii) achieving 100% in-house production in the supply of iron phosphate; (iii) developing lithium carbonate processing capabilities to enhance our vertically integrated operation by processing lithium source, including lithium ore and recycled black mass from lithium-ion battery scraps, into lithium carbonate to supplement our external procurement; and (iv) entering into framework procurement agreements with certain suppliers to establish long-term cooperation relationships, while certain downstream customers also supply lithium carbonate to us. We continuously develop qualified suppliers to further diversify our supplier base and enhance supply chain resilience. In addition, we procure lithium carbonate through spot and futures transactions conducted with lithium trading companies and through the Guangzhou Futures Exchange, which further contribute in our managing our exposure to lithium carbonate price fluctuations.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant shortage of raw material supplies, and the raw materials provided by our suppliers did not have any significant quality issues.

Our Suppliers

Supplier Selection and Management

We carefully select our suppliers and require them to satisfy various assessment criteria. We have established a qualified supplier catalog. All potential suppliers must pass our internal supplier admission standards before entering into our qualified supplier catalog. We consider several factors in the selection of suppliers, including but not limited to the potential supplier’s own resources, material quality, geographic advantage and supply scale. To ensure the stability of our supply chain, we generally maintain two or more qualified suppliers for each of our core raw materials. During the Track Record Period, we primarily sourced our raw materials from domestic suppliers.

We enter into framework procurement agreements with certain of our raw materials suppliers, which set forth the general terms and conditions of purchase. We generally list out the type, specifications, and quantity of required materials in the purchase orders we place with our suppliers. The salient terms of our framework procurement agreements and purchase orders are as follows:

- ***Price.*** Depending on the type of materials and suppliers involved, prices can either follow the procurement agreement or be determined/adjusted according to the latest market prices at the time of order.
- ***Inspection and returns.*** Product inspection shall be carried out within the specified period upon delivery. We have the right to return defective materials that fail to meet agreed quality standards, and the supplier shall provide remedies, including returns and/or exchanges.
- ***Credit terms and payment.*** Credit terms and payment methods shall be outlined in the purchase orders. Where we are granted credit terms, such credit terms typically range from one to two months.
- ***Confidentiality and anti-corruption.*** We typically include confidentiality and anti-corruption provisions in our agreements.
- ***Renewal and termination clauses.*** The framework procurement agreement typically terminates upon the expiration of the agreed term.
- ***Others.*** Other terms such as delivery methods and date.

BUSINESS

Our Major Suppliers

During the Track Record Period, our suppliers primarily supplied key raw materials, such as lithium carbonate. In 2023, 2024, 2025 and the three months ended March 31, 2026, purchases from our five largest suppliers were RMB23,911.4 million, RMB8,757.1 million, RMB9,114.1 million and RMB4,581.9 million, respectively, representing 75.5%, 48.1%, 34.9% and 37.0% of our total purchases, respectively. In addition, purchases from our largest supplier accounted for 36.4%, 18.9%, 12.0% and 8.8% of our total purchases in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively.

As of the Latest Practicable Date, Company A and Company B, both among our five largest suppliers during the Track Record Period, were our Shareholders, with Company A holding 6.03% and Company B holding less than 5% of our equity interest. Save for Company A and Company B, to the best of our knowledge, as of the Latest Practicable Date, none of our Directors and their respective close associates, or our Shareholders who held more than 5% of our total issued Shares had any interest in our five largest suppliers during the Track Record Period that is required to be disclosed under the Listing Rules. Additionally, we did not experience any material disputes with our suppliers during the Track Record Period. As of the Latest Practicable Date, all of our five largest suppliers during the Track Record Period were Independent Third Parties.

Depending on the type of raw materials we procured, we may be required to make the payment in advance, or granted credit terms typically ranging from one to two months by our five largest suppliers. The following table sets forth the details of our five largest suppliers in each period during the Track Record Period:

For the three months ended March 31, 2026

Rank	Supplier	Purchase Amount	Percentage of total purchases	Major type of products/services provided	Years of commencement of cooperation
		(RMB in millions)	(%)		
1 . . .	Supplier E ⁽¹⁾	1,092.9	8.8	lithium carbonate	2020
2 . . .	Company A	949.5	7.7	lithium carbonate	2017
3 . . .	Company C	907.0	7.3	lithium carbonate	2020
4 . . .	Supplier F ⁽²⁾	833.2	6.7	lithium carbonate;	2022
				spodumene	
5 . . .	Supplier G ⁽³⁾	799.3	6.5	lithium carbonate	2025
	Total	4,581.9	37.0		

Notes:

- (1) A public company headquartered in Santiago, Chile and listed on the New York Stock Exchange and the Santiago Stock Exchange, primarily engaging in the sales of lithium and specialty chemical products.
- (2) A public company headquartered in Xiamen, China and listed on the Shanghai Stock Exchange, primarily engaging in supply chain operations and real estate businesses.
- (3) A private company headquartered in Changsha, China, primarily engaging in the sales of lithium carbonate.

For the year ended December 31, 2025

Rank	Supplier	Purchase Amount	Percentage of total purchases	Major type of products/services provided	Years of commencement of cooperation
		(RMB in millions)	(%)		
1 . . .	Company B	3,131.5	12.0	lithium carbonate	2017
2 . . .	Supplier E	2,128.4	8.2	lithium carbonate	2020
3 . . .	Company C	1,698.2	6.5	lithium carbonate	2020

BUSINESS

Rank	Supplier	Purchase Amount	Percentage of total purchases	Major type of products/ services provided	Years of commencement of cooperation
		(RMB in millions)	(%)		
4 . . .	Supplier H ⁽⁴⁾	1,126.5	4.3	lithium carbonate	2020
5 . . .	Supplier I ⁽⁵⁾	1,029.5	3.9	lithium carbonate	2024
	Total	9,114.1	34.9		

Notes:

- (4) A public company incorporated in the Turks and Caicos Islands, primarily engaging in the sales of lithium products. It is a company listed on the New York Stock Exchange.
- (5) A private company headquartered in Shanghai, China, primarily engaging in the trading of electronic raw materials.

For the year ended December 31, 2024

Rank	Supplier	Purchase Amount	Percentage of total purchases	Major type of products/ services provided	Years of commencement of cooperation
		(RMB in millions)	(%)		
1 . . .	Company B	3,449.5	18.9	lithium carbonate	2017
2 . . .	Supplier E	2,543.0	14.0	lithium carbonate	2020
3 . . .	Supplier H	1,119.7	6.1	lithium carbonate; spodumene	2020
4 . . .	Company A	832.1	4.6	lithium carbonate	2017
5 . . .	Supplier J ⁽⁶⁾	812.8	4.5	lithium carbonate	2018
	Total	8,757.1	48.1		

Note:

- (6) A public company headquartered in Chengdu, China, primarily engaging in the sales of lithium chemical products. It is a company listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange.

For the year ended December 31, 2023

Rank	Supplier	Purchase Amount	Percentage of total purchases	Major type of products/ services provided	Years of commencement of cooperation
		(RMB in millions)	(%)		
1 . . .	Company B	11,513.9	36.4	lithium carbonate	2017
2 . . .	Company A	7,607.1	24.0	lithium carbonate	2017
3 . . .	Supplier E	3,616.4	11.4	lithium carbonate	2020
4 . . .	Supplier K ⁽⁷⁾	668.8	2.1	lithium carbonate	2020
5 . . .	Company D	505.2	1.6	lithium carbonate	2020
	Total	23,911.4	75.5		

Note:

- (7) A public company headquartered in Yichun, China, primarily engaging in the production and sales of battery-grade lithium carbonate. It is a company listed on the Shenzhen Stock Exchange.

BUSINESS

Overlapping of Customers and Suppliers

Company A, Company B, Company C and Company D each were among our five largest customers and five largest suppliers in 2023, 2024 and 2025 and the three months ended March 31, 2026. In 2023, 2024 and 2025 and the three months ended March 31, 2026, sales to Company A accounted for 37.8%, 27.4%, 29.7% and 27.6% of our revenue, respectively, and purchases from Company A accounted for 24.0%, 4.6%, 2.9% and 7.7% of our purchases for the same periods, respectively. In 2023, 2024 and 2025 and the three months ended March 31, 2026, sales to Company B accounted for 41.0%, 31.1%, 17.3% and 10.7% of our revenue, respectively, and purchases from Company B accounted for 36.4%, 18.9%, 12.0% and 5.4% of our purchases for the same periods, respectively. In 2023, 2024 and 2025 and the three months ended March 31, 2026, sales to Company C accounted for 6.1%, 9.0%, 10.8% and 9.4% of our revenue, respectively, and purchases from Company C accounted for 1.1%, 3.2%, 6.5% and 7.3% of our purchases for the same periods, respectively. In 2023, 2024 and 2025 and the three months ended March 31, 2026, sales to Company D accounted for 5.3%, 5.3%, 6.7% and 7.4% of our revenue, respectively, and purchases from Company D accounted for 1.6%, 1.3%, nil and nil of our purchases for the same periods, respectively.

Customer E was one of our five largest customers in 2023, 2024 and the three months ended March 31, 2026, and was also our supplier during the Track Record Period. In 2023, 2024 and 2025 and the three months ended March 31, 2026, sales to Customer E accounted for 5.9%, 8.1%, 6.6% and 7.9% of our revenue, respectively, and purchases from Customer E accounted for 0.8%, 0.1%, nil and 0.7% of our purchases for the same periods, respectively.

Customer F was one of our five largest customers in the three months ended March 31, 2026, and was also our supplier during the Track Record Period. In 2023, 2024 and 2025 and the three months ended March 31, 2026, sales to Customer F accounted for 0.1%, 1.9%, 5.5% and 8.0% of our revenue, respectively, and purchases from Customer F accounted for nil, 0.4%, 1.8% and nil of our purchases for the same periods, respectively.

Customer G was one of our five largest customers in 2024 and 2025, and was also our supplier during the Track Record Period. In 2023, 2024 and 2025 and the three months ended March 31, 2026, sales to Customer G accounted for 0.6%, 5.8%, 6.8% and 4.6% of our revenue, respectively, and purchases from Customer G accounted for 0.0%, nil, nil and nil of our purchases for the same periods, respectively.

Supplier F and Supplier G each was one of our five largest suppliers in the three months ended March 31, 2026, and was also our customer during the Track Record Period. In 2023, 2024 and 2025 and the three months ended March 31, 2026, purchases from Supplier F accounted for 0.1%, 0.3%, 2.8% and 6.7% of our total purchases, respectively, and sales to Supplier F accounted for 0.1%, nil, nil and nil of our total sales for the same periods, respectively. In 2023, 2024 and 2025 and the three months ended March 31, 2026, purchases from Supplier G accounted for nil, nil, 3.2% and 6.5% of our total purchases, respectively, and sales to Supplier G accounted for nil, nil, 0.0% and nil of our total sales for the same periods, respectively.

Our sales to Company A, Company B, Company C, Company D, Customer E, Customer F and Customer G primarily consisted of LFP cathode materials, while our purchases from Company A, Company B, Company C, Company D, Customer E, Customer F and Customer G primarily consisted of lithium carbonate. The overlapping of these major customers and suppliers was primarily attributable to the following reasons: (i) our five largest customers are all leading lithium-ion battery manufacturers, which are the key target customers of us and other cathode material producers; and (ii) lithium sources are critical upstream raw materials in the lithium-ion battery industry value chain. To secure a stable supply of key raw materials and mitigate raw material price volatility, leading lithium-ion battery manufacturers, including Company A, Company B, Company C, Company D, Customer E, Customer F and Customer G, have strategically expanded upstream into lithium resources, including lithium carbonate. According to Frost & Sullivan, such arrangements are consistent with industry practices. In this context, it is commercially reasonable for battery companies to engage in lithium carbonate transactions with cathode material producers as part of their supply chain management activities. In order to secure a stable supply of the raw materials required for our production and to further deepen our cooperative relationships with

BUSINESS

our major customers, we procure the relevant raw materials from them on the premise that our quality requirements for raw materials are satisfied, which is commercially justifiable. We also procure lithium carbonate from other battery manufacturer customers or their subsidiaries, and Company A, Company B, Company C, Company D, Customer E, Customer F and Customer G also sell lithium carbonate to cathode material producers other than us.

Our purchases from Supplier F primarily consisted of lithium carbonate and spodumene, while our purchases from Supplier G primarily consisted of lithium carbonate. Our sales to them mainly comprised lithium carbonate, which were primarily driven by our inventory and raw material management needs and our assessment of trading opportunities, taking into account prevailing market conditions, our production requirements and, where applicable, futures delivery arrangements.

The negotiations of the sales and purchase terms with the overlapping customers and suppliers were conducted separately and on an individual basis, and the relevant sales and purchases were entered into on normal commercial terms following arm’s length negotiations with reference to the then prevailing market prices. Our Directors are of the view that such overlapping relationships would not distort our profitability or render our financial performance not reflective of arm’s length transactions.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

Warehousing and Logistics

We are committed to continuously enhancing our warehouse management and logistics capabilities to ensure customer satisfaction and improve inventory efficiency. We also adopt a digitalized management system covering the entire supply and delivery chain to ensure efficient operation. During the Track Record Period, our warehousing needs were mainly satisfied by warehouses at our production bases. Pursuant to requirements of certain customers, we also use external warehouses closer to such customers as transit warehouses.

We primarily use third-party logistics service providers for the delivery of finished goods from our production bases and warehouses to locations specified by our customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow, and we evaluate the third-party logistics service providers periodically on their performance and compliance with our requirements to ensure smooth delivery of products to customers. We usually enter into agreements with our logistics service providers on an annual basis. Our logistics service providers bear the risks associated with the delivery of our products.

Inventory Management

Our inventory management is coordinated across our procurement, production, sales, logistics and finance functions to achieve synergy and optimal resource allocation among order placement, procurement, production, shipping and other processes. We manage and maintain sufficient inventory levels to support our production and sales. We develop our procurement plans primarily based on production schedules, inventory levels and supplier lead times. We analyze and determine our procurement strategies according to demand forecasts, market analysis and the estimated fluctuations in procurement volumes and prices, and, based on such analysis, we set differentiated inventory levels for different types of inventories in response to changes in customer demand and fluctuations in raw material prices, particularly the price of lithium carbonate. We also monitor raw material prices on an ongoing basis by reference to current inventory levels, anticipated sales and market trends, and adjust our inventory levels accordingly to optimize inventory management in light of anticipated price fluctuations. For our measures against lithium carbonate price volatility, see “— Our Supply Chain — Raw Materials.”

To supplement our raw material price management, we trade commodity futures contracts to manage the commodity price risk associated with lithium carbonate. The underlying commodities of the futures contracts correspond to the commodities underlying our inventories, and the principal risk variables of the hedging instruments and the hedged items are the relevant commodity prices. Where any proposed hedging

BUSINESS

transaction falls within any of the following circumstances, such transaction is subject to the approval of our Shareholders at a general meeting after obtaining prior approval from our Board: (i) the expected maximum amount of margin and premiums to be utilized (including the value of collateral to be provided, the expected credit facilities to be utilized from financial institutions and the margin reserved for contingency measures) exceeds 50% of our net profit for the latest audited financial year and the absolute amount exceeds RMB5.0 million; or (ii) the maximum contract value expected to be held on any trading day exceeds 50% of our net assets as of the end of the latest audited financial year and the absolute amount exceeds RMB50.0 million. In addition, we have established a futures hedging risk management working group, which is responsible for overseeing the implementation of our hedging activities. Its principal responsibilities include monitoring risks associated with our hedging transactions, reviewing the execution of hedging transactions against approved hedging plans, reporting material matters to our Board and performing other risk management functions relating to our hedging activities.

We have adopted rules and standards governing our inventory management workflows, covering (i) the arrangement and placement of inventories, (ii) environmental and safety requirements, (iii) storage, (iv) outbound delivery, (v) handling of disqualified products, (vi) inventory inspection and stock-taking, and (vii) handover processes. We have also digitalized and standardized our inventory management through our Enterprise Resource Planning (ERP) system and Warehouse Management System (WMS), which enhance the efficiency and accuracy of our inventory management. See “— Information Technology.”

As of December 31, 2023, 2024 and 2025 and March 31, 2026, our inventories amounted to RMB1,324.9 million, RMB2,798.4 million, RMB3,628.7 million and RMB5,112.1 million, respectively. Our inventory turnover days in 2023, 2024 and 2025 and the three months ended March 31, 2026 were 30 days, 36 days, 37 days and 31 days, respectively.

INTELLECTUAL PROPERTY

We regard our intellectual property as an important asset of our business and protect it through a combination of patents, the safeguarding of trade secrets and contractual arrangements with our employees. As of March 31, 2026, we held 167 patents in Chinese Mainland, of which 97 were invention patents. We also held, as of the same date, two registered trademarks and one software copyright in Chinese Mainland. As of the same date, we also had eight patents overseas.

We safeguard our intellectual property through confidentiality and non-competition undertakings from our employees, under which the inventions, trade secrets and research results generated in the course of their employment vest in us, and through internal controls over access to our proprietary processes and formulations. During the Track Record Period and up to the Latest Practicable Date, we were not party to any material dispute concerning the infringement of intellectual property rights. See “Statutory and General Information — B. Further Information About Our Business — 2. Our Intellectual Property Rights” in Appendix V to this document for further details of our material intellectual property rights, and “Risk Factors — We may not be able to obtain, maintain, protect or enforce adequate intellectual property rights for our technologies and products, and any unauthorized use or infringement of our intellectual property could materially and adversely affect our business, financial condition and results of operations” for risks relating to intellectual property.

DATA PRIVACY AND CYBERSECURITY

In recent years, data privacy and cybersecurity have emerged as critical governance priorities for companies worldwide. In particular, the PRC legislative and government authorities regularly introduce new cybersecurity, data security and privacy laws and regulations. Consequently, our practices regarding the collection, storage, and usage of various types of data may come under increased administrative scrutiny.

BUSINESS

In the course of our business operations, we collect, store and use business and transaction data such as data related to our business and transactions with our customers, suppliers and other relevant parties. As our transactions are exclusively with enterprises, our activities generally do not involve the collection or processing of personal information from individual customers.

We have adopted a series of measures to secure our data and information systems, including establishment of log retention mechanism, adopting certain measures to protect data stored in our systems, antivirus wall and network accessibility restrictions. We conduct a comprehensive backup and data recovery test annually to evaluate the security of our IT systems.

Our business does not involve the large-scale collection or processing of personal information of individual customers. Our operations in Chinese Mainland are subject to PRC laws and regulations relating to data security and privacy, including the Cybersecurity Law, the Data Security Law and the Personal Information Protection Law.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data breach or cybersecurity incident, and we had not been subject to any material investigation, penalty or claim in relation to data security or privacy.

INFORMATION TECHNOLOGY

Our information technology systems are essential to our business operations. We have developed or employ various information technology systems covering all material aspects of our operations, including sales, supply chain management, inventory management, production and quality control. We have a dedicated department responsible for developing and maintaining information technology systems to support our business operations and growth.

Our key information technology systems are set forth below:

- ***Enterprise Resource Planning (ERP) system.*** Our ERP system is an integrated management platform covering accounting and financial management, supply chain and procurement, and sales and inventory management for our cathode materials business, which enhances the efficiency and standardization of our business processes.
- ***Warehouse Management System (WMS).*** Our WMS supports the digitalized management of the receipt, storage, movement and dispatch of raw materials and finished goods at our warehouses.
- ***Office Automation (OA) system.*** Our OA system provides an internal online platform that facilitates paperless information sharing and collaborative administrative work, including internal approval processes and document circulation.

COMPETITION

We operate in the global and Chinese Mainland phosphate-based cathode materials industry, which is highly competitive and characterized by high entry barriers, including technology barriers, customer resource barriers and supply chain barriers. According to Frost & Sullivan, the global shipment volume of phosphate-based cathode materials reached 4.0 million tons in 2025 and is expected to increase to 13.5 million tons in 2030, representing a CAGR of 27.3% from 2025 to 2030. The Chinese Mainland market is expected to increase from 3.9 million tons in 2025 to 12.8 million tons in 2030, representing a CAGR of 26.8% during the same period. The industry is expected to continue evolving toward higher-performance materials, driven by improvements in energy density, fast-charging capability, cycle life and other performance characteristics.

BUSINESS

According to Frost & Sullivan, we were the world’s largest supplier of phosphate-based cathode materials by shipment volume for six consecutive years from 2020 to 2025, with a global market share of 28.2% in 2025. According to Frost & Sullivan, we also ranked first globally in the premium LFP cathode materials market by shipment volume in 2025, with a market share of 55.4%.

We believe we are well-positioned to maintain our leading position and capture future opportunities in the global and Chinese Mainland phosphate-based cathode materials markets. See “Industry Overview.”

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to sustainable development through our ESG approach centered on green development, health and harmony, integrity and transparency, and win-win cooperation. We continuously enhance our ESG management framework, strengthen ESG practices, and improve our sustainability performance.

ESG Governance Structure

We have established an ESG governance structure with clearly defined responsibilities and effective coordination across different levels. The Board of Directors, as the highest governing body, assumes ultimate responsibility for ESG strategy, objectives, risk management and related disclosures. In 2023, we established an ESG Steering Group, chaired by the Chairman and comprising key management personnel from our production bases, to oversee ESG planning and implementation. In early 2026, the ESG Steering Group was formally renamed the ESG Management Committee, which serves as the management-level body responsible for implementing the Board’s ESG decisions. At the operational level, our ESG Office is responsible for coordinating day-to-day ESG initiatives and consolidating ESG-related data. Our subsidiaries and functional departments integrate ESG requirements into their operations and performance management, forming an integrated governance and implementation mechanism from decision-making to execution.

Members of the ESG Management Committee have diverse professional backgrounds, including chemical engineering, finance and legal affairs. With extensive experience in sustainability-related areas such as internal audit and compliance, occupational health and safety, environmental management and human resources management, they support the identification and assessment of ESG-related risks and opportunities from multiple perspectives. The Board of Directors and senior management regularly enhance their understanding of regulatory and industry developments through annual ESG-focused training and discussions, ensuring informed and compliant decision-making. In October 2024, we issued the “Yuneng ESG Policy” (《裕能ESG政策》), which identifies green manufacturing, circular development, people-oriented development and sound governance as the four core principles underpinning our ESG management approach.

ESG-Related Risks and Mitigation Measures

Climate Risks

We conducted climate scenario analysis in accordance with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). The assessment covered our major material production bases and phosphate mining areas. We selected the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathway 1-1.9 (SSP1-1.9), representing a 1.5°C warming pathway, and the International Energy Agency (IEA)’s Stated Policies Scenario (STEPS) to identify and assess climate-related physical and transition risks.

- **Physical Risks:** Under a 1.5°C warming scenario, the frequency and intensity of extreme weather events are expected to increase. Regional heavy rainfall, flooding and heatwaves may result in production disruptions, facility damage and interruptions to the transportation of raw and auxiliary materials, affecting operational stability. In addition, rising average temperatures may increase cooling energy consumption, pose challenges to securing industrial water supply,

BUSINESS

and increase costs associated with occupational health protection and disaster preparedness. To address these risks, we have developed emergency response plans for extreme weather events, established supply chain monitoring and early warning mechanisms, and implemented flood and wind resistance upgrades for key facilities. For our mining areas, engineering protection measures, such as slope stabilization, are incorporated from the exploration stage. Meanwhile, we assess risks associated with operations in areas facing high water stress, invest in energy-efficient cooling and water-saving systems, promote reclaimed water reuse, and implement tiered water management plans to support efficient and sustainable water resource use.

- **Transition Risks:** Under the Stated Policies Scenario, tightening controls on energy consumption and carbon emissions, evolving environmental standards, and the implementation of cross-border carbon footprint requirements may expose us to various transition risks. From a regulatory perspective, China’s carbon peaking action plan under the 15th Five-Year Plan introduces a dual-control system for carbon emissions. Meanwhile, overseas regulations such as the European Union’s Carbon Border Adjustment Mechanism (CBAM) and Battery Regulation are gradually taking effect, imposing higher requirements on production facilities, processes and compliance systems. From a market perspective, downstream customers are establishing supply chain carbon targets and setting procurement thresholds based on suppliers’ corporate carbon emissions disclosures and product carbon footprint certifications. Low-carbon products may gain greater market recognition and potential green premiums. To address these risks, we reduce carbon intensity through energy efficiency improvements and renewable electricity procurement, develop a green product portfolio, proactively disclose carbon emissions data, conduct life-cycle carbon footprint assessments for key products, and obtain third-party verification and carbon footprint certification to support long-term sustainability and competitiveness.

Environmental Compliance Risks

Environmental regulations applicable to the battery materials industry continue to become more stringent, placing higher requirements on our environmental management and compliance practices. Failure to comply with applicable environmental laws and regulations may result in penalties and operational risks. See “Risk Factors — We are subject to extensive environmental, chemical manufacturing, health and safety laws and regulations, and compliance with such laws and regulations may require significant resources and increase our operating costs.” To address these risks, we have strengthened our production and environmental management procedures, enhanced employee training and on-site environmental inspections, and established an end-to-end environmental management system. We install automatic online monitoring equipment at designated emission outlets and conduct real-time monitoring of key pollutants in accordance with regulatory requirements, with our monitoring systems connected to the relevant ecological and environmental authorities and have developed a smart environmental management system featuring transparent data, timely alerts and effective incident response.

Labor-Related Risks

Due to the nature of our production processes and the rapid development of the industry, we face labor-related risks associated with occupational health and safety, skilled talent development and workforce stability. See “Risk Factors — Any disruption to the operations of our production facilities could materially and adversely affect our business, financial condition and results of operations.” To address these risks, we continuously enhance our occupational health and safety management system, strengthen occupational health monitoring, safety training and skilled talent development, and ensure equal rights and development opportunities for our employees. We are committed to fostering a safe, healthy and sustainable working environment together with our employees.

BUSINESS

Business Ethics Risks

As the industry continues to grow, regulatory requirements evolve and our business operations expand, we face increasingly complex governance and compliance challenges. See “Risk Factors — Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties may materially and adversely affect our business.” To address these risks, we have established a governance framework supported by sound decision-making and proactive risk identification. We have also developed an end-to-end business integrity management system across our operations to mitigate compliance risks.

Sustainable Development Strategy

We pursue a sustainable development strategy focused on innovation, cost leadership, green and low-carbon development, and globalization, with the aim of building a green, efficient and internationally competitive industrial ecosystem. **Innovation-led Strategy:** We place innovation and R&D at the core of our strategic development. We have established a multi-level innovation system, enhanced our R&D capabilities across different areas, developed long-term innovation mechanisms, and strengthened intellectual property protection and confidentiality management to support our long-term development through innovation. **Cost Leadership Strategy:** We achieve cost reduction and operational efficiency improvements through vertically integrated operation spanning “resources — precursors — cathode materials — recycling.” Leveraging our economies of scale and lean management practices, we optimize our organizational and cost structures to enhance our core competitiveness. **Green and Low-Carbon Development Strategy:** In response to global climate challenges, we have made green transformation a core strategic priority and established phased targets. We aim to achieve 100% renewable electricity consumption by 2030, operational carbon neutrality by 2035, and work with upstream and downstream partners to achieve carbon neutrality across our entire value chain by 2040. **Globalization Strategy:** We are capitalizing on opportunities arising from the global expansion of China’s lithium-ion battery industry, advancing our global production capacity deployment and building a global supply network. Meanwhile, we continue to strengthen supply chain resilience, consolidate our global leading position in phosphate-based cathode materials, and support the integration of China’s lithium-ion battery industry into the global energy transition.

Risk Management

In accordance with ISO 31000:2018, we have established a comprehensive risk management framework covering strategic, operational, financial, compliance and reputational risks. The Board of Directors, as the highest governing body, oversees our risk governance framework and has established a “three lines of defense” model: business units are responsible for identifying and reporting key risks; management establishes risk management standards and monitors their implementation; and the internal audit department provides independent review and assurance.

Environment

Emissions Management

- *Greenhouse Gas Emissions*

We are committed to advancing green manufacturing practices by systematically reducing our carbon footprint through optimization of our energy mix and improvements in production processes. At the operational level, we continuously promote energy conservation and carbon reduction through systematic monitoring, online monitoring systems and energy-saving retrofits. Meanwhile, we continue to strengthen our R&D efforts in low-carbon production processes and lithium battery recycling technologies, developing cathode materials featuring enhanced safety, longer service life and lower energy consumption. These efforts support our customers in enhancing the environmental competitiveness of their products and contribute to the broader transition towards renewable energy.

BUSINESS

We have established a greenhouse gas (GHG) emissions accounting system covering our Company and our Major Subsidiaries, with emissions from five of them systematically accounted for, namely our Company, Sichuan Yuneng New Energy Battery Materials Co., Ltd., Sichuan Yuning New Energy Materials Co., Ltd., Yunnan Yuneng New Energy Battery Materials Co., Ltd., and Guizhou Yuneng New Energy Battery Materials Co., Ltd., and have commissioned an independent third-party organization to conduct annual verification in accordance with ISO 14064-1:2018. As for other entities, we are gradually establishing and improving mechanisms for the collection and management of greenhouse gas emissions data to establish a reliable data basis for future accounting and verification.

The table below sets forth our greenhouse gas emissions for 2023, 2024, and 2025, as well as for the three months ended March 31, 2026:

Item	Unit	Year ended December 31			Three months ended March 31
		2023	2024	2025	2026
Scope 1 GHG emissions	tCO ₂ e	720,393.94	957,161.69	1,271,009.17	332,767.00
Scope 2 GHG emissions	tCO ₂ e	1,008,262.67	1,398,168.23	2,229,781.77	581,307.64
Scope 3 GHG emissions	tCO ₂ e	2,891,498.49	4,264,201.74	8,431,570.24	N/A
GHG Emissions Intensity	tCO ₂ e/tons of	3.43	3.20	3.09	3.01
(Scope 1 + Scope 2)	total production				

Notes:

- (1) Scope 1 greenhouse gas emissions include emissions from the combustion of fossil fuels, process emissions arising from the decomposition of carbon-containing substances, and fugitive emissions from refrigerants and other sources. The calculation boundary covers the Company’s major production bases currently in operation and Guizhou Yuneng Mining Co., Ltd. Among them, Hunan Xiangxiang Base and Guizhou Yuneng Mining Co., Ltd. commenced trial operations in 2024, and their activity data have been included in the calculation of greenhouse gas emissions for the corresponding period thereafter.
- (2) Scope 2 GHG emissions represent indirect energy emissions arising from purchased electricity. The emission factors and other parameters are derived from the 2023 National Average Carbon Dioxide Emission Factor for Electricity published by the Ministry of Ecology and Environment and the National Bureau of Statistics.
- (3) The calculation of Scope 3 greenhouse gas emissions was conducted with reference to the Company’s business characteristics and the importance of emissions from different categories, covering Category 1 Purchased Goods and Services, Category 4 Upstream Transportation, Category 5 Waste Generated in Operations, Category 6 Business Travel, Category 7 Employee Commuting and Category 9 Downstream Transportation as defined in the Greenhouse Gas Protocol. Among them, due to the relatively short operating period of Hunan Xiangxiang Base and Guizhou Yuneng Mining Co., Ltd., or the fact that certain facilities are still in the trial operation stage, the relevant value chain activity data have not yet established a complete statistical basis, and therefore have not been included in the Scope 3 greenhouse gas emissions calculation. For the three months ended 31 March 2026, as Scope 3 greenhouse gas emissions involve data collection and verification from suppliers, logistics service providers and other relevant value chain parties, the relevant data had not yet completed statistical compilation and verification, and Scope 3 greenhouse gas emissions data for such period have not been disclosed.
- (4) Emission factors and other parameters used in the calculations are sourced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the China Product Life Cycle Greenhouse Gas Emission Factor Dataset (2022), the IPCC Sixth Assessment Report on Climate Change, the Ecoinvent database and other sources.
- (5) GHG emissions intensity was calculated by dividing Scope 1 and Scope 2 carbon dioxide emissions during the Track Record Period by the production volume of phosphate-based cathode materials during the corresponding period.

We continue to promote the use of renewable electricity, increase the proportion of renewable electricity in our electricity consumption, and optimize our energy mix. In 2025, renewable electricity accounted for 65.28% of our total electricity consumption.

BUSINESS

Item	Unit	Year ended December 31			Three months ended March 31
		2023	2024	2025	2026
Renewable Electricity	kWh	1,153,840,103.67	1,338,976,880.26	2,308,939,025.60	368,013,000.00

Note:

- (1) The scope of renewable electricity statistics in this table includes: (i) renewable electricity obtained through market-based green power transactions or the procurement of green certificates; and (ii) electricity that can be traced back to renewable energy sources based on supporting documents such as power transaction settlement statements.

• *Pollutant and Waste Management*

Guided by internal policies, including the Environmental Performance Assessment Policy (《環保考核制度》), the Environmental Protection Management Policy (《環境保護管理制度》), and the Policy on the Environmental Protection Three Simultaneities for Construction Projects (《建設項目環境保護三同時管理制度》), we have established a comprehensive management framework covering the identification, classification, control and disposal of pollutants and waste.

- **Air Emissions:** We strengthen air emissions management through source reduction, process control and end-of-pipe treatment. Relying on online emission monitoring systems at our major production bases, we monitor emissions of key pollutants, including particulate matter, sulfur dioxide (SO₂) and nitrogen oxides (NO_x). In 2025, total emissions of particulate matter, NO_x and SO₂ from our major production bases were 497 tons, 498 tons and 307 tons, respectively. In addition, air emissions from our two phosphate mines under construction primarily arise from fugitive dust generated by mining operations and transportation activities. We reduce dust emissions through measures such as spray dust suppression, road hardening and vehicle washing facilities.
- **Wastewater:** We implement differentiated wastewater management practices based on the characteristics of different operational stages. Domestic wastewater from our material production bases is pre-treated before being discharged to third-party wastewater treatment plants. Production wastewater is collected and treated for reuse in production processes. For the Hunan Xiangtan base, treated production wastewater is discharged to a third-party wastewater treatment plant, while all other production bases achieve no external discharge of production wastewater. During the Track Record Period, we did not directly discharge any wastewater into the environment.
- **Solid Waste:** In accordance with regulations such as the National Catalogue of Hazardous Wastes (《國家危險廢物名錄》), we implement classified management of solid waste generated from our operations and handle such waste in accordance with the principles of reduction, resource recovery and environmentally sound disposal. Hazardous waste, including waste oil, used oil drums and waste laboratory liquids, is disposed of in an environmentally sound manner by qualified and licensed contractors. For general industrial solid waste, including waste packaging materials, scrap metal, dust collected from dust removal systems and other production-related solid waste, recyclable waste is transferred to specialized agencies for recycling and reuse, while the remaining waste is disposed of in accordance with applicable regulations. Household waste and food waste are collected and handled by qualified service providers. In 2025, we generated 272.45 tons of hazardous waste and 1,259,161.51 tons of general industrial solid waste. For solid waste generated from our two phosphate mines, which mainly consists of tailings, we utilize backfilling technology to fill underground mined-out areas, thereby achieving resource utilization.

BUSINESS

We collect and consolidate pollutant data by maintaining regularly updated pollutant emission registers at each facility, and regularly submit pollutant emission data in accordance with the requirements of environmental regulatory authorities.

Category	Pollutants	Unit	Year ended December 31			Three months ended March 31
			2023	2024	2025	2026
Air emissions	NOx	tons	210.31	379.73	498.31	159.81
	SO ₂	tons	82.16	208.77	307.02	69.50
	Particulate Matter	tons	327.47	361.87	497.08	111.57
	Non-Methane					
	Hydrocarbons (NMHC)	tons	0.47	2.69	6.73	1.18
	Volatile Organic					
	Compounds (VOCs)	tons	5.31	1.07	2.26	2.15
	Sulfuric Acid Mist	tons	–	9.92	7.43	6.56
	Fluoride	tons	–	0.48	1.14	0.43
Wastewater	Ammonia	tons	–	5.82	4.87	1.13
	Chemical Oxygen Demand (COD)	tons	54.87	54.44	47.80	14.68
	Ammonia Nitrogen	tons	6.75	9.87	5.18	1.25
	Total Phosphorus	tons	0.55	0.75	0.34	0.16
	Total Nitrogen	tons	–	0.43	–	–
Solid Waste	General Industrial Solid					
	Waste	tons	123,578.31	220,072.83	1,259,161.51	538,534.70
	Hazardous Waste	tons	137.32	179.81	272.45	99.28

Notes:

- (1) The scope of data collection covers the Company’s major production bases and Guizhou Yuneng Mining Co., Ltd.. Emissions of various pollutants are aggregated based on data from major and general emission outlets at each base. In accordance with applicable environmental regulatory requirements, fugitive emissions are not separately required to be monitored and disclosed and are therefore excluded from the statistical scope.
- (2) Pollutant data for production bases in Sichuan, Guizhou and Yunnan are derived from pollution discharge permit compliance reports. Production bases in Hunan are subject to pollutant discharge registration management, and the relevant data are sourced from environmental management ledgers maintained by the Company. The disclosed data for each base are consistent with the basis and methodology used for regulatory reporting.
- (3) Wastewater pollutant emissions are based on monitoring data collected before wastewater is discharged to third-party wastewater treatment plants. The Company does not directly discharge wastewater into the environment.
- (4) Due to differences in applicable environmental regulatory requirements and monitoring methods among production bases, for volatile organic compounds (VOCs), certain bases monitor total VOC emissions in accordance with local environmental requirements, while others monitor non-methane hydrocarbons (NMHC) as the key indicator. Accordingly, the Company discloses the relevant emission data separately.

Energy Management

We have established an energy management system in accordance with the ISO 50001:2018 standard. Hunan Xiangtan Base and Sichuan Suining Base have obtained third-party certification for their energy management systems. We continue to advance energy-saving technological upgrades and incorporate energy efficiency requirements into our equipment procurement processes, prioritizing the adoption of new equipment with Grade 1 energy efficiency ratings. Since 2023, we have implemented a number of energy-saving technological upgrade projects, covering initiatives such as energy-efficient retrofits for water pumps, kiln insulation improvements, and equipment scaling-up. Upon completion of these upgrades, we track workshop manufacturing costs on a monthly basis to verify the effectiveness of energy-saving measures.

BUSINESS

We compile monthly statistics on energy consumption intensity per unit of production at each base and, in conjunction with our energy online management system, implement real-time monitoring and dynamic management of major energy consumption, including electricity and natural gas, at our production bases. The table below sets forth our energy consumption data for 2023, 2024 and 2025, as well as for the three months ended March 31, 2026.

Item	Unit	Year ended December 31,			Three months ended March 31,
		2023	2024	2025	2026
Purchased electricity	kWh	1,900,231,193.00	2,635,070,169.08	4,202,377,998.95	1,095,566,610.00
Natural gas	m ³	258,740,724.46	338,904,604.24	459,204,204.26	125,154,596.56
Diesel	kg	211,137.86	287,009.34	622,260.22	279,229.55
Gasoline	kg	18,592.75	18,533.07	19,784.93	6,484.67
Total energy consumption . .	tce	548,243.73	736,065.44	1,075,405.86	287,128.17
Energy consumption intensity	tce/t	1.09	1.00	0.95	0.95

Notes:

- (1) The scope of data collection covers the Company’s major production bases currently in operation and Guizhou Yuneng Mining Co., Ltd.
- (2) The conversion factors used in this table to convert various energy sources into standard coal equivalent are based on the values specified in the national standard General Rules for Calculation of the Comprehensive Energy Consumption (《綜合能耗計算通則》) (GB/T 2589–2020). The physical consumption of purchased electricity, natural gas, diesel and gasoline is converted into standard coal equivalent using the corresponding conversion factors and aggregated to calculate total comprehensive energy consumption.
- (3) Comprehensive energy consumption intensity is calculated as total comprehensive energy consumption divided by the production volume of phosphate-based cathode materials during the corresponding period. This metric reflects the energy consumption per ton of phosphate-based cathode materials produced.

Water Resources Management

We strictly comply with the “Water Law of the People’s Republic of China” (《中華人民共和國水法》) and adopt a water management approach focused on water conservation and resource efficiency. To reduce water consumption at source, we optimize key processes, including precursor synthesis and purified water preparation for phosphate-based cathode materials, thereby reducing washing cycles and water consumption per unit of product. In terms of water recycling, we have established a comprehensive water recycling system. In 2025, our water consumption intensity was 6.67 tons of water per ton of comprehensive product output, and recycled water accounted for 72.93% of total water consumption. Except for the Hunan Xiangtan base, where production wastewater is discharged after meeting the required treatment standards, all other bases have achieved the recycling and reuse of production wastewater.

Environment and Natural Resources

We act in accordance with laws and regulations such as the PRC Environmental Protection Law (《中華人民共和國環境保護法》) and the PRC Wildlife Protection Law (《中華人民共和國野生動物保護法》). We identify and evaluate potential ecological and environmental impacts arising from the construction and operation. Over the past three years, we have continuously conducted ecological and environmental risk assessments at our major production bases.

BUSINESS

For production bases and mines located in ecologically sensitive areas, we continue to enhance our ecological and environmental management by implementing measures such as the proper disposal of solid waste and the prevention and control of groundwater pollution. During the construction of our phosphate mine, we prepared environmental impact assessment documents, soil and water conservation plans and other relevant documents in accordance with applicable laws and regulations. We have also accrued an ecological restoration fund as required and continue to advance ecological protection and restoration activities within the mining area.

Circular Economy

We have incorporated circular economy principles throughout our production and operational processes. We are constructing a lithium iron phosphate black mass recycling production line to develop technological capabilities for the recovery and reuse of lithium-ion batteries. We recycle production residues generated during the manufacturing process, such as screening residues and iron-containing residues, and achieve resource recovery at Hunan Yuneng Recycling Technology Co., Ltd.. In addition, we adopt a pallet circulation model for project-related packaging. Pallets supplied from our production bases are recovered from downstream customers and reused through multiple cycles until they are no longer suitable for reuse, thereby reducing packaging material consumption and waste generation.

Social

Labor Practices

We are committed to creating a fair, safe, inclusive and respectful working environment. We strictly implement relevant internal policies, including the Anti-Discrimination Control Procedure (《反歧視控制程序管理規定》) and the Anti-Harassment and Anti-Abuse Procedure (《反騷擾、反虐待程序管理規定》), to prevent any form of discrimination based on gender, age, ethnicity or other factors. We have also established clear prohibitions and corresponding handling procedures for misconduct, including physical abuse, verbal abuse and sexual harassment. We have established an occupational health and safety management system covering the Group and all production bases. The Group’s Safety and Environmental Protection Department oversees safety and environmental protection management across all bases, while each production base is equipped with dedicated safety management personnel to implement the comprehensive work safety responsibility system, risk classification and control measures, and the dual prevention mechanism for hazard identification and rectification. To address occupational health hazards such as dust, noise and high temperatures, we regularly engage professional institutions to conduct assessments, provide employees with personal protective equipment and organize occupational health examinations. In 2025, the occupational health examination coverage rate reached 100%, we conducted 114 emergency drills, and the annual average safety training hours per employee complied with applicable legal and regulatory requirements. See “— Employees.”

Sustainable Supply Chain

We adhere to the principles of compliance, green procurement and business integrity. In accordance with the Supplier Management Procedure (《供應商管理程序》) and Supplier Code of Conduct (《供應商行為準則》), we set requirements for suppliers regarding environmental protection, business ethics and occupational health and safety. We incorporate sustainability performance into supplier evaluations and give priority to suppliers with ISO 14001:2015 environmental management system certification. To address supply chain risks associated with key raw materials, we have developed the Policy on Responsible Mineral Supply Chain Due Diligence (《負責任礦產供應鏈盡責管理政策》), with reference to the OECD Due Diligence Guidance and the EU Battery Regulation. Through supplier audits, contractual arrangements and capacity-building initiatives, we strengthen our management of the sourcing of key mineral products, such as lithium carbonate, and supplier compliance. In 2025, in collaboration with third-party organizations, we conducted product carbon footprint assessments and provided responsible mineral supply chain management training for more than 10 suppliers.

BUSINESS

Community Investment

We actively contribute to local communities by integrating our business development with the needs and development of the communities in which we operate. Based on local needs, we carry out initiatives such as educational support, cultural preservation, charitable donations and disaster relief to support local development. In addition, we prioritize local hiring by giving preference to employees from regions where our production bases are located under equivalent conditions, thereby creating employment opportunities for local residents. As our business expanded, the total number of Group employees increased by approximately 58% from 2023 to 2025, with the majority of new employees coming from regions where our production bases are located. We also encourage employees to participate in community engagement and volunteer activities, fostering mutual development between the Company and local communities.

Governance

Board Diversity

We place emphasis on board diversity. The Board consists of 10 Directors, including 4 independent non-executive Directors, 1 employee representative Director and 2 female Directors. The Board members possess diverse professional backgrounds and industry experience across areas such as chemical materials, accounting, law and finance, and have extensive experience in industrial operations, financial management, legal compliance, risk management, ESG, and investment and financing activities. Such diversity provides the Board with diverse perspectives in identifying and addressing environmental, social and governance-related risks and opportunities.

Anti-Corruption and Anti-Bribery

We have continued to enhance our business ethics and compliance management system. We strictly comply with applicable anti-bribery and anti-corruption laws and regulations, and have formulated and implemented internal policies, including the Business Ethics and Code of Conduct Management Procedures (《關於商業道德及行為準則的管理規範》) and the Anti-Corruption and Anti-Bribery Control Procedures (《反腐敗反賄賂控制程序》), which set out employee conduct standards and integrity requirements. We require personnel in key positions to sign integrity commitment letters, with a 100% signing rate achieved in 2025. We have strengthened business ethics management through initiatives such as integrity training, the establishment of compliance reporting channels and the implementation of whistleblower protection mechanisms. In addition, we enhance risk control over key processes, including procurement, bidding, contract approval and fund disbursement, through measures such as internal supervision, legal review, supplier compliance reviews and the execution of integrity agreements. During the Track Record Period, we did not experience any regulatory investigations, penalties or significant adverse impacts arising from commercial bribery or corruption.

Anti-Unfair Competition

We strictly comply with the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》) and the PRC Anti-Monopoly Law (《中華人民共和國反壟斷法》), and have formulated the Business Ethics and Code of Conduct Management Procedures (《關於商業道德及行為準則的管理規範》), which prohibit practices such as trade secret theft, malicious defamation and forced tie-in sales. During the procurement process, we implement the Bidding and Procurement Management Measures (《招標採購工作管理辦法》). During the sales process, we determine pricing based on market-oriented principles, avoiding discriminatory pricing and monopoly agreements, thereby ensuring compliance with applicable laws and regulations and the principles of fair competition. During the Track Record Period, we were not subject to any regulatory investigations, legal proceedings or penalties relating to anti-monopoly matters, nor did we receive any reports or allegations in this regard.

BUSINESS

EMPLOYEES

As of March 31, 2026, we had a total of 8,459 full-time employees and the majority of our employees were based in Chinese Mainland. The table sets forth a breakdown of our employees by function as of March 31, 2026.

Function	Number	Percentage of Total Number
Production	6,972	82.4%
Sales	79	0.9%
R&D	683	8.1%
Finance	50	0.6%
Administrative	369	4.4%
Management	306	3.6%
Total	8,459	100.0%

We enter into standard labor contracts and confidentiality agreements with all of our full-time employees. In addition, we have non-competition agreements with our core management personnel, R&D personnel and other key personnel who are obligated to keep confidentiality, in order to protect our proprietary technologies, trade secrets and other confidential information.

We adopt various recruitment methods, including on-site recruitment at our production bases, recruitment through partner agencies, online recruitment and campus recruitment. We attach significant importance to talent cultivation and have established a multi-tiered training system. New employees receive induction training covering our corporate culture, internal policies and shop-floor practices, while existing employees receive targeted training across functions including R&D, finance, management and production. We also conduct regular company-wide training on anti-unfair competition and anti-bribery matters. We are committed to making continual efforts to provide an engaging working environment to our employees. We provide our employees with competitive compensation packages comprising fixed remuneration, production evaluation, project innovation incentives, restricted stock incentive plan and statutory social insurance and housing fund contributions, which are determined with reference to individual performance, market practices and our operating results.

We have established labor unions in accordance with the PRC laws and maintained smooth communication with our employees. During the Track Record Period and up to the Latest Practicable Date, we maintained a good working relationship with our employees without any incidents of labor disputes, strikes or work stoppages that had a significant impact on our operations, and we also did not encounter any major difficulties in recruitment and staffing.

INSURANCE

We have maintained insurance that we deem appropriate and in accordance with industry practice for our daily business operations, including employer’s liability insurance, group accident insurance, property insurance, machinery breakdown insurance, work safety liability insurance, directors’ senior management liability insurance, and motor vehicle insurance. We review our insurance policies regularly to ensure their compliance with the statutory PRC laws and regulations. We believe that our existing insurance coverage is adequate for our business operation and is in line with industry standards in the jurisdictions where we operate.

During the Track Record Period, we were not subject to any material claim of insurance. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See “Risk Factors — Our insurance coverage may not be sufficient to cover all losses or liabilities arising from our operations.”

BUSINESS

PROPERTIES

Owned Land and Properties

As of March 31, 2026, our Company and the Major Subsidiaries held the land use rights of 10 parcels of land in China with an aggregate site area of approximately 1,899.5 thousand sq.m. All of these land parcels have been granted land use right certificates. As of the same date, our Company and the Major Subsidiaries owned 273 properties in China with a total gross floor area of approximately 1,707.3 thousand sq.m, primarily used for business operations, production and warehousing purposes and other ancillary purposes. We have obtained the title certificates for 139 of these properties. We are still in the process of obtaining the title certificates for the remaining 134 properties. We have obtained written confirmation issued by the competent authorities in the PRC that there are no legal impediments to our obtaining the ownership certificates for the relevant properties. As of the Latest Practicable Date, we were in the process of completing the registration procedures and obtaining the relevant ownership certificates in accordance with the applicable PRC laws and regulations. As advised by our PRC Legal Advisor, while the absence of such certificates may restrict our ability to sell, assign, or mortgage the relevant properties, it has not affected our right to use the relevant properties during the Track Record Period and up to the Latest Practicable Date and is not expected to materially and adversely affect our business, the results of operations or our financial condition.

As of March 31, 2026, we had one parcel of land in Spain with a total area of approximately 467.3 thousand sq.m, which is properly registered.

Leased Land and Properties

As of March 31, 2026, our Company and the Major Subsidiaries leased 23 properties in China with a total GFA of approximately 113.3 thousand sq.m, which were primarily used for employee dormitory, warehousing and office purposes. As of March 31, 2026, we had six leased properties in Spain, primarily used for employee dormitory and office purposes.

As of the Latest Practicable Date, all of our lease agreements associated with such 23 leased properties in China had not been registered with the relevant authorities as required under PRC law. The primary reason for this non-registration is the lack of cooperation from the relevant landlords in completing the registration procedures.

As advised by our PRC Legal Advisor, the penalty for non-lease registration is a fine ranging from RMB1,000 to RMB10,000 for each of lease agreements. Penalties would only be imposed if we fail to rectify the non-compliance after being ordered to do so by the relevant government authorities, and as of the Latest Practicable Date, no government authority has issued such a request. The failure to complete the registration of the lease agreements does not affect the validity of the lease agreements, nor does it affect our normal use of the leased property, and it will not have a major impact on our production and operations. Therefore, we believe that the failure to complete the registration of the lease agreements will not materially and adversely affect our business, the results of operations or our financial condition.

Additionally, as of the Latest Practicable Date, the lessors of a substantial number of properties we leased in China had not provided title certificates for such properties, as the lessors have not obtained property ownership certificates and may not have followed the prescribed procedures to apply for and obtain approval from the relevant authorities. Whilst we may not be able to continue to use such properties if the ownership of the properties or the validity of the lease agreements is challenged by third parties, as advised by our PRC Legal Advisor, as of the Latest Practicable Date, considering that (i) given such properties are used for employee dormitory, warehousing and office purposes, we believe these properties are readily replaceable and, if necessary, could be replaced within a reasonable period without material disruption to our operations, (ii) our lease agreements had not been challenged by any third parties, (iii) there are alternative properties available in surrounding area of these properties, the relocation difficulty and costs would be relatively low and would not have a material impact on our production and operations; and (iv) with respect to the leased properties for which the relevant lessors had not obtained title certificates, the relevant lessors have provided written undertakings confirming that there are no

BUSINESS

impediments to leasing the relevant properties to us, and that the ownership status of such properties will not prevent the relevant lease agreements from being duly performed; the relevant lessors have further undertaken that, if the relevant lease arrangements cannot be performed as a result of any issue relating to the ownership status of the properties, they will use their best efforts to ensure that our rights and interests are not adversely affected and will indemnify us for any economic losses incurred by us arising therefrom, the aforementioned failure to provide title certificates of the lease agreements will not have a material adverse impact on our business operations.

As of the Latest Practicable Date, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

Compliance Matters

During the Track Record Period and up to the Latest Practicable Date, we did not commit any non-compliance of laws and regulations which individually or in the aggregate, in the opinion of our Directors, would have a material and adverse effect on our business, financial condition, or results of operations.

As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we have complied with the relevant PRC laws and regulations in all material respects. To the best knowledge of our Directors, the non-compliance matters identified below have not had, and are not expected to have, any material adverse impact on our business, financial condition and results of operations.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and other relevant regulations, we are required to provide our employees with welfare schemes covering social insurance. According to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), we are required to make housing provident fund contributions for our employees. During the Track Record Period, we failed to make contributions to the social insurance and housing provident funds in full amount required by the relevant PRC laws and regulations. Our PRC Legal Advisor has advised us that, pursuant to relevant PRC laws and regulations, we may be ordered by the relevant PRC authorities to pay the outstanding social insurance contributions within a prescribed time limit and may be subject to an overdue charge of 0.05% of the delayed payment per day. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of any overdue payment. Our PRC Legal Advisor has further advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund contributions as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, (i) we had obtained written confirmation for our Company and all of our subsidiaries from the competent local social insurance and housing provident fund authorities, each of which confirmed that our Company and each of our subsidiaries had not been subject to any administrative penalties in respect of social insurance and housing provident fund contributions; (ii) we have not received any notice requiring us to pay any outstanding social insurance and housing provident fund contributions, nor have we been subject to any administrative action or penalty by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions; and (iii) we were not aware of any material employee complaints nor were involved in any material labor disputes with our employees with respect to social insurance and housing provident fund contributions. In addition, pursuant to the policy provisions set out in the Notice of the General Office of the State Administration of Taxation on Prudently and Orderly Carrying Out Work Related to the Collection and Administration of Social Insurance Contributions (《國家稅務總局辦公廳關於穩妥有序做好社會保險費征管有關工作的通知》) and Notice of the General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rates (《國務院辦公廳關於印發<降低社會保險費率綜合方案>的通知》), self-collection of historical unpaid social insurance contributions from enterprises is strictly forbidden.

Based on the foregoing, our PRC Legal Advisor is of the view that the likelihood that the relevant social insurance and housing provident fund authorities would take the initiative to require us to make a comprehensive payment of the outstanding social insurance and housing provident fund contributions, or impose material administrative penalties on us, due to our failure to make social insurance and housing provident fund contributions in full for our employees during the Track Record Period, is remote provided that there are no significant changes to the current policies and regulations governing social insurance and housing provident funds, or to the supervisory and enforcement requirements of local authorities. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date. If the relevant authorities order us to fully contribute the social insurance and/or housing provident funds, we would make full contributions and take rectification measures as soon as possible within the specified period.

We have taken the following internal control enhancement measures relating to social insurance and housing provident funds contributions: (i) we have designated our human resource department to monitor the reporting and contributions of social insurance and housing provident fund contributions; (ii) we will consult PRC Legal Advisor on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments; and (iii) we will actively communicate with relevant social insurance and housing fund local authorities to ensure we have the most updated information about the relevant laws and regulations concerning social insurance and housing provident fund.

Regulatory Proceedings

During the Track Record Period and up to the Latest Practicable Date, certain of our PRC subsidiaries were subject to five administrative penalties relating to production and fire safety, which are not related to any accidents, the aggregate amount of the administrative fines imposed in respect of the above incidents was RMB156,000.

All of the above administrative fines have been paid in full and the relevant deficiencies have been fully rectified and the relevant incidents did not result in any injuries, fatalities, environmental pollution, production suspension or other harmful consequences. We have obtained written confirmation from competent authorities that none of the above administrative penalties constituted a material administrative penalty or a material violation under the applicable PRC laws and regulations. As of the Latest Practicable Date, we had not received any further administrative penalties or enforcement actions in relation to the above matters.

During the Track Record Period and up to the Latest Practicable Date, we were involved in (i) a production safety accident in January 2026 resulting in two fatalities and two injuries and (ii) a fire accident in May 2026 that caused damage to certain facilities and equipment but no casualties. According to the relevant investigation reports and written confirmations issued by the competent authorities, both incidents were classified as ordinary production safety accidents, and did not constitute material non-compliance under the applicable PRC laws and regulations. As of the Latest Practicable Date, the competent authorities were continuing the administrative proceedings in relation to the two accidents.

BUSINESS

Our Directors, having consulted our PRC Legal Advisor, are of the view that the above non-compliance incidents and accidents, whether individually or in aggregate, have not had and are not expected to have any material adverse impact on our business operations, financial condition or results of operations. Following the above incidents and accidents, we have implemented and further strengthened our work safety and fire safety management measures, including enhancing our internal safety management policies and operating procedures, strengthening safety inspections and risk identification and rectification mechanisms, reinforcing approval and supervision procedures for high-risk operations, increasing the frequency of inspections and maintenance of production facilities and fire protection systems, providing additional safety and emergency response training to our employees and management personnel, and enhancing accountability and supervision over compliance with applicable safety requirements. We have also implemented corrective measures in accordance with the recommendations of the competent authorities and the relevant accident investigation reports.

We have engaged an independent third-party internal control consultant, who, after reviewing our enhanced internal control measures including safety production management policies and procedures, safety hazard identification and rectification mechanisms, approval procedures for high-risk operations, equipment inspection and maintenance mechanisms, safety training management, emergency management, accident reporting procedures and other internal control processes, did not make any further recommendations for remedial measures, and is of the view that the above non-compliance incidents and accidents are isolated in nature and that there are no systemic internal control deficiencies in our safety production management.

INTERNAL CONTROL AND RISK MANAGEMENT

We have in place a robust risk management and internal control system. We adopted and continually improve our internal control mechanisms, consisting of policies and procedures tailored to our business operations, to safeguard our business operations and assets at all times. Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management.

Financial Reporting Risk Management

To manage financial reporting risks effectively, we have adopted comprehensive accounting policies covering financial management, budget management, and financial statement preparation. These policies are supported by established procedures, with our finance department regularly reviewing management accounts in accordance with these procedures. We also established an Audit Committee to review and supervise our financial reporting process and internal control system.

Compliance Risk Management

We have established sound compliance risk management procedures to achieve effective identification and management of compliance risk, and ensure that our operations are in compliance with applicable laws and regulations. In accordance with such procedures, our legal team carefully reviews the contracts we enter into with customers, suppliers and business partners. Our legal team is also responsible for obtaining any requisite governmental permits, approvals or consents. In addition, we continually monitor changes in relevant laws and regulations as well as the regulatory environment to ensure compliance in our business operations.

Human Resources Risk Management

We have established comprehensive internal control policies for human resources, covering recruitment, training, performance appraisal and career development. Our recruitment process helps ensure the quality of new hires. We also provide regular and specialized training tailored for our employees in different departments. These trainings help ensure that our employees' skill sets remain up-to-date and enable them to discover and meet our customers' needs. We organize a comprehensive assessment annually, and the assessment results serve as the basis for employee promotion and annual performance appraisal. In addition, we closely monitor the implementation of our internal risk management policies, aiming to promptly identify and address any potential noncompliance with our code of conduct, ethical standards or internal policies.

BUSINESS

Anti-Corruption Risk Management

We have established anti-bribery system documents such as the Code of Business Ethics and Conduct, and adhered to business ethics and integrity. We have established an anonymous whistleblower mechanism to accept reports from multiple channels and be supervised by the internal audit department. All reports will be investigated in accordance with the approved protocols and the findings will be recorded and escalated to the relevant management. The internal audit department shall keep the whistleblowers strictly confidential. In addition, we require our business partners to sign compliance agreements during cooperation.

As of the Latest Practicable Date, we have not been involved in legal proceedings related to corruption, bribery, or fraud.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained the requisite licenses, approvals, permits and certificates material for our business operations, and such licenses, permits, approvals and certificates are valid and subsisting. We are required to renew such certificates, permits and licenses from time-to-time, and we are continually overseeing the compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal.

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received as of the Latest Practicable Date.

Award/Recognition	Award Year	Awarding Institution/Authority
Named as “National Advanced Collective in the Industrial and Information Technology System”	2025	Ministry of Human Resources and Social Security of the PRC, Ministry of Industry and Information Technology of the PRC
Enterprises of Standard Conditions for the Lithium-ion Battery Industry	2026	Ministry of Industry and Information Technology of the PRC
China’s Top 500 Private Manufacturing Enterprises	2023, 2024 and 2025	All-China Federation of Industry and Commerce
China’s Top 500 Private Enterprises	2023 and 2024	All-China Federation of Industry and Commerce
Outstanding Strategic Partner	2023 and 2024	BYD
Excellent Supplier	2023	CATL
Technology Innovation Award	2024	CATL
Outstanding Supplier	2025	Yichun Contemporary
Outstanding Contribution Award	2025	SVOLT Energy
2025 Technology Innovation Award	2025	Chery Automobile Battery Business Division
Joint Innovation Award	2025	EVE Energy
Excellent Supplier	2025	Zhejiang Jinko ESS
2025 Outstanding Innovation Award	2026	Gotion High-tech
2025 Excellent Supplier	2026	Trina Storage
Joint Innovation Award	2026	Envision AESC Partner Summit
2025 Innovative Enterprise in New Energy and New Materials (Main Materials and Supporting Materials . . .	2025	Gaogong Lithium Battery, Gaogong Industry Research Institute