

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountants’ Report in Appendix I together with the accompanying notes. The historical financial information of our Group has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include but are not limited to those discussed in “Risk Factors” and “Forward-Looking Statements” and elsewhere in this Document.

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.

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.

Our revenue was RMB41,357.7 million, RMB22,598.5 million and RMB34,624.8 million in 2023, 2024 and 2025, respectively, and RMB6,762.1 million and RMB14,965.4 million for the three months ended March 31, 2025 and 2026. Our gross profit margin improved from 6.8% in 2023 to 7.7% in 2024 and further to 9.1% in 2025, and was 16.2% for the three months ended March 31, 2026.

BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (“IFRSs”) issued by the IASB. All IFRSs effective for the accounting period beginning on January 1, 2026, together with the relevant transitional provisions, have been early adopted by our Group in preparing the Historical Financial Information throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair value during the Track Record Period.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by a number of factors, including but not limited to the following.

Growing Downstream Market Demand

During the Track Record Period, our revenue was primarily derived from sales of phosphate-based cathode materials. Our products are primarily used in power batteries and energy storage batteries, which are ultimately used primarily in NEVs and ESS. According to Frost & Sullivan, driven by the growth in demand for NEV and ESS, global lithium-ion battery shipments increased from 323.2 GWh in 2020 to 2,243.1 GWh in 2025, and are expected to further increase to 7,472.3 GWh in 2030. Due to their inherent advantages including long cycle life, high safety and cost-effectiveness, together with continuous

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improvements in fast-charging and energy density technologies, LFP batteries account for an increasing share of global lithium-ion battery shipments, with the share rising from 25.5% in 2020 to 67.8% in 2025 and expected to further rise to 77.6% in 2030. This growth drove global shipment volume of phosphate-based cathode materials from 127.0 thousand tons in 2020 to 4.0 million tons in 2025, and is expected to increase to 13.5 million tons in 2030. The continued development of downstream markets presents significant growth opportunities for us.

Capabilities of Product Innovation and Industrialization to Secure Customer Orders

Our ability to continuously pursue product innovation and industrialize our R&D achievements through large-scale production is critical to consolidating our market position and driving revenue growth. 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.

As NEV applications require increasingly high levels of energy density and fast-charging capability, and ESS applications require increasingly high levels of energy efficiency, long cycle life and safety, LFP cathode materials are continuously evolving toward premium products. According to Frost & Sullivan, we are one of the earliest companies globally to achieve mass production of premium LFP cathode materials; in 2025, we ranked first globally in the premium LFP cathode materials market by shipment volume, with a market share of 55.4%. We plan to further strengthen our R&D and industrialization capabilities and advance product iterations to meet customer needs and support future growth. See “Business — Research and Development.”

Our in-house R&D and industrialization capabilities, together with our vertically integrated operation, large-scale intelligent manufacturing system and orderly capacity expansion, enable us to translate product innovation into large-scale production while maintaining reliable product performance, consistent product quality and stable supply, thereby meeting growing customer needs. Our extensive coverage of leading industry customers and long-term, stable customer relationships further supports our ability to capture market demand and secure customer orders, laying a foundation for growth in our sales volume and revenue.

Fluctuations in Raw Material Costs and Product Selling Prices

Our production requires a variety of raw materials, the market prices of which may fluctuate. Our major raw materials include phosphorus sources, iron sources and lithium sources, of which lithium carbonate accounts for a significant portion of our direct material costs. From 2023 to 2025, as upstream production capacity gradually came online, industry inventories were adjusted and growth in end demand stabilized, lithium carbonate prices generally declined, driving a decrease in the market prices of LFP cathode materials. Since the second half of 2025, due to factors including growth in downstream demand and adjustments to the supply structure, lithium carbonate and iron phosphate prices have rebounded. Overall, our raw material costs have continued to be affected by changes in the prices of lithium carbonate and other externally purchased raw materials.

In addition to the impact of raw material costs, the market prices of phosphate-based cathode materials also depend on factors such as downstream demand, industry supply, inventory levels, the competitive landscape and product mix. Changes in raw material prices are typically passed on to the market prices of products, but the magnitude and timing of such changes may not fully correspond; in addition, different products may also differ in selling prices and profits. We have established a price linkage mechanism in customer purchase orders, pursuant to which, the selling prices of phosphate-based cathode materials are generally adjusted with reference to the prevailing market price of lithium carbonate, and we negotiate with customers to adjust product prices in response to price changes of other raw materials where appropriate. Please refer to “Business — Sales and Marketing — Pricing” and “Business — Our Supply Chain — Raw Materials.”

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Ability to Control Costs and Leverage Our Vertically Integrated Operation

Our ability to continuously control costs is crucial to maintaining our profitability and competitive advantages. We seek to improve resource utilization efficiency, optimize production processes and enhance operational efficiency through a combination of measures, including technological innovation, process optimization, procurement management, production management, supply chain management, expense management and scaled operations.

Leveraging our vertically integrated operation spanning resources, precursors, cathode materials and recycling, we exercise greater control over key production inputs and supply chain links. We have achieved 100% in-house production of iron phosphate and established a complete chain covering phosphate ore mining, phosphochemical production, iron phosphate and LFP production, and recycling. We are also developing pyrite mining projects to strengthen our supply of key raw materials, improve resource utilization efficiency and enhance supply chain resilience. This integrated production model also helps improve product quality consistency and traceability and further strengthens our cost competitiveness. See “Business — Production — Our Vertically Integrated Operation.”

In our production processes, we implement refined management throughout the entire process. Through automated production, optimized production scheduling and effective coordination between processes and equipment, we control energy consumption and material loss and make fuller use of our production facilities and other production resources, thereby realizing economies of scale and creating further room for cost reductions while maintaining stable product quality.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our Historical Financial Information. Some of our accounting policies require us to make estimates and assumptions and exercise judgment in accounting for certain items. The estimates and assumptions we use and the judgments we make when applying our accounting policies significantly affect our financial position and results of operations. Our management evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events deemed reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. During the Track Record Period, our revenue mainly arises from the sales of phosphate-based cathode materials and related products. To determine whether to recognize revenue, we follow a five-step process: (i) identifying the contract with a customer, (ii) identifying the performance obligations, (iii) determining the transaction price, (iv) allocating the transaction price to the performance obligations, and (v) recognizing revenue when or as performance obligations are satisfied. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amount collected on behalf of third parties. Our revenue is recognized either at a point in time or over time, when we satisfy performance obligations by transferring the promised goods or services to our customers. Further details of our material accounting policies, judgments and estimates are set out in Notes 3 and 4 to the Accountants’ Report in Appendix I.

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RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss 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)	%
Revenue	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
Cost of sales	(38,528,226)	(93.2)	(20,857,291)	(92.3)	(31,472,441)	(90.9)	(6,388,852)	(94.5)	(12,547,451)	(83.8)
Gross profit	2,829,445	6.8	1,741,236	7.7	3,152,327	9.1	373,289	5.5	2,417,993	16.2
Selling and marketing expenses	(45,486)	(0.1)	(46,160)	(0.2)	(49,826)	(0.1)	(10,223)	(0.2)	(10,997)	(0.1)
Research and development expenses	(358,167)	(0.9)	(291,542)	(1.3)	(380,853)	(1.1)	(67,023)	(1.0)	(180,493)	(1.2)
General and administrative expenses	(474,153)	(1.1)	(499,011)	(2.2)	(642,668)	(1.9)	(143,948)	(2.1)	(219,682)	(1.5)
Other income and other gains and (losses), net	74,742	0.2	57,023	0.3	(183,062)	(0.5)	11,532	0.2	(169,692)	(1.1)
Reversal of expected credit losses (expected credit losses) on financial assets	52,220	0.1	(61,240)	(0.3)	(127,116)	(0.4)	(10,985)	(0.2)	(129,095)	(0.9)
Finance income (costs), net	(196,098)	(0.5)	(153,554)	(0.7)	(201,572)	(0.6)	(46,095)	(0.7)	(61,733)	(0.4)
Impairment loss on non-financial assets	–	0.0	(29,248)	(0.1)	(86,825)	(0.3)	–	0.0	–	0.0
Share of results of associates	(7,816)	(0.0)	(11,674)	(0.1)	(7,973)	(0.0)	(1,517)	(0.0)	420	0.0
Profit before tax	1,874,687	4.5	705,830	3.1	1,472,432	4.3	105,030	1.6	1,646,721	11.0
Income tax expense	(294,178)	(0.7)	(115,875)	(0.5)	(205,378)	(0.6)	(11,444)	(0.2)	(287,259)	(1.9)
Profit for the year/period	1,580,509	3.8	589,955	2.6	1,267,054	3.7	93,586	1.4	1,359,462	9.1
Owners of the Company	1,580,629	3.8	593,552	2.6	1,277,183	3.7	94,316	1.4	1,356,057	9.1
Non-controlling interests	(120)	(0.0)	(3,597)	(0.0)	(10,129)	(0.0)	(730)	(0.0)	3,405	0.0

NON-IFRS MEASURES

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use non-IFRS measures, including EBITDA (Non-IFRS Measure) and EBITDA margin (Non-IFRS Measure), as additional financial metrics, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impact of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial statements from the same perspective as they help our management. However, our presentation of EBITDA (Non-IFRS Measure) and EBITDA margin (Non-IFRS Measure) may not be comparable to similar titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for, an analysis of our results of operations or financial condition as reported under IFRS.

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We define EBITDA (Non-IFRS Measure) as profit for the year/period adjusted for (i) finance (income) costs, net, (ii) income tax expense, (iii) depreciation on property, plant and equipment, (iv) depreciation on right-of-use assets and (v) amortization on intangible assets. We define EBITDA margin (Non-IFRS Measure) as EBITDA (Non-IFRS Measure) as a percentage of our total revenue. The following table sets forth our non-IFRS financial measure for the periods indicated:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	(RMB'000, except for percentages)	(RMB'000, except for percentages)	(RMB'000, except for percentages)	(unaudited) (RMB'000, except for percentages)	(unaudited) (RMB'000, except for percentages)
Profit for the year/period	1,580,509	589,955	1,267,054	93,586	1,359,462
adjusted for:					
Finance (income) costs, net	196,098	153,554	201,572	46,095	61,733
Income tax expense	294,178	115,875	205,378	11,444	287,259
Depreciation on property, plant and equipment	1,064,726	1,575,044	2,108,154	486,767	638,725
Depreciation on right-of-use assets	13,453	17,460	22,341	5,253	6,647
Amortization on intangible assets	12,571	13,237	12,533	3,263	3,142
EBITDA (Non-IFRS Measure) . .	3,161,535	2,465,125	3,817,032	646,408	2,356,968
<i>EBITDA margin (Non-IFRS Measure)</i>	<i>7.6%</i>	<i>10.9%</i>	<i>11.0%</i>	<i>9.6%</i>	<i>15.7%</i>

DESCRIPTION OF KEY STATEMENTS OF PROFIT OR LOSS ITEMS

Revenue

During the Track Record Period, we generated revenue principally from the sale of phosphate-based cathode materials. Our revenue amounted to RMB41,357.7 million, RMB22,598.5 million and RMB34,624.8 million in 2023, 2024 and 2025, respectively, and RMB6,762.1 million and RMB14,965.4 million for the three months ended March 31, 2025 and 2026, respectively.

Revenue by Product and Service Category

Our revenue comprises revenue from (i) sales of phosphate-based cathode materials, which accounted for the substantial majority of our total revenue during the Track Record Period, as well as (ii) others. The following table sets forth a breakdown of our revenue by product, in absolute amounts and as a percentage of our total revenue, 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.

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Our revenue increased from RMB6,762.1 million for the three months ended March 31, 2025 by 121.3% to RMB14,965.4 million for the same period in 2026, primarily due to higher sales volume of our phosphate-based cathode materials driven by growing demand from downstream power and energy storage batteries and an increase in the average selling price of our phosphate-based cathode materials, tracking a rebound in lithium carbonate prices due to significantly improved industry supply and demand dynamics.

Our revenue increased from RMB22,598.5 million in 2024 by 53.2% to RMB34,624.8 million in 2025, primarily due to a substantial increase in sales volume of our phosphate-based cathode materials driven by growing demand from downstream power and energy storage batteries.

Our revenue decreased from RMB41,357.7 million in 2023 by 45.4% to RMB22,598.5 million in 2024, primarily due to a decline in the average price of phosphate-based cathode materials as lithium carbonate prices decreased, despite a substantial increase in our product sales volume.

Revenue by Region

During the Track Record Period, substantially all our revenue was derived from Chinese Mainland. The following table sets forth a breakdown of our revenue by geographic region, 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)	%
Chinese Mainland	41,351,015	100.0	22,586,193	99.9	34,340,238	99.2	6,759,877	100.0	14,465,239	96.7
Others ⁽¹⁾	6,656	0.0	12,334	0.1	284,530	0.8	2,264	0.0	500,205	3.3
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) Primarily includes regions such as Southeast Asia. The increase in revenue from overseas was primarily due to growing demand for LFP cathode materials in overseas markets.

Sales Volume and Average Selling Price

The table below sets forth the sales volume and average selling price of our phosphate-based cathode materials for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	Sales volume (’000 tons)	Average selling price ⁽¹⁾ (’000 RMB per ton)	Sales volume (’000 tons)	Average selling price ⁽¹⁾ (’000 RMB per ton)	Sales volume (’000 tons)	Average selling price ⁽¹⁾ (’000 RMB per ton)	Sales volume (’000 tons)	Average selling price ⁽¹⁾ (’000 RMB per ton)	Sales volume (’000 tons)	Average selling price ⁽¹⁾ (’000 RMB per ton)
Phosphate-based cathode materials	506.8	81.1	710.6	31.3	1,137.1	29.8	222.6	29.9	298.8	49.2

Note: Average selling price is calculated by dividing revenue by the relevant sales volume during the same year/period.

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During the Track Record Period, our sales volume of phosphate-based cathode materials increased continuously from 506.8 thousand tons in 2023 to 710.6 thousand tons in 2024 and 1,137.1 thousand tons in 2025. Our sales volume of phosphate-based cathode materials further increased from 222.6 thousand tons for the three months ended March 31, 2025 to 298.8 thousand tons for the three months ended March 31, 2026. The sales volume continued to grow, primarily attributable to (i) the continuous expansion of the lithium-ion battery industry, driven by increasing demand for NEV and ESS, which in turn drove the demand for our products; (ii) the strong customer relationships we established with leading lithium-ion battery manufacturers leveraging advantages in technology, products, mass production and vertically integrated operation, which expanded the scale of our sales; and (iii) the corresponding increase in our production capacity as newly added capacity gradually came online operation and we continued to optimize our production facilities, which supported the growth in product sales volume.

Our average selling price of phosphate-based cathode materials decreased by approximately 61.4% in 2024, decreased further by approximately 4.8% in 2025, and rebounded by approximately 64.5% from the three months ended March 31, 2025 to the same period in 2026. During the Track Record Period, fluctuations in our average selling price were primarily driven by supply-demand dynamics, the competitive landscape and prevailing market prices of major upstream raw materials. In 2024, the average selling price decreased primarily because newly added industry capacity gradually came online, industry inventories were adjusted and growth in end demand stabilized, resulting in relatively higher market supply and lower market prices of lithium carbonate and LFP cathode materials. In 2025, the prices of the relevant raw materials and LFP cathode materials decreased slightly compared with 2024, and the average selling price of our products decreased slightly accordingly. Since the second half of 2025, due to factors including growth in downstream demand and adjustments to the supply structure, lithium carbonate and iron phosphate prices have rebounded, which in turn drove a year-on-year increase in our average selling price for the three months ended March 31, 2026.

Cost of Sales

Our cost of sales primarily includes (i) costs of sales relating to phosphate-based cathode materials, and (ii) costs of sales relating to others. Our cost of sales amounted to RMB38,528.2 million, RMB20,857.3 million and RMB31,472.4 million in 2023, 2024 and 2025, respectively, and RMB6,388.9 million and RMB12,547.5 million for the three months ended March 31, 2025 and 2026, respectively.

The following table sets forth a breakdown of our cost of sales by product and service category, in absolute amounts and as a percentage of our total cost of sales, 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 materials	38,438,724	99.8	20,552,668	98.5	30,911,115	98.2	6,305,420	98.7	12,332,595	98.3
Others ⁽¹⁾	89,502	0.2	304,623	1.5	561,326	1.8	83,432	1.3	214,856	1.7
Total	38,528,226	100.0	20,857,291	100.0	31,472,441	100.0	6,388,852	100.0	12,547,451	100.0

Note:

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

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The following table sets forth a breakdown of our cost of sales of phosphate-based cathode materials by nature, in absolute amounts and as a percentage of our cost of sales of phosphate-based cathode materials, 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)	%
Direct materials	34,068,274	88.6	15,614,712	76.0	23,281,488	75.3	4,670,563	74.1	10,213,184	82.8
Others ⁽¹⁾	4,370,450	11.4	4,937,956	24.0	7,629,627	24.7	1,634,857	25.9	2,119,411	17.2
Total	38,438,724	100.0	20,552,668	100.0	30,911,115	100.0	6,305,420	100.0	12,332,595	100.0

Note:

(1) Others mainly include fuel and power, direct labor, manufacturing overhead, and transportation costs.

Our direct material costs of phosphate-based cathode materials increased by 118.7% from RMB4,670.6 million for the three months ended March 31, 2025 to RMB10,213.2 million for the same period in 2026, primarily due to higher direct material consumption from increased sales volume and higher unit costs driven by elevated lithium carbonate prices. Our direct material costs increased by 49.1% from RMB15,614.7 million in 2024 to RMB23,281.5 million in 2025, primarily due to higher direct material consumption as our sales volume increased. Our direct material costs decreased by 54.2% from RMB34,068.3 million in 2023 to RMB15,614.7 million in 2024, primarily because the significant decline in lithium carbonate prices reduced the unit cost of direct materials, partially offset by higher direct material consumption as our sales volume increased.

For illustrative purposes only, assuming that all other factors affecting our financial performance remain constant (including the assumption that direct material price fluctuations cannot be passed on to customers through price adjustment mechanisms), the following sensitivity analysis illustrates the impact of hypothetical 1% and 5% fluctuations in the direct material costs of phosphate-based cathode materials on our profit before tax for the periods indicated:

	For the year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Fluctuations in the direct material costs				
-/+1%		+/-340,683	+/-156,147	+/-232,815
-/+5%		+/-1,703,414	+/-780,736	+/-1,164,074

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Gross Profit and Gross Profit Margin

The table below sets forth the breakdown of our gross profit and gross profit margin by product and service category for the periods indicated.

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)						(unaudited)		(unaudited)	
Phosphate-based cathode materials	2,667,050	6.5%	1,662,287	7.5%	2,998,738	8.8%	347,931	5.2%	2,373,143	16.1%
Others ⁽¹⁾	162,395	64.5%	78,949	20.6%	153,589	21.5%	25,358	23.3%	44,850	17.3%
Total	2,829,445	6.8%	1,741,236	7.7%	3,152,327	9.1%	373,289	5.5%	2,417,993	16.2%

Note:

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

During the Track Record Period, our gross profit decreased by 38.5% from RMB2,829.4 million in 2023 to RMB1,741.2 million in 2024, before increasing by 81.0% to RMB3,152.3 million in 2025. For the three months ended March 31, 2026, our gross profit further increased by 547.8% to RMB2,418.0 million from RMB373.3 million for the corresponding period in 2025. The changes in our gross profit and gross profit margin were primarily due to (i) increased sales volume driven by increased market demand, and (ii) changes in the selling prices of phosphate-based cathode materials relative to direct material costs, primarily the cost of lithium carbonate.

During the same periods, our gross profit margin improved from 6.8% in 2023 to 7.7% in 2024 and further to 9.1% in 2025; for the three months ended March 31, 2026, our gross profit margin increased from 5.5% for the three months ended March 31, 2025 to 16.2%. During the Track Record Period, our overall gross profit margin continued to improve, primarily because (i) our vertically integrated operation, optimized procurement management, more effective allocation and utilization of production capacity, as well as economies of scale continued to enhance our cost control and operational efficiency, resulting in more favorable movements in our unit costs than in our average selling prices; and (ii) our continuously optimized product performance better aligned with customer needs and delivered higher added value.

Selling and Marketing Expenses

Our selling and marketing expenses primarily comprise (i) staff costs, (ii) business entertainment expenses, (iii) sample expenses, (iv) travel expenses, (v) share-based payments, (vi) patent royalties, (vii) rental expenses, and (viii) others. In 2023, 2024 and 2025 and for the three months ended March 31, 2025 and 2026, our selling and marketing expenses amounted to RMB45.5 million, RMB46.2 million, RMB49.8 million, RMB10.2 million and RMB11.0 million, respectively. The proportion of total revenue for the same periods remained relatively stable, at 0.1%, 0.2%, 0.1%, 0.2% and 0.1%, respectively.

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The following table sets forth a breakdown of our selling and marketing expenses 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)	%		
Staff costs	17,471	38.4	18,939	41.0	30,409	61.0	5,504	53.9	7,149	65.0		
Business entertainment expenses	1,632	3.6	2,237	4.8	3,099	6.2	678	6.6	1,039	9.5		
Sample expenses	3,086	6.8	2,334	5.1	3,169	6.4	831	8.1	869	7.9		
Travel expenses	1,906	4.2	2,708	5.9	3,211	6.5	930	9.1	808	7.3		
Share-based payments	–	0.0	1,621	3.5	2,660	5.3	572	5.6	613	5.6		
Patent royalties ⁽¹⁾	17,056	37.5	16,913	36.6	5,086	10.2	1,424	13.9	–	–		
Rental expenses	1,848	4.0	–	0.0	–	0.0	–	0.0	–	0.0		
Others	2,487	5.5	1,408	3.1	2,192	4.4	284	2.8	519	4.7		
Total	45,486	100.0	46,160	100.0	49,826	100.0	10,223	100.0	10,997	100.0		

Note: Patent royalties primarily represent fees we paid for the use of patents in connection with our overseas sales. The relevant patents expired in the first quarter of 2025.

General and Administrative Expenses

Our general and administrative expenses primarily comprise (i) staff costs, (ii) taxes and levies, including urban maintenance and construction tax, education surcharges, property tax, land use tax, stamp duty, environmental protection tax and others, (iii) depreciation and amortization, (iv) share-based payments, (v) lease expenses, (vi) intermediary, consulting and service fees, (vii) consumables and repair expenses, (viii) office expenses, (ix) business entertainment expenses, (x) travel expenses and (xi) others. During the Track Record Period, the absolute amount of our general and administrative expenses increased in line with our business growth. In 2023, 2024 and 2025 and for the three months ended March 31, 2025 and 2026, our general and administrative expenses amounted to RMB474.2 million, RMB499.0 million, RMB642.7 million, RMB143.9 million and RMB219.7 million, respectively, representing 1.1%, 2.2%, 1.9%, 2.1% and 1.5% of total revenue for the same periods, respectively. The following table sets forth a breakdown of our general and administrative expenses 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)	%		
Staff costs	187,692	39.6	191,834	38.4	214,429	33.4	54,457	37.8	77,630	35.3		
Taxes and levies	144,450	30.5	98,083	19.7	165,302	25.7	27,616	19.2	70,506	32.1		
Depreciation and amortization	71,437	15.1	106,457	21.3	126,128	19.6	30,892	21.5	37,417	17.0		
Share-based payments	–	0.0	35,126	7.0	58,939	9.2	17,654	12.3	12,438	5.7		
Lease expenses	8,822	1.9	10,696	2.2	16,019	2.5	3,802	2.6	5,158	2.3		
Intermediary, consulting and service fees	16,352	3.3	16,837	3.4	12,686	2.0	1,033	0.7	2,139	1.0		
Consumables and repair expenses	6,140	1.3	5,427	1.1	4,501	0.7	641	0.4	1,797	0.8		
Office expenses	6,385	1.3	7,154	1.4	6,897	1.1	1,112	0.8	1,427	0.7		
Business entertainment expenses	7,057	1.5	5,098	1.0	4,793	0.7	2,403	1.7	1,392	0.6		
Travel expenses	8,376	1.8	5,371	1.1	6,026	0.9	597	0.4	960	0.5		
Others	17,442	3.7	16,928	3.4	26,948	4.2	3,741	2.6	8,818	4.0		
Total	474,153	100.0	499,011	100.0	642,668	100.0	143,948	100.0	219,682	100.0		

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Research and Development Expenses

Our research and development expenses primarily comprise (i) direct materials, (ii) depreciation and amortization, (iii) fuel and power, (iv) direct labor, (v) share-based payments and (vi) others. In 2023, 2024 and 2025 and for the three months ended March 31, 2025 and 2026, our research and development expenses amounted to RMB358.2 million, RMB291.5 million, RMB380.9 million, RMB67.0 million and RMB180.5 million, respectively, representing 0.9%, 1.3%, 1.1%, 1.0% and 1.2% of total revenue for the corresponding periods, respectively. Among these, direct material costs represented the largest component of research and development expenses and were the primary reason for their fluctuations. The following table sets forth a breakdown of our research and development expenses 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)	%
Direct materials	273,591	76.4	176,148	60.4	257,942	67.7	40,711	60.7	145,008	80.3
Depreciation and amortization	36,061	10.1	42,934	14.7	48,531	12.8	11,453	17.1	13,549	7.5
Fuel and power	26,736	7.4	37,374	12.8	39,231	10.3	8,756	13.1	11,288	6.3
Direct labor	19,357	5.4	24,172	8.3	25,568	6.7	3,819	5.7	8,120	4.5
Share-based payments	–	0.0	3,200	1.1	4,511	1.2	1,140	1.7	1,216	0.7
Others	2,422	0.7	7,714	2.7	5,070	1.3	1,144	1.7	1,312	0.7
Total	358,167	100.0	291,542	100.0	380,853	100.0	67,023	100.0	180,493	100.0

Finance (Income) Costs, Net

We recorded net finance costs of RMB196.1 million, RMB153.6 million and RMB201.6 million in 2023, 2024 and 2025, respectively, and net finance costs of RMB46.1 million and RMB61.7 million for the three months ended March 31, 2025 and 2026, respectively. The following table sets forth a breakdown of our net finance costs 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)
Interest expenses on borrowings	191,170	165,209	216,198	47,833	62,104
Less: interest capitalized on borrowings	(32)	(7,199)	(4,338)	(223)	(2,179)
	191,138	158,010	211,860	47,610	59,925
Interest expenses on lease liabilities	–	70	96	24	25
Total interest expenses	191,138	158,080	211,956	47,634	59,950
Financing component expense	47,801	8,737	–	–	–
Bank charges	5,024	5,459	7,937	1,434	3,292
Exchange differences, net	(62)	3,743	1,684	7	2,994
Interest subsidy	–	–	(5,190)	–	(156)
Interest income	(47,803)	(22,465)	(14,815)	(2,980)	(4,347)
	196,098	153,554	201,572	46,095	61,733

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Other Income and Other Gains and (Losses), Net

We recorded net other income and gains of RMB74.7 million and RMB57.0 million in 2023 and 2024, respectively, and net other losses of RMB183.1 million in 2025. For the three months ended March 31, 2025, our net other income and gains were RMB11.5 million; and for the three months ended March 31, 2026, our net other losses were RMB169.7 million.

	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)
Other Income					
Compensation income	3,538	1,820	16,778	362	1,574
Others	8	134	137	31	84
Subtotal	3,546	1,954	16,915	393	1,658
Other gains (losses), net					
Income-related government grants	60,438	12,373	21,210	4,121	13,091
Asset-related government grants	21,046	41,104	45,499	11,119	12,028
Tax incentives/VAT input tax super deduction	40,860	21,575	(40,366)	6,407	465
Loss on fair value changes from derivatives ⁽¹⁾	—	—	(159,641)	—	(178,581)
Loss on discounting financial assets at FVTOCI	(47,755)	(8,342)	(40,270)	(9,879)	(18,366)
Write-off of property, plant and equipment	(3,429)	(8,470)	(2,975)	(1,081)	(195)
Donation	(660)	(2,290)	(7,720)	—	(100)
Others	696	(881)	(15,714)	452	308
Subtotal	71,196	55,069	(199,977)	11,139	(171,350)
Total	74,742	57,023	(183,062)	11,532	(169,692)

Notes:

(1) Represents floating gains or losses arising from deferred pricing arrangements contained in procurement contracts.

Share of Results of Associates, Net

Our net share of results of associates primarily represents our share of the profit or loss from long-term investments in associates. Our share of results of associates comprised net losses of RMB7.8 million, RMB11.7 million and RMB8.0 million in 2023, 2024 and 2025, respectively, a net loss of RMB1.5 million for the three months ended March 31, 2025, and a net profit of RMB0.4 million for the same period in 2026.

Expected Credit Losses on Financial Assets

In 2023, our net reversal of expected credit losses on financial assets was RMB52.2 million. In 2024, 2025 and for the three months ended March 31, 2025 and 2026, we recognized net expected credit losses on financial assets of RMB61.2 million, RMB127.1 million, RMB11.0 million and RMB129.1 million, respectively.

FINANCIAL INFORMATION

Impairment Losses on Non-financial Assets

Our impairment losses on non-financial assets were nil, RMB29.2 million and RMB86.8 million in 2023, 2024 and 2025, respectively, and nil in each of the three months ended March 31, 2025 and 2026.

Income Tax Expense

Our income tax expense comprises current tax and deferred tax. In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, our income tax expense amounted to RMB294.2 million, RMB115.9 million, RMB205.4 million, RMB11.4 million and RMB287.3 million, respectively.

	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)
Current income tax	290,993	133,834	295,677	29,684	310,850
Deferred income tax	3,185	(17,959)	(90,299)	(18,240)	(23,591)
Income tax expense	294,178	115,875	205,378	11,444	287,259

Pursuant to the existing legislation, interpretations and rules, the income tax of certain of our PRC companies was calculated at the statutory rate of 25% on the estimated assessable profits during the Track Record Period. Several of our PRC companies qualified for preferential income tax rates ranging from 9% to 20% during the Track Record Period. Such preferential tax treatments were primarily available to companies that qualified as high-tech enterprises, companies whose operations qualified under the PRC's Western Development Program, and small and low-profit enterprises. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries. The income tax rates of the subsidiaries in Singapore and Spain are 17% and 25%, respectively. For more details, see Note 12 to the Accountants' Report.

As of the Latest Practicable Date and during the Track Record Period, we had fulfilled all our tax obligations and did not have any material unresolved tax disputes.

Profit for the Year/Period

Our profit amounted to RMB1,580.5 million, RMB590.0 million and RMB1,267.1 million in 2023, 2024 and 2025, respectively, and RMB93.6 million and RMB1,359.5 million for the three months ended March 31, 2025 and 2026, respectively.

DISCUSSION OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2026 Compared to Three Months Ended March 31, 2025

Revenue

Our revenue increased by 121.3% from RMB6,762.1 million for the three months ended March 31, 2025 to RMB14,965.4 million for the same period in 2026, primarily due to higher revenue from sales of phosphate-based cathode materials. Revenue from this segment increased by 121.0% from RMB6,653.4 million for the three months ended March 31, 2025 to RMB14,705.7 million for the corresponding period in 2026, primarily due to (i) higher sales volume driven by growing demand from downstream power and energy storage batteries and (ii) an increase in the average selling price of phosphate-based cathode materials, tracking a rebound in lithium carbonate prices due to significantly improved industry supply and demand.

FINANCIAL INFORMATION

Cost of Sales

Our cost of sales increased by 96.4% from RMB6,388.9 million for the three months ended March 31, 2025 to RMB12,547.5 million for the same period in 2026, primarily attributable to the increase in the consumption of direct materials driven by the expansion of our sales, coupled with the increase in lithium carbonate prices, which together resulted in higher direct material costs.

Gross Profit and Gross Profit Margin

Our gross profit increased by 547.8% from RMB373.3 million for the three months ended March 31, 2025 to RMB2,418.0 million for the same period in 2026. Our gross profit margin increased from 5.5% to 16.2%. The increase in our gross profit was primarily due to higher revenue, as well as increase in our gross profit margin driven by an increase in the average selling price of phosphate-based cathode materials following the rebound in lithium carbonate prices, while our unit costs increased at a slower pace than our average selling prices.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 7.6% from RMB10.2 million for the three months ended March 31, 2025 to RMB11.0 million for the same period in 2026, primarily due to increases in staff costs resulting from our business expansion partially offset by a decrease in patent royalties following the expiry of the relevant patents in the first quarter of 2025. Our selling and marketing expenses as a percentage of our total revenue were 0.2% and 0.1% for the three months ended March 31, 2025 and 2026, respectively, a decrease primarily driven by the growth of our revenue outpaced the growth of our selling and marketing expenses.

General and Administrative Expenses

Our general and administrative expenses increased by 52.6% from RMB143.9 million for the three months ended March 31, 2025 to RMB219.7 million for the same period in 2026, primarily due to higher taxes and levies in line with our business expansion and revenue growth. Our general and administrative expenses as a percentage of our total revenue decreased from 2.1% for the three months ended March 31, 2025 to 1.5% for the same period in 2026, reflecting revenue growth outpacing the growth of such expenses.

Research and Development Expenses

Our research and development expenses increased by 169.3% from RMB67.0 million for the three months ended March 31, 2025 to RMB180.5 million for the same period in 2026, primarily due to an increase of RMB104.3 million in direct materials used for research and development activities, reflecting our increased investment in research and development. Our research and development expenses as a percentage of our total revenue remained relatively stable at 1.0% for the three months ended March 31, 2025 and 1.2% for the same period in 2026.

Finance (Income) Costs, Net

Our finance costs increased by 33.9% from RMB46.1 million for the three months ended March 31, 2025 to RMB61.7 million for the same period in 2026, primarily due to an increase in interest expense on borrowings, reflecting a corresponding increase in our borrowings to support our capacity expansion and fund our day-to-day working capital requirements.

Other Income and Other Gains and (Losses), Net

Our net other income and gains of RMB11.5 million for the three months ended March 31, 2025 changed to net other losses of RMB169.7 million for the corresponding period in 2026, primarily due to a net loss of RMB178.6 million on fair value changes from derivatives related to our raw material procurement activities recognized in the same period in 2026, together with an increase in loss on discounting financial assets at FVTOCI.

FINANCIAL INFORMATION

Expected Credit Losses on Financial Assets

Our expected credit losses on financial assets increased significantly from RMB11.0 million for the three months ended March 31, 2025 to RMB129.1 million for the same period in 2026, primarily due to the increase in trade receivables in line with our sales growth, resulting in a corresponding increase in the provision for credit losses.

Income Tax Expense

Our income tax expense increased significantly from RMB11.4 million for the three months ended March 31, 2025 to RMB287.3 million for the same period in 2026, primarily due to the substantial increase in our profit before tax.

Profit for the Period

As a result of the foregoing, our profit for the period increased significantly from RMB93.6 million for the three months ended March 31, 2025 to RMB1,359.5 million for the same period in 2026.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 53.2% from RMB22,598.5 million in 2024 to RMB34,624.8 million in 2025, primarily due to an increase in revenue from sales of our phosphate-based cathode materials. Revenue from this segment increased by 52.6%, from RMB22,215.0 million in 2024 to RMB33,909.9 million in 2025, primarily attributable to a substantial increase in sales volume driven by growing demand from downstream power and energy storage batteries.

Cost of Sales

Our cost of sales increased by 50.9% from RMB20,857.3 million in 2024 to RMB31,472.4 million in 2025, primarily due to higher consumption of direct materials driven by growth in our sales and production volumes, which resulted in an increase in direct material costs.

Gross Profit and Gross Profit Margin

Our gross profit increased by 81.0% from RMB1,741.2 million in 2024 to RMB3,152.3 million in 2025, primarily due to an increase in gross profit from phosphate-based cathode materials from RMB1,662.3 million in 2024 to RMB2,998.7 million in 2025, in line with the increase in our sales volume. Our gross profit margin increased from 7.7% in 2024 to 9.1% in 2025, and the gross profit margin of phosphate-based cathode materials increased from 7.5% to 8.8%. Our gross profit increased primarily because of our higher revenue, as well as higher gross profit margin as our unit costs declined faster than our average selling prices.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 7.9% from RMB46.2 million in 2024 to RMB49.8 million in 2025, primarily due to an increase in staff costs, in line with the expansion of our business, partially offset by a decrease in patent royalties following the expiry of the relevant patents in the first quarter of 2025. Our selling and marketing expenses as a percentage of our total revenue were 0.2% and 0.1% in 2024 and 2025, respectively, a decrease primarily driven by the growth of our revenue outpaced the growth of our selling and marketing expenses.

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General and Administrative Expenses

Our general and administrative expenses increased by 28.8% from RMB499.0 million in 2024 to RMB642.7 million in 2025, primarily due to higher taxes and levies in line with our business expansion and revenue growth. Our general and administrative expenses as a percentage of our total revenue decreased from 2.2% in 2024 to 1.9% in 2025, reflecting revenue growth outpacing the growth of such expenses.

Research and Development Expenses

Our research and development expenses increased by 30.6% from RMB291.5 million in 2024 to RMB380.9 million in 2025, primarily due to an increase in direct materials of RMB81.8 million, reflecting our continued expansion of research and development investment. Our research and development expenses as a percentage of our total revenue remained relatively stable at 1.3% in 2024 and 1.1% in 2025.

Finance (Income) Costs, Net

Our net finance costs increased by 31.3% from RMB153.6 million in 2024 to RMB201.6 million in 2025, primarily due to an increase in interest expense on borrowings, reflecting an increase in our borrowings to support our capacity expansion and fund our day-to-day working capital requirements.

Other Income and Other Gains and (Losses), Net

Our net other income and gains of RMB57.0 million in 2024 turned into net other losses of RMB183.1 million in 2025, primarily due to a net loss of RMB159.6 million on fair value changes from derivatives recognized in 2025, the reversal of VAT input tax super deductions and an increase in loss on discounting financial assets at FVTOCI.

Expected Credit Losses on Financial Assets

Our expected credit losses on financial assets increased by 107.6% from RMB61.2 million in 2024 to RMB127.1 million in 2025, primarily due to the increase in trade receivables in line with our sales growth, resulting in a corresponding increase in the provision for credit losses.

Impairment Losses on Non-financial Assets

Our impairment losses on non-financial assets increased by 196.9% from RMB29.2 million in 2024 to RMB86.8 million in 2025, primarily due to impairment losses on property, plant and equipment of RMB80.6 million and impairment losses of RMB6.3 million recognized on right-of-use assets in 2025.

Income Tax Expense

Our income tax expense increased by 77.2% from RMB115.9 million in 2024 to RMB205.4 million in 2025, primarily due to the 108.6% increase in our profit before tax, partially offset by a larger deferred tax credit.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 114.8% from RMB590.0 million in 2024 to RMB1,267.1 million in 2025.

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Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue decreased by 45.4% from RMB41,357.7 million in 2023 to RMB22,598.5 million in 2024, primarily due to a decrease in revenue from sales of our phosphate-based cathode materials. Revenue from phosphate-based cathode materials decreased by 46.0% from RMB41,105.8 million in 2023 to RMB22,215.0 million in 2024, primarily due to a decline in the average price of phosphate-based cathode materials as lithium carbonate prices decreased, despite a substantial increase in our product sales volume.

Cost of Sales

Our cost of sales decreased by 45.9% from RMB38,528.2 million in 2023 to RMB20,857.3 million in 2024, primarily due to the decrease in direct material costs given the significant decline in lithium carbonate prices, which resulted in a decrease in the unit cost of direct materials, partially offset by higher direct material consumption resulting from increased sales volume.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 38.5% from RMB2,829.4 million in 2023 to RMB1,741.2 million in 2024, primarily due to the decrease in our revenue, partially offset by an increase in our gross profit margin. Our gross profit margin increased from 6.8% in 2023 to 7.7% in 2024 because, although lower lithium carbonate prices reduced our product selling prices, the competitive advantages of our products and our cost control measures resulted in our unit costs declining faster than our average selling prices.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB45.5 million in 2023 and RMB46.2 million in 2024. Our selling and marketing expenses as a percentage of our total revenue were 0.1% and 0.2% in 2023 and 2024, respectively.

General and Administrative Expenses

Our general and administrative expenses increased by 5.2% from RMB474.2 million in 2023 to RMB499.0 million in 2024, primarily due to the recognition of share-based payments under our restricted share incentive plan adopted in 2024, compared with nil in 2023, and an increase in depreciation and amortization. Our general and administrative expenses as a percentage of our total revenue increased from 1.1% in 2023 to 2.2% in 2024.

Research and Development Expenses

Our research and development expenses decreased by 18.6% from RMB358.2 million in 2023 to RMB291.5 million in 2024, primarily due to a decrease of RMB97.4 million in direct material costs as a result of the decline in raw material prices, despite our increased research and development activities. Our research and development expenses as a percentage of our total revenue remained relatively stable at 0.9% and 1.3% in 2023 and 2024, respectively.

Finance (Income) Costs, Net

Our net finance costs decreased by 21.7% from RMB196.1 million in 2023 to RMB153.6 million in 2024, primarily due to a decrease in interest expense on borrowings as a result of lower interest rates on bank borrowings.

FINANCIAL INFORMATION

Other Income and Other Gains and (Losses), Net

Our net other income and gains decreased by 23.7% from RMB74.7 million in 2023 to RMB57.0 million in 2024, primarily due to decreases in income-related government grants of RMB48.1 million and VAT input tax super deductions of RMB19.3 million, partially offset by a decrease in loss on discounting financial assets at FVTOCI and an increase in asset-related government grants.

Expected Credit Losses on Financial Assets

Our expected credit losses on financial assets changed from a net reversal of RMB52.2 million in 2023 to a net provision of RMB61.2 million in 2024, primarily due to the significant increase in the year-end balance of trade receivables resulting from a significant increase in sales volume toward the end of 2024, which led to a corresponding increase in the provision for credit losses.

Impairment Losses on Non-financial Assets

We recorded impairment losses on non-financial assets of RMB29.2 million in 2024, compared with nil in 2023, primarily due to impairment losses recognized on property, plant and equipment in 2024.

Income Tax Expense

Our income tax expense decreased by 60.6% from RMB294.2 million in 2023 to RMB115.9 million in 2024, primarily due to the 62.3% decrease in our profit before tax.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 62.7% from RMB1,580.5 million in 2023 to RMB590.0 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Total non-current assets	12,618,869	14,887,505	18,234,978	18,972,780
Total current assets	14,175,776	15,454,566	20,857,176	30,298,306
Total assets	26,794,645	30,342,071	39,092,154	49,271,086
Total non-current liabilities	3,009,891	3,994,387	5,730,553	6,661,822
Total current liabilities	12,468,971	14,687,141	20,418,167	23,506,021
Total liabilities	15,478,862	18,681,528	26,148,720	30,167,843
Net current assets	1,706,805	767,425	439,009	6,792,285
Total equity	11,315,783	11,660,543	12,943,434	19,103,243

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Current Assets and Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of March 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Current assets					
Inventories	1,324,853	2,798,355	3,628,717	5,112,106	[REDACTED]
Derivative financial instruments	161	—	—	21,612	[REDACTED]
Trade and bills receivables . .	4,999,738	6,051,727	9,303,197	12,094,799	[REDACTED]
Prepayments, deposits and other receivables	299,425	585,739	1,024,516	1,353,273	[REDACTED]
Prepaid income tax	28,882	9,704	4,187	206	[REDACTED]
Other current assets	1,380,132	1,339,348	1,314,906	1,104,711	[REDACTED]
Financial assets at FVTOCI .	4,253,684	3,178,314	3,244,816	3,878,832	[REDACTED]
Pledged deposits	1,225,616	948,730	1,298,353	1,028,297	[REDACTED]
Bank balances and cash	663,285	542,649	1,038,484	5,704,470	[REDACTED]
Total current assets	14,175,776	15,454,566	20,857,176	30,298,306	[REDACTED]
Current liabilities					
Trade and bills payables	6,096,154	6,241,655	7,117,423	9,756,585	[REDACTED]
Other payables and accruals .	3,585,118	4,068,678	4,924,356	4,948,540	[REDACTED]
Contract liabilities	453,386	19,407	18,672	31,730	[REDACTED]
Interest-bearing borrowings .	2,011,080	3,774,995	6,606,479	6,593,113	[REDACTED]
Derivative financial instruments	—	9,032	132,696	53,862	[REDACTED]
Other current liabilities	290,958	543,378	1,462,251	1,805,653	[REDACTED]
Income tax payables	32,275	29,996	156,290	316,538	[REDACTED]
Total current liabilities	12,468,971	14,687,141	20,418,167	23,506,021	[REDACTED]
Net current assets	1,706,805	767,425	439,009	6,792,285	[REDACTED]

Our net current assets decreased from RMB6,792.3 million as of March 31, 2026 to RMB[REDACTED] as of June 30, 2026, primarily due to (i) a decrease of RMB3,419.4 million in bank balances and cash and (ii) an increase of RMB2,050.0 million in trade and bills payables, partially offset by, among other movements, (i) an increase of RMB2,040.9 million in inventories and (ii) an increase of RMB1,232.8 million in the current portion of financial assets at FVTOCI.

Our net current assets increased from RMB439.0 million as of December 31, 2025 to RMB6,792.3 million as of March 31, 2026, primarily due to an increase in total current assets, mainly including (i) an increase of RMB4,666.0 million in bank balances and cash, primarily attributable to the net proceeds from our issuance of A Shares to specific subscribers completed during the period, (ii) an increase of RMB2,791.6 million in trade and bills receivables, primarily attributable to the growth of our revenue, and (iii) an increase of RMB1,483.4 million in inventories. The increase in total current assets was partially offset by an increase in total current liabilities, mainly including an increase of RMB2,639.2 million in trade and bills payables, in line with the expansion of our procurement to support our business growth.

Our net current assets decreased from RMB767.4 million as of December 31, 2024 to RMB439.0 million as of December 31, 2025, primarily due to an increase in total current liabilities, mainly including (i) an increase in interest-bearing borrowings of RMB2,831.5 million for capital expenditure and operational purposes, (ii) an increase in other current liabilities of RMB918.9 million, (iii) an increase in

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trade and bills payables of RMB875.8 million and (iv) an increase in other payables and accruals of RMB855.7 million, in line with the expansion of our business scale. Such increase in total current liabilities was partially offset by an increase in total current assets, mainly including (i) an increase in trade and bills receivables of RMB3,251.5 million, primarily attributable to the growth of our revenue, (ii) an increase in inventories of RMB830.4 million, (iii) an increase in bank balances and cash of RMB495.8 million and (iv) an increase in prepayments, deposits and other receivables of RMB438.8 million.

Our net current assets decreased from RMB1,706.8 million as of December 31, 2023 to RMB767.4 million as of December 31, 2024, primarily due to an increase in total current liabilities, mainly including (i) an increase of RMB1,763.9 million in interest-bearing borrowings for capital expenditure and operational purposes, (ii) an increase of RMB483.6 million in other payables and accruals, and (iii) an increase of RMB252.4 million in other current liabilities, partially offset by a decrease of RMB434.0 million in contract liabilities. The increase in total current liabilities was partially offset by an increase in total current assets, mainly including (i) an increase of RMB1,473.5 million in inventories and (ii) an increase of RMB1,052.0 million in trade and bills receivables, in line with the increase in our sales volume and expansion of our business, partially offset by a decrease of RMB1,075.4 million in financial assets at FVTOCI, primarily due to fewer bank acceptance notes held as of the period end.

Inventories

Our inventories primarily comprise raw materials, work in progress and finished goods. The table below sets forth the breakdown of our inventories as of the dates indicated. See “Business — Warehousing, Logistics and Inventory Management — Inventory Management.”

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Raw materials	410,958	766,632	1,214,599	1,891,576
Work in progress	271,004	900,676	1,436,790	1,726,894
Finished goods	675,930	1,158,651	1,017,389	1,533,657
Subtotal at cost	1,357,892	2,825,959	3,668,778	5,152,127
Less: write-down	(33,039)	(27,604)	(40,061)	(40,021)
Net carrying amount	1,324,853	2,798,355	3,628,717	5,112,106

Our inventories increased from RMB1,324.9 million as of December 31, 2023 to RMB2,798.4 million as of December 31, 2024, to RMB3,628.7 million as of December 31, 2025, and further increased to RMB5,112.1 million as of March 31, 2026, driven by the expansion of our production and operating scale, which required higher inventory levels to support our business expansion, together with the deepening of our vertically integrated operation, which involved additional production and stocking processes across our supply chain. In addition, we adjusted our inventory levels in response to market conditions, and fluctuations in the prices of lithium carbonate and other raw materials also affected the carrying amounts of our inventories.

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During the Track Record Period, substantially all our inventories were aged within one year. The following table sets forth our inventory turnover days during the periods indicated.

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
Inventory turnover days	30	36	37	31

Note:

Inventory turnover days for each year/period equal the average of the beginning and ending balances (net of write-down) of inventories for that year/period divided by cost of sales for that year/period, multiplied by 365 days for a year ended December 31 and 90 days for the three months ended March 31.

Our inventory turnover days remained relatively stable at 30 days, 36 days, 37 days and 31 days in 2023, 2024 and 2025 and for the three months ended March 31, 2026, respectively, primarily reflecting our effective inventory management while expanding our production scale and deepening our vertically integrated operation. According to Frost & Sullivan, our inventory turnover efficiency was higher than the industry average during the Track Record Period.

As of June 30, 2026, RMB[REDACTED], or [REDACTED]% of our inventories as of March 31, 2026, had been used or sold.

Trade and Bills Receivables

Our trade and bills receivables comprise trade receivables and bills receivables, each net of allowance for expected credit losses. Our bills receivables mainly consist of bank acceptance notes received from customers in settlement of our sales. We generally grant our customers a credit period of up to 60 days.

The table below sets forth the breakdown of our trade and bills receivables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Trade receivables	4,828,693	5,665,152	7,015,200	10,113,303
Less: allowance for expected credit losses	(250,586)	(305,944)	(377,664)	(532,421)
Trade receivables, net.	4,578,107	5,359,208	6,637,536	9,580,882
Bills receivable, net	421,631	692,519	2,665,661	2,513,917
Total trade and bills receivables . . .	4,999,738	6,051,727	9,303,197	12,094,799

Our trade and bills receivables increased from RMB4,999.7 million as of December 31, 2023 to RMB6,051.7 million as of December 31, 2024, primarily due to the significant increase in sales volume toward the end of 2024. Our trade and bills receivables increased to RMB9,303.2 million as of December 31, 2025, and further increased to RMB12,094.8 million as of March 31, 2026, primarily due to higher sales volume, together with changes in customers’ use of bills.

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The following table sets forth an aging analysis of our trade receivables before expected credit loss allowances, based on the revenue-recognition date, as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Within one year	4,822,287	5,630,128	6,985,996	10,085,097
One to two years	49	28,912	54	44
Two to three years	245	–	23,038	22,050
Over three years	6,112	6,112	6,112	6,112
Total	4,828,693	5,665,152	7,015,200	10,113,303

The following table sets forth our trade receivables turnover days during the periods indicated.

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
Trade receivables turnover days	48	80	63	49

Note:

Trade receivables turnover days for each year/period equal the average of the beginning and ending balances of trade receivables (net of allowance for expected credit losses) for that year/period divided by revenue for that year/period, multiplied by 365 days for a year ended December 31 and 90 days for the three months ended March 31.

Our trade receivables turnover days increased from 48 days in 2023 to 80 days in 2024, primarily due to the higher ending balance of our trade receivables. Although we generally grant our customers a credit period of up to 60 days, the significant increase in sales volume toward the end of 2024 resulted in a substantially higher year-end trade receivables balance, which increased our trade receivables turnover days. Such turnover days decreased to 63 days in 2025, and further decreased to 49 days for the three months ended March 31, 2026, primarily due to the recovery in the LFP cathode materials market, as the growth in downstream demand improved supply and demand dynamics, coupled with accelerated customer payment cycles. As a result, the increase in revenue outpaced the increase in our average trade receivables balance.

As of June 30, 2026, approximately [REDACTED], or approximately [REDACTED]%, of our trade and bills receivables as of March 31, 2026 had been settled.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily comprise (i) prepayment for inventories, (ii) government grant receivables, (iii) security deposits and (iv) others, net of expected credit loss allowances. See Note 26 to the Accountants’ Report.

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The table below sets forth the breakdown of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Prepayment for inventories	85,652	304,860	724,740	1,161,159
Government grant receivables	324,532	335,367	346,471	331,471
Security deposits	4,020	65,887	102,517	6,905
Others	52,637	52,923	54,490	56,734
Gross amount	466,841	759,037	1,228,218	1,556,269
Less: Allowances on other receivables	(167,416)	(173,298)	(203,702)	(202,996)
Net carrying amount	299,425	585,739	1,024,516	1,353,273

Our prepayments, deposits and other receivables increased from RMB299.4 million as of December 31, 2023 to RMB585.7 million as of December 31, 2024, to RMB1,024.5 million as of December 31, 2025, and further increased to RMB1,353.3 million as of March 31, 2026, primarily due to the increase in prepayments for raw materials and energy as we expanded our production and operating scale.

As of June 30, 2026, approximately [REDACTED], or approximately [REDACTED]%, of our prepayments, deposits and other receivables as of March 31, 2026 had been utilized, refunded or settled.

Financial Assets at FVTOCI

Our financial assets at FVTOCI amounted to RMB4,253.7 million, RMB3,178.3 million, RMB3,244.8 million and RMB4,028.8 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

Our financial assets at FVTOCI primarily comprise bank acceptance notes and electronic debt claims certificates of high credit quality. During the Track Record Period, the fluctuations in the balances of our financial assets at FVTOCI were primarily attributable to (i) the receipt of bank acceptance notes and electronic debt claims certificates from customers as payment for our products, and (ii) our arrangements for the utilization of such bank acceptance notes and electronic debt claims certificates.

Derivative Financial Instruments

Our derivative financial instruments comprise commodity futures used to manage raw material and commodity price risks, and embedded derivatives arising from deferred pricing arrangements contained in procurement contracts. Under such deferred pricing arrangements, we may select a pricing date within the agreed price-fixing period, with the final purchase price determined by reference to the prevailing market price on that date. We recorded a derivative asset of RMB21.6 million and a derivative liability of RMB53.9 million as of March 31, 2026. See Note 24 to the Accountants' Report in Appendix I.

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Trade and Bills Payables

Our trade and bills payables, which mainly relate to the procurement of raw materials, remained relatively stable at RMB6,096.2 million as of December 31, 2023 and RMB6,241.7 million as of December 31, 2024. They increased to RMB7,117.4 million as of December 31, 2025, and further increased to RMB9,756.6 million as of March 31, 2026, primarily due to increased procurement of raw materials to support our expanding production and operating scale and maintain adequate inventory levels. See Note 30 to the Accountants’ Report. The credit periods granted by our suppliers generally range from one to two months.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Trade payables	1,999,817	2,109,782	2,695,415	3,385,760
Bills payables	4,096,337	4,131,873	4,422,008	6,370,825
Total	6,096,154	6,241,655	7,117,423	9,756,585

During the Track Record Period, substantially all our trade payables were aged within one year. The following table sets forth our trade payables turnover days during the periods indicated.

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
Trade payables turnover days	34	36	28	22

Note:

Trade payables turnover days for each year/period equal the average of the beginning and ending balances of trade payables for that year/period divided by cost of sales for that year/period, multiplied by 365 days for a year ended December 31 and 90 days for the three months ended March 31.

Our trade payables turnover days remained relatively stable at 34 days in 2023 and 36 days in 2024. They decreased to 28 days in 2025 and further to 22 days for the three months ended March 31, 2026, primarily because (i) we increased raw material procurement in response to the recovery in market demand, resulting in corresponding increases in trade and bills payables, and (ii) we accelerated payments to secure raw material supply.

As of June 30, 2026, approximately [REDACTED], or approximately [REDACTED]%, of our trade and bills payables as of March 31, 2026 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily comprise (i) payables on construction and equipment, (ii) security deposits, (iii) accrued staff benefits, (iv) accrued charges, and (v) other taxes payable. Construction and equipment payables, the largest component, amounted to RMB3,260.9 million, RMB3,728.1 million, RMB4,460.5 million and RMB4,399.6 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

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The table below sets forth the breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Payables on construction and equipment	3,260,865	3,728,135	4,460,526	4,399,569
Security deposits	74,014	110,061	200,705	215,612
Accrued staff benefits	223,797	192,937	204,827	168,646
Accrued charges	6,420	5,961	6,827	8,243
Other taxes payable	20,022	31,584	51,471	156,470
Total	3,585,118	4,068,678	4,924,356	4,948,540

Our other payables and accruals increased from RMB3,585.1 million as of December 31, 2023 to RMB4,068.7 million as of December 31, 2024, and further increased to RMB4,924.4 million as of December 31, 2025, primarily due to increases in payables on construction and equipment as we continued to expand our production capacity. They remained relatively stable at RMB4,948.5 million as of March 31, 2026.

Property, Plant and Equipment

Our property, plant and equipment include (i) buildings, (ii) machineries, (iii) electronic equipment, (iv) transportation equipment, (v) other equipment, (vi) leasehold improvements and (vii) construction in progress.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Buildings	3,616,069	4,498,871	5,766,659	6,067,570
Machineries	6,938,077	7,579,219	8,921,509	9,258,544
Electronic equipment	87,190	76,852	124,622	123,888
Transportation equipment	20,251	18,705	33,732	32,452
Other equipment	71,449	109,107	74,078	95,715
Leasehold improvement	—	3,678	2,904	3,359
Construction in progress	659,232	1,224,803	1,457,247	1,360,477
Total	11,392,268	13,511,235	16,380,751	16,942,005

Our property, plant and equipment increased from RMB11,392.3 million as of December 31, 2023 to RMB13,511.2 million as of December 31, 2024, to RMB16,380.8 million as of December 31, 2025, and further to RMB16,942.0 million as of March 31, 2026, primarily due to increases in buildings, machineries and construction in progress as we continued to expand our production capacity.

Right-Of-Use Assets and Intangible Assets

Our right-of-use assets primarily comprise land use rights. Our right-of-use assets increased from RMB856.6 million as of December 31, 2023 to RMB968.3 million as of December 31, 2024, and further to RMB1,126.9 million as of December 31, 2025, primarily due to our acquisition of additional land use rights to expand our production capacity. Our right-of-use assets remained relatively stable at RMB1,122.1 million as of March 31, 2026.

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Our intangible assets primarily comprise mining rights, non-patented technology, patent technology, software and production quotas. Our intangible assets amounted to RMB39.6 million, RMB42.6 million, RMB54.3 million and RMB52.7 million as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively, and the balances remained relatively small.

Goodwill

Our goodwill of RMB180.2 million as of December 31, 2023, 2024, 2025 and March 31, 2026 arose from our acquisition of a 100% equity interest in Guangxi Yuning in December 2020 and was allocated to the related cash-generating unit. We performed impairment testing of our goodwill as of the end of each year during the Track Record Period. The recoverable amount of the cash-generating unit was determined based on a value-in-use calculation using cash flow projections covering a five-year forecast period. The pre-tax discount rates applied to the cash flow projections were approximately 12%, 12%, 13% and 13% as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively.

Based on the results of the impairment assessments, no impairment loss on goodwill was recognized during the Track Record Period.

Contract Liabilities

Our contract liabilities, comprising both current and non-current contract liabilities, represent advances received from customers before control of the goods is transferred. Our total contract liabilities decreased from RMB603.5 million as of December 31, 2023 to RMB19.4 million as of December 31, 2024, primarily due to a major customer utilizing advance payments made under a guaranteed supply arrangement to offset purchase of products following the early completion of the relevant arrangement in 2024. Our contract liabilities remained relatively stable at RMB18.7 million as of December 31, 2025 and increased to RMB31.7 million as of March 31, 2026, with the balances being relatively low.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

During the Track Record Period, we primarily met our working capital and other capital requirements through cash generated from operating activities, equity financing, and bank financing.

As of December 31, 2023, 2024 and 2025 and March 31, 2026, our bank balances and cash amounted to RMB663.3 million, RMB542.6 million, RMB1,038.5 million and RMB5,704.5 million, respectively.

Taking into account our internal resources, cash flows from operating activities and the estimated net [REDACTED] from the [REDACTED], our Directors believe that we have sufficient working capital to meet our present needs and for at least the next 12 months from the date of this Document.

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Cash Flow Analysis

The following table sets forth a summary of our consolidated cash flows 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)
Net cash flows from/(used in) operating activities . . .	501,244	(1,042,215)	(1,546,349)	(530,758)	(1,044,880)
Net cash flows used in investing activities	(2,621,863)	(1,330,887)	(2,196,435)	(474,076)	(425,242)
Net cash flows from financing activities	2,348,735	2,252,908	4,235,943	907,921	6,151,201
Net increase/(decrease) in cash and cash equivalents	228,116	(120,194)	493,159	(96,913)	4,681,079
Exchange realignment	–	(442)	2,676	877	(15,093)
Cash and cash equivalents at beginning of the year/period	435,169	663,285	542,649	542,649	1,038,484
Cash and cash equivalents at end of the year/period	663,285	542,649	1,038,484	446,613	5,704,470

Net Cash Flows from/(Used in) Operating Activities

For the three months ended March 31, 2026, our net cash used in operating activities amounted to RMB1,044.9 million, reflecting our profit before tax of RMB1,646.7 million, adjusted for certain non-cash and non-operating items and changes in working capital. Non-cash and non-operating items primarily included depreciation of property, plant and equipment of RMB638.7 million. Changes in working capital primarily comprised (i) an increase in trade and bills receivables of RMB4,394.3 million and (ii) an increase in inventories of RMB1,483.3 million, partially offset by an increase in trade and bills payables of RMB2,540.8 million.

In 2025, we had net cash used in operating activities of RMB1,546.3 million, which reflected our profit before tax of RMB1,472.4 million, adjusted for certain non-cash or non-operating items and changes in working capital. Non-cash or non-operating items primarily included depreciation of property, plant and equipment of RMB2,108.2 million. Changes in working capital primarily included (i) the increase in trade and bills receivables of RMB6,362.2 million and (ii) the increase in inventories of RMB842.8 million, partially offset by the increase in trade and bills payables of RMB1,060.1 million and the increase in other payables and accruals of RMB565.6 million.

In 2024, we had net cash used in operating activities of RMB1,042.2 million, which reflected our profit before tax of RMB705.8 million, adjusted for certain non-cash or non-operating items and changes in working capital. Non-cash or non-operating items primarily included depreciation of property, plant and equipment of RMB1,575.0 million. Changes in working capital primarily included (i) the increase in trade and bills receivables of RMB3,631.7 million; and (ii) the increase in inventories of RMB1,468.1 million, partially offset by the decrease in financial assets at FVTOCI of RMB1,075.4 million and pledged deposits of RMB533.3 million.

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Our net operating cash outflows in 2024 and 2025 and for the three months ended March 31, 2026 were primarily affected by our bank acceptance note settlement arrangements. During the relevant periods, a significant portion of our sales was settled by bank acceptance notes and electronic debt certificates received from customers. We subsequently endorsed and transferred some of these notes to settle payments for purchases of long-term assets, instead of holding them to maturity and collecting the proceeds as operating cash inflows. Accordingly, these arrangements reduced our operating cash inflows reported in our consolidated statements of cash flows during the relevant periods.

In 2023, we had net cash from operating activities of RMB501.2 million, reflecting our profit before tax of RMB1,874.7 million, adjusted for certain non-cash or non-operating items and changes in working capital. Non-cash and non-operating items primarily consisted of depreciation of property, plant and equipment of RMB1,064.7 million. Changes in working capital primarily comprised a decrease in inventories of RMB3,773.1 million, partially offset by the decrease in trade and bills payables of RMB2,881.3 million, the decrease in contract liabilities of RMB1,151.6 million and the increase in pledged deposits of RMB577.4 million.

Net Cash Used in Investing Activities

For the three months ended March 31, 2026, our net cash used in investing activities amounted to RMB425.2 million, primarily due to (i) payments for purchases of property, plant and equipment, intangible assets and right-of-use assets of RMB311.0 million and (ii) an investment of RMB150.0 million in a private company, partially offset by refunds of security deposits for bills related to investing activities of RMB71.4 million.

In 2025, our net cash used in investing activities amounted to RMB2,196.4 million, primarily due to payments for the purchase of property, plant and equipment, intangible assets and right-of-use assets of RMB2,225.7 million, partially offset by refunds of security deposits for bills related to investing activities of RMB95.6 million and refunds of security deposits for construction and equipment of RMB54.3 million.

In 2024, our net cash used in investing activities amounted to RMB1,330.9 million, primarily due to payments for the purchase of property, plant and equipment, intangible assets and right-of-use assets of RMB1,300.8 million, partially offset by refunds of security deposits for bills related to investing activities of RMB39.6 million and refunds of security deposits for construction and equipment of RMB24.9 million.

In 2023, our net cash used in investing activities amounted to RMB2,621.9 million, primarily due to payments for the purchase of property, plant and equipment, intangible assets and right-of-use assets of RMB2,676.9 million, partially offset by refunds of security deposits for construction and equipment of RMB117.6 million.

Net Cash from Financing Activities

For the three months ended March 31, 2026, our net cash from financing activities amounted to RMB6,151.2 million, primarily due to (i) net proceeds of RMB4,735.0 million from the issuance of shares and (ii) proceeds of RMB2,515.4 million from bank borrowings, partially offset by settlements of bills of RMB750.0 million and repayments of bank borrowings of RMB725.4 million.

In 2025, we had net cash from financing activities of RMB4,235.9 million, primarily due to (i) proceeds of RMB4,702.3 million from bank borrowings and (ii) proceeds of RMB3,979.7 million from discounted bills, partially offset by repayments of bank borrowings of RMB2,535.6 million and settlements of bills of RMB1,760.0 million.

In 2024, we had net cash from financing activities of RMB2,252.9 million, primarily due to (i) proceeds of RMB4,006.4 million from bank borrowings and (ii) proceeds of RMB2,095.2 million from discounted bills, partially offset by repayments of bank borrowings of RMB2,344.2 million and settlements of bills of RMB850.0 million.

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In 2023, we had net cash from financing activities of RMB2,348.7 million, which consisted primarily of (i) net proceeds of RMB4,275.9 million from share issuance and (ii) proceeds of RMB2,459.2 million from bank borrowings, partially offset by repayments of bank borrowings of RMB4,022.9 million and dividends paid of RMB301.4 million.

INDEBTEDNESS

The following table sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of March 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Interest-bearing borrowings					
— current	2,011,080	3,774,995	6,606,479	6,593,113	[REDACTED]
Interest-bearing borrowings					
— non-current	2,600,779	3,755,833	5,339,347	6,230,069	[REDACTED]
Lease liabilities	—	3,020	3,116	3,141	[REDACTED]
Total	4,611,859	7,533,848	11,948,942	12,826,323	[REDACTED]

Interest-Bearing Borrowings

Our total interest-bearing borrowings, including bank loans and other borrowings, comprising current and non-current portions, amounted to RMB4,611.9 million, RMB7,530.8 million, RMB11,945.8 million and RMB12,823.2 million as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively, and RMB[REDACTED] as of June 30, 2026, with effective interest rates ranging from 2.30% to 4.60%, 1.90% to 4.05%, 1.80% to 4.05%, 1.80% to 4.05% and [REDACTED] per annum during the Track Record Period.

Our interest-bearing borrowings mainly comprise secured loans, guaranteed loans, secured and guaranteed loans and unsecured and unguaranteed loans, and discounted bills. Our property, plant and equipment, land use rights and mining rights were pledged to secure certain bank borrowings. Certain bills receivable and financial assets at fair value through other comprehensive income were pledged to secure bank financing. See Notes 33 and 42 to the Accountants’ Report in Appendix I.

As of June 30, 2026, our unused bank credit facilities amounted to RMB[REDACTED].

Lease Liabilities

Our lease liabilities amounted to nil, RMB3.0 million, RMB3.1 million and RMB3.1 million as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively. Our lease liabilities increased from nil as of December 31, 2023 to RMB3.0 million as of December 31, 2024, primarily due to new leases of premises entered into during the year, and remained relatively stable at RMB3.1 million as of December 31, 2025 and March 31, 2026. As of June 30, 2026, being the date of our indebtedness statement, our lease liabilities amounted to RMB[REDACTED].

Statement of Indebtedness

Save as disclosed above, we did not have any other material outstanding indebtedness or any material contingent liabilities as of June 30, 2026, being the date of our indebtedness statement. Our Directors confirm that we had not breached any relevant material restrictive covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulties in obtaining bank loans or other borrowings during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that there has not been any material change in our indebtedness position since June 30, 2026 and up to the date of this Document.

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CONTINGENT LIABILITIES OR GUARANTEES

As of December 31, 2023, 2024 and 2025, March 31, 2026 and up to the Latest Practicable Date, we did not have any material contingent liabilities or guarantees.

CAPITAL EXPENDITURE

Our capital expenditure was primarily for purchase of property, plant and equipment, right-of-use assets and intangible assets. Our capital expenditures amounted to RMB5,360.8 million, RMB3,906.8 million and RMB5,302.9 million in 2023, 2024 and 2025, respectively, and RMB1,218.2 million for the three months ended March 31, 2026.

We expect to continue to incur capital expenditure to support the growth of our business, and we expect to fund such capital expenditure with a combination of cash generated from our operations, equity financing (including the net [REDACTED] from the [REDACTED]) and bank financing. See “Future Plans and [REDACTED] — [REDACTED]” for further details of our planned capital expenditure. We may adjust our capital expenditure for any given period from time to time according to our development plans and in light of market conditions and other factors we consider to be appropriate.

CAPITAL COMMITMENTS

Our capital commitments, net of deposits and investment payments made, were contracted but unprovided commitments for and were related to purchases of property, plant and equipment and intangible assets. As of December 31, 2023, 2024 and 2025 and March 31, 2026, our capital commitments amounted to RMB433.8 million, RMB1,974.9 million, RMB2,010.5 million and RMB1,992.0 million, respectively.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates and for the periods indicated.

	Year ended/As of December 31,			Three months ended /As of March 31,
	2023	2024	2025	2026
				(unaudited)
Gross profit margin ⁽¹⁾	6.8%	7.7%	9.1%	16.2%
Net profit margin ⁽²⁾	3.8%	2.6%	3.7%	9.1%
Return on assets ⁽³⁾	5.9%	1.9%	3.2%	11.0%
Return on equity ⁽⁴⁾	14.0%	5.1%	9.9%	28.5%
Gearing ratio ⁽⁵⁾	57.8%	61.6%	66.9%	61.2%
Current ratio ⁽⁶⁾	1.1	1.1	1.0	1.3
Quick ratio ⁽⁷⁾	1.0	0.9	0.8	1.1
Inventory turnover days ⁽⁸⁾	30	36	37	31

Notes:

- (1) Gross profit margin is calculated based on gross profit for the relevant year/period divided by revenue and multiplied by 100%.
- (2) Net profit margin is calculated based on profit for the relevant year/period divided by revenue and multiplied by 100%.
- (3) Return on assets is calculated by dividing profit for the relevant year/period by total assets as of the end of the relevant year/period and multiplying the resulting amount by 100%. For illustrative purposes, return on assets for the three months ended March 31, 2026 has been annualized and may not be indicative of the corresponding ratio for the full year ending December 31, 2026.

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- (4) Return on equity is calculated by dividing profit attributable to the owners of the company for the relevant year/period by equity attributable to the owners of the company as of the end of the relevant year/period and multiplying the resulting amount by 100%. For illustrative purposes, return on equity for the three months ended March 31, 2026 has been annualized and may not be indicative of the corresponding ratio for the full year ending December 31, 2026.
- (5) Gearing ratio is calculated based on total liabilities divided by total assets as of the date indicated and multiplied by 100%.
- (6) Current ratio is calculated based on current assets divided by current liabilities as of the date indicated.
- (7) Quick ratio is calculated based on current assets less inventories divided by current liabilities as of the date indicated.
- (8) Inventory turnover days for each year/period equal the average of the beginning and ending balances of inventories for that year/period divided by cost of sales for that year/period, multiplied by 365 days for a year ended December 31 and 90 days for the three months ended March 31.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period, we did not enter into any off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

Our material related party transactions during the Track Record Period are set out in Note 45 to the Accountants’ Report in Appendix I. Our Directors confirm that our related party transactions during the Track Record Period were conducted on an arm’s length basis and on normal commercial terms.

DISCLOSURE ABOUT FINANCIAL RISK

The risks arising from our financial instruments are mainly commodity price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. Our Directors review and agree policies for managing each of these risks.

Commodity Price Risk

We are exposed to commodity price risk mainly arising from lithium carbonate, the price volatility of which could affect our results of operations. We manage the commodity price risk of lithium carbonate mainly through our sales pricing mechanism linked to the price of lithium carbonate, supply chain management and commodity futures contracts. See Note 48 to the Accountants’ Report in Appendix I.

Interest Rate Risk

Our interest rate risk primarily arises from interest-bearing borrowings. Interest-bearing borrowings issued at variable rates expose us to cash flow interest rate risk. See Note 48 to the Accountants’ Report in Appendix I.

Foreign currency risk

We operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar (USD). Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of our relevant entity. See Note 48 to the Accountants’ Report in Appendix I.

Credit Risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause us a financial loss. Our exposure to credit risk mainly arises from granting credit to customers in the ordinary course of our operations and from our investing activities. See Note 48 to the Accountants’ Report in Appendix I.

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Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of our businesses, we maintain funding flexibility by maintaining adequate cash and cash equivalent balances. See Note 48 to the Accountants’ Report in Appendix I.

DIVIDENDS

In 2023, 2024 and 2025, we declared dividends of RMB301.4 million, RMB316.5 million and RMB118.9 million, respectively. Pursuant to the resolution passed at the general meeting of the Company held in May 2026, we declared a dividend of RMB300.2 million to Shareholders based on the distributable profits as of December 31, 2025. As of the Latest Practicable Date, we had paid these dividends in full.

After the completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. In principle, we prioritize cash dividends as the profit distribution method if the conditions for cash dividends are met. When we have major investment plans or significant cash expenditures, we may distribute dividends in the form of share equity. A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our profitability and capital conditions, future operating plans and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and the relevant laws. Our specific dividend distribution arrangements will be implemented upon review and approval by the Shareholders’ meeting.

According to applicable laws in Chinese Mainland and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by Shareholders’ meeting. If there are no major investment plans or significant cash expenditures, the profits distributed in cash shall be no less than 10% of the distributable profits achieved in the year.

DISTRIBUTABLE RESERVES

As of March 31, 2026, our distributable reserves amounted to RMB2,553.3 million.

[REDACTED]

The estimated total [REDACTED] for the [REDACTED] are approximately RMB[REDACTED] (HK\$[REDACTED]), representing approximately [REDACTED]% of our gross [REDACTED] (based on the maximum price of the [REDACTED] and assuming that the [REDACTED] is not exercised), among which (i) [REDACTED] expenses, including [REDACTED] and other expenses are approximately RMB[REDACTED] (HK\$[REDACTED]) and (ii) non-[REDACTED] expenses are approximately RMB[REDACTED] (HK\$[REDACTED]), comprising (a) fees and expenses of legal advisers and accountants of approximately RMB[REDACTED] (HK\$[REDACTED]) and (b) other fees and expenses of approximately RMB[REDACTED] (HK\$[REDACTED]). Among such estimated total [REDACTED], an estimated amount of RMB[REDACTED] (HK\$[REDACTED]) was or is expected to be charged to our statements of profit or loss, and the remaining amount of RMB[REDACTED] (HK\$[REDACTED]) is expected to be recognized directly as a deduction from equity upon the [REDACTED]. As of March 31, 2026, we incurred [REDACTED] of [REDACTED]. The [REDACTED] above represent our latest practicable estimate and are for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information” to this document.

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NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects since March 31, 2026, being the end of the period reported on by our reporting accountants in the Accountants’ Report set out in Appendix I to this document, and there has been no event since March 31, 2026 which would materially affect the information shown in the Accountants’ Report.

DISCLOSURE REQUIRED UNDER LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances requiring disclosure under Rules 13.13 to 13.19 of the Listing Rules.