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Application Proof of

Hunan Yuneng New Energy Battery Material Co., Ltd.
湖南裕能新能源電池材料股份有限公司

(the "**Company**")

(A joint stock company incorporated in the People's Republic of China with limited liability)

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Hunan Yuneng New Energy Battery Material Co., Ltd.
湖南裕能新能源電池材料股份有限公司

(A joint stock company established in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB[1.00] per H Share**
[REDACTED]	**:**	**[REDACTED]**

Joint Sponsors, **[REDACTED],**
[REDACTED] ***and*** **[REDACTED]**

China Securities International **HSBC**

(in alphabetical order)

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A copy of this document, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available on Display – 1. Documents Delivered to the Registrar of Companies in Hong Kong" in Appendix VI, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission of Hong Kong nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of this document or any other documents referred to above.

The [**REDACTED**] is expected to be determined by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us on the [**REDACTED**]. The [**REDACTED**] is expected to be on or before [**REDACTED**] 2026 and, in any event, not later than 12:00 noon on [**REDACTED**] 2026 (Hong Kong time). The [**REDACTED**] will be no more than HK$[**REDACTED**]. [**REDACTED**] for [**REDACTED**] are required to pay, on [**REDACTED**], the maximum [**REDACTED**] of HK$[**REDACTED**] for each Hong Kong [**REDACTED**] together with brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, subject to refund if the [**REDACTED**] should be lower than HK$[**REDACTED**]. If, for any reason, the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us are unable to reach an agreement on the [**REDACTED**], the [**REDACTED**] will not proceed and will lapse.

The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] at any time on or prior to the morning of the last day for lodging [REDACTED] under the [REDACTED]. In such a case, notices of the reduction in the number of the [REDACTED] will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.hunanyuneng.com as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day for lodging [REDACTED] under the [REDACTED]. See "Structure of the [REDACTED]" and "How to Apply for [REDACTED]" for further details.

The obligations of the [**REDACTED**] under the [**REDACTED**] to [**REDACTED**] for, and to procure [**REDACTED**] for the [**REDACTED**] for, the [**REDACTED**], are subject to termination by the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) if certain grounds arise prior to 8:00 a.m. on the [**REDACTED**]. See "[**REDACTED**] Arrangements – [**REDACTED**] – Grounds for termination" for further details.

[REDACTED]

[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

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IMPORTANT NOTICE TO PROSPECTIVE [REDACTED]

This document is issued by our Company solely in connection with the* [REDACTED] *and does not constitute an* [REDACTED] *to sell or a solicitation of an* [REDACTED] *to buy any security other than the* [REDACTED] *by this document pursuant to the* [REDACTED]. *This document may not be used for the purpose of, and does not constitute, an* [REDACTED] *or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a* [REDACTED] *of the* [REDACTED] *in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the* [REDACTED] *of the* [REDACTED] *in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

***You should rely only on the information contained in this document to make your* [REDACTED] *decision. The* [REDACTED] *is made solely on the basis of the information contained and the representations made in this document. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorized by us, the Joint Sponsors, the* [REDACTED], *the* [REDACTED], *the* [REDACTED], *the* [REDACTED], *the* [REDACTED], *the* [REDACTED], *any of our or their respective directors, officers, employees, agents, or representatives or any other person or party involved in the* [REDACTED].**

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SUMMARY

***This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you, and is qualified in its entirety by and should be read in conjunction with, the full text of this document. You should read the whole document before you decide to* [REDACTED] *in the* [REDACTED].**

***There are risks associated with any* [REDACTED]. *Some of the particular risks associated with* [REDACTED] *in the* [REDACTED] *are set out in "Risk Factors." You should read that section carefully before you decide to* [REDACTED] *in the* [REDACTED].**

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.

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

Leading Market Position

Global market share of phosphate-based cathode materials[1] **28.2%**

Ranked **No. 1** globally by shipment volume for **six consecutive years** (2020–2025)

Market share of premium LFP cathode material[1] **55.4%**, ranked **No. 1** globally

Extensive Customer Coverage[1]

China's top 10 power battery manufacturers: **10/10**

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

Global top 10 power battery manufacturers: **9/10**

Global top 10 energy storage battery manufacturers: **10/10**

Vertically Integrated Operation

One of the very few in the industry to have achieved "resources — precursors — cathode materials — recycling"

100% in-house production of iron phosphate

Strong Profitability

One of the very few in the industry to have consistently sustained profitability across industry cycles[2]

Profit attributable to owners of the Company[3] increased by **115.2%** in 2025

Profit attributable to owners of the Company[4] increased by **1,337.8%** for the three months ended March 31, 2026

Notes:

(1) Data source: Frost & Sullivan; in terms of shipment volume in 2025

(2) Since 2020, the phosphate-based cathode materials industry has undergone cyclical fluctuations, with the vast majority of industry participants reporting losses in 2023 and 2024.

(3) Compared to 2024

(4) Compared to the three months ended March 31, 2025

Our Business

We primarily provide lithium iron phosphate (LFP) cathode materials. We are also strategically expanding our product portfolio to further include lithium manganese iron phosphate (LMFP) cathode materials, cathode materials for sodium-ion batteries and cathode materials for solid-state batteries. Our LFP cathode material products are primarily used in power batteries and energy storage batteries, with key performance indicators that we believe are at the forefront of the industry.

Our Scale and Profitability

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

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

Our Vertically Integrated Operation

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

Our Technology Innovation

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

Our Customer Base and Global Expansion

We have established a broad and high-quality customer base supported by our industry-leading technology capabilities, comprehensive LFP cathode material product portfolio and the world's largest production capacity of LFP cathode materials, according to Frost & Sullivan. In 2025, our customer base included all of the top ten power battery manufacturers and energy storage battery manufacturers in China; in the same year, our customer base included all of the top ten global energy storage battery manufacturers, as well as nine of the top ten global power battery manufacturers, according to Frost & Sullivan. Leveraging our technology leadership and production scale, we are expanding our global presence through overseas customer engagement, product qualification and validation with leading battery manufacturers, and the development of overseas production capacity, including our production base in Spain.

Our Sustainability Initiatives

We are committed to promoting green and sustainable development through high standards of ESG governance. We have established phased carbon reduction targets, including achieving 100% renewable electricity consumption by 2030, operational carbon neutrality by 2035 and carbon neutrality across our entire value chain by 2040. In 2025, the greenhouse gas emission intensity of our integrated products (tCO_2/t) decreased by 9.9% compared with 2023.

OUR STRENGTHS

We believe the following strengths position us well to capitalize on future opportunities and deliver continued growth: (i) comprehensive in-house R&D and innovation system establishes our technological barrier; (ii) vertically integrated operation enhances product quality control and cost competitiveness as dual moats; (iii) global expansion of intelligent manufacturing bases and scaled production capacity enhances our competitiveness; (iv) extensive coverage of leading global customers and joint efforts for low-carbon ecosystem; and (v) experienced management team with strategic vision and strong execution capabilities.

OUR STRATEGIES

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

We intend to pursue the following strategies: (i) technology leadership: building a multi-chemistry materials platform powered by innovation; (ii) integrated industrial value chain: building an integrated ecosystem of bulk chemicals and advanced materials; (iii) lean manufacturing: building a scalable, intelligent and quality-driven advanced manufacturing system; and (iv) global presence: building a global production and localized service network.

PRODUCTION

As of the Latest Practicable Date, we operated five principal production bases in Chinese Mainland for the production of LFP cathode materials, iron phosphate and other key upstream materials. The table below sets out the location and aggregate land area of each production base:

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

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

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

Notes:

(1) The production capacity for a given year or period is generally calculated based on the originally planned annual production capacity of the relevant production lines, assuming they operate at their full planned production capacity, taking into account the period during which such production lines are in operation in the relevant year or period.

(2) The actual production volume represents the total volume of products produced during the relevant year or period.

(3) The utilization rate is calculated as the production volume divided by the production capacity during the same year or period.

OUR CUSTOMERS AND SUPPLIERS

We adopt a direct sales model, and our customers are mainly lithium-ion battery manufacturers. In 2023, 2024 and 2025 and the three months ended March 31, 2026, our five largest customers together generated RMB39,750.1 million, RMB18,387.8 million, RMB24,715.6 million and RMB9,507.0 million of revenue, respectively, accounting for 96.1%, 81.4%, 71.3% and 63.6% of our total revenue, respectively. In addition, revenue generated from our largest customer accounted for 41.0%, 31.1%, 29.7% and 27.6% of our total revenue in 2023, 2024 and 2025 and the three months ended March 31, 2026, respectively. See "Business — Our Customers."

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

COMPETITION

We operate in the global and Chinese Mainland phosphate-based cathode materials industry, which is highly competitive and characterized by high entry barriers, including technology barriers, customer resource barriers and supply chain barriers. The industry is expected to continue evolving toward higher-performance materials, driven by improvements in energy density, fast-charging capability, cycle life and other performance characteristics. Our major competitors include phosphate-based cathode material manufacturers.

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. According to Frost & Sullivan, we also ranked first globally in the premium LFP cathode materials market by shipment volume in 2025, with a market share of 55.4%.

RISK FACTORS

Our operations and the [**REDACTED**] involve certain risks and uncertainties, including (i) risks relating to our business and industry, (ii) risks relating to where we conduct business, and (iii) risks relating to the [**REDACTED**], which are set out in the section headed "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to [**REDACTED**] in the [**REDACTED**]. Some of the major risks we face include, but are not limited to: (i) demand in the market in which we operate is constantly evolving, and any slowdown or decrease in downstream demand may have a material impact on us; (ii) if we fail to maintain our technological leadership and adapt to changing customer requirements, the competitiveness of our products and our results of operations may be adversely affected; (iii) price fluctuation and inadequate supply of raw materials for our production could adversely affect our business, financial condition and results of operations; (iv) our business faces competition; and (v) we may face risks if there are quality issues with our products.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data during the Track Record Period, extracted from the Accountants' Report as set out in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS Accounting Standards.

Summary of Consolidated Statements of Profit or Loss

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

	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)*	*%*
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**
Attributable to:										
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 [**REDACTED**] 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. 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**
EBITDA margin (Non-IFRS Measure)	*7.6%*	*10.9%*	*11.0%*	*9.6%*	*15.7%*

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*	*%*	*RMB'000*	*%*
							(unaudited)		*(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.

Our revenue increased from RMB6,762.1 million in the first quarter of 2025 by 121.3% to RMB14,965.4 million for the same period in 2026, primarily due to (i) higher sales volume of our phosphate-based cathode materials driven by growing demand from downstream power and energy storage batteries and (ii) an increase in our products' average selling price, tracking a rebound in lithium carbonate prices driven by 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.

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.

Summary of Selected Items 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**

Summary of Consolidated Statements of Cash Flows

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**

We had a net operating cash inflow of RMB501.2 million in 2023. We had net operating cash outflows of RMB1,042.2 million, RMB1,546.3 million and RMB1,044.9 million in 2024, 2025 and for the three months ended March 31, 2026, respectively, which 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. See "Financial Information — Liquidity and Capital Resources — Cash Flow Analysis."

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.

(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.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, our Company was held by Electrochem Group, Xiangtan Electrochem and Zhenxiang SAOI as to approximately 9.03%, 5.67% and 0.71%, respectively, representing a total of 15.41% of the voting power at general meetings of our Company. For details, see "History, Development and Corporate Structure — Corporate Structure" in this document. Immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and the [**REDACTED**], Electrochem Group, Xiangtan Electrochem and Zhenxiang SAOI will be entitled to exercise a total of approximately [**REDACTED**]% of the voting power at general meetings of our Company. Upon [**REDACTED**], Electrochem Group, Xiangtan Electrochem and Zhenxiang SAOI will together constitute our Single Largest Group of Shareholders.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since February 2023, our A Shares have been listed on the ChiNext of the Shenzhen Stock Exchange. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, there had been no instances of our material non-compliance with the applicable rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations. To the best knowledge of our Directors having made all reasonable enquiries, there are no material matters in relation to our compliance record on the Shenzhen Stock Exchange that should be brought to the attention of the Stock Exchange or [**REDACTED**] of the [**REDACTED**]. Based on the view of our PRC Legal Advisor and the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause it to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

[**REDACTED**]

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' general 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.

FUTURE PLANS AND [REDACTED]

Assuming the maximum [**REDACTED**] of HK$[**REDACTED**] per H Share, we estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses in connection with the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised). We intend to use our [**REDACTED**] for the purposes and in the amounts set forth below.

- Approximately [**REDACTED**]% (or approximately HK$[**REDACTED**]) of the [**REDACTED**] will be used for the construction of an Integrated Mining-Chemistry Project for New Battery Materials in Guizhou.

- Approximately [**REDACTED**]% (or approximately HK$[**REDACTED**]) of the [**REDACTED**] will be used for working capital and general corporate purposes.

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

[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) [**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.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since March 31, 2026 and up to the Latest Practicable Date, we continued to achieve strong business growth. 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.

In this document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain other terms are explained in "Glossary."

"2024 Restricted Share Incentive Plan"	the restricted share incentive plan adopted by the Board in April 2024 and approved by the Shareholders in May 2024, which permits the grant of restricted shares to eligible participants
"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the Shenzhen Stock Exchange
"A Shareholder(s)"	holder(s) of our A Share(s)
"Accountants' Report"	the Accountants' report of our Company for the Track Record Period, as included in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on August 5, 2026 with effect from the [**REDACTED**], as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix III to this document
"Audit Committee"	the audit committee of the Board
"Board"	the Company's board of Directors
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"BYD"	BYD Co., Ltd. (比亞迪股份有限公司), a joint stock company established in the PRC, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002594.SZ) and the Stock Exchange (stock code: 1211.HK), one of our Shareholders
	[**REDACTED**]
"CATL"	Contemporary Amperex Technology Co., Ltd. (寧德時代新能源科技股份有限公司), a joint stock company established in the PRC, whose shares are listed on the ChiNext of the Shenzhen Stock Exchange (stock code: 300750.SZ) and the Stock Exchange (stock code: 3750.HK), one of our Shareholders

[**REDACTED**]

"China" or the "PRC"	the People's Republic of China, except where the content or context requires otherwise
"Chinese Mainland" or "Mainland"	the mainland of China, excluding, for the purposes of this document, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company," or "the Company"	Hunan Yuneng New Energy Battery Material Co., Ltd. (湖南裕能新能源電池材料股份有限公司) (formerly known as Hunan Yuneng New Energy Battery Material Company Limited (湖南裕能新能源電池材料有限公司)), a company established under the laws of the PRC with limited liability on June 23, 2016 and converted into a joint stock company with limited liability on November 20, 2020, whose A Shares have been listed on the Shenzhen Stock Exchange (301358.SZ)
"Company Law" or "PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Compliance Advisor"	China Securities (International) Corporate Finance Company Limited
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"EIT"	enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"Electrochem Group"	Xiangtan Electrochemical Group Co., Ltd. (湘潭電化集團有限公司), a company established under the laws of the PRC with limited liability on May 10, 1994, a member of our Single Largest Group of Shareholders and a subsidiary of Zhenxiang SAOI

"Employee Shareholding Platform(s)"	our employee shareholding platforms, including Jingxi Yuanju, Hunan Yuchuang, Hunan Yufu, Hunan Yuguang, Hunan Yupu, Hunan Yurui, Hunan Yusheng and Xiangtan Yuhe
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
	[**REDACTED**]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
"Frost & Sullivan Report"	the industry report commissioned by us and independently prepared by Frost & Sullivan, a summary of which is set forth in "Industry Overview" in this document
	[**REDACTED**]
"Group," "our Group," "we," "our" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the content may require), or where the context so requires, in respect of the periods before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
"H Share(s)"	overseas [**REDACTED**] foreign shares in the share capital of our Company, with a nominal value of RMB[1.00] each, which are to be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars and [**REDACTED**] on the Stock Exchange
	[**REDACTED**]

[**REDACTED**]

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong

[**REDACTED**]

"IFRS"	IFRS Accounting Standards, as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	person(s) or company(ies) who/which, to the best of our Directors' knowledge, information and belief, is/are not a connected person of our Company

[**REDACTED**]

"Jingxi Yuanju"	Jingxi Yuanju Enterprise Management Partnership (Limited Partnership) (靖西源聚企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on June 9, 2020, one of our Employee Shareholding Platforms
"Jinsheng New Material"	Shanghai Jinsheng New Material Technology Co., Ltd. (上海津晟新材料科技有限公司), a company established under the laws of the PRC with limited liability on January 12, 2017, one of our Shareholders
"[REDACTED]"	the [**REDACTED**] as named in "Directors and Parties Involved in the [**REDACTED**]" in this document
"[REDACTED]"	the [**REDACTED**] as named in "Directors and Parties Involved in the [**REDACTED**]" in this document
"[REDACTED]"	the [**REDACTED**] as named in "Directors and Parties Involved in the [**REDACTED**]" in this document
"Joint Sponsors"	the joint sponsors as named in "Directors and Parties Involved in the [**REDACTED**]" in this document
"Latest Practicable Date"	[August 7, 2026], being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication
"Lihui New Material"	Yancheng Lihui Ruijin New Material Technology Co., Ltd. (鹽城力輝銳進新材料科技有限公司) (formerly known as Guangzhou Lihui New Material Technology Co., Ltd. (廣州力輝新材料科技有限公司)), a company established under the laws of the PRC with limited liability on April 13, 2016, one of our Shareholders

[**REDACTED**]

"Listing Committee"	the Listing Committee of the Stock Exchange

[**REDACTED**]

"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Hunan Yuchuang"	Hunan Yuchuang Enterprise Management Partnership (Limited Partnership) (湖南裕創企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 2, 2020, one of our Employee Shareholding Platforms
"Hunan Yufu"	Hunan Yufu Venture Capital Investment Management Partnership (Limited Partnership) (湖南裕富創業投資管理合夥企業(有限合夥)) (formerly known as Hunan Yufu Enterprise Management Partnership (Limited Partnership) (湖南裕富企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 2, 2020, one of our Employee Shareholding Platforms
"Hunan Yuguang"	Hunan Yuguang Enterprise Management Partnership (Limited Partnership) (湖南裕廣企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 2, 2020, one of our Employee Shareholding Platforms
"Hunan Yupu"	Hunan Yupu Enterprise Management Partnership (Limited Partnership) (湖南裕璞企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 2, 2020, one of our Employee Shareholding Platforms
"Hunan Yurui"	Hunan Yurui Enterprise Management Partnership (Limited Partnership) (湖南裕瑞企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 2, 2020, one of our Employee Shareholding Platforms
"Hunan Yusheng"	Hunan Yusheng Enterprise Management Partnership (Limited Partnership) (湖南裕升企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 2, 2020, one of our Employee Shareholding Platforms
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange

"Major Subsidiaries"	subsidiaries of our Company as set out in "History, Development and Corporate Structure — Our Major Subsidiaries" to this document
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NEA"	National Energy Administration of the PRC (中華人民共和國國家能源局)
"Nomination Committee"	the nomination committee of the Board
"NPC"	National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Legal Advisor"	Beijing Grandway Law Offices, our legal advisor as to PRC laws

[**REDACTED**]

"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of China

[**REDACTED**]

"SAFE"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SCNPC"	the Standing Committee of the National People's Congress (中華人民共和國全國人民代表大會常務委員會)
"Securities Law" or "PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
"Single Largest Group of Shareholders"	Electrochem Group, Xiangtan Electrochem and Zhenxiang SAOI

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC

"Track Record Period"	the period comprising the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026
"U.S. dollars" or "US$"	United States dollar(s), the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"VAT"	value-added tax

[**REDACTED**]

"Xiangtan Electrochem"	Xiangtan Electrochemical Scientific Co., Ltd (湘潭電化科技股份有限公司), a joint stock company established in the PRC, whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 002125.SZ), a member of our Single Largest Group of Shareholders and a subsidiary of Electrochem Group
"Zhenxiang SAOI"	Xiangtan Zhenxiang State-owned Assets Operation and Investment Co., Ltd. (湘潭振湘國有資產經營投資有限公司), a limited liability company established in the PRC, a member of our Single Largest Group of Shareholders
"Xiangtan Yuhe"	Xiangtan Yuhe Enterprise Management Partnership (Limited Partnership) (湘潭裕和企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on January 23, 2019, one of our Employee Shareholding Platforms
"%"	percent

In this document, the terms "associate(s)," "close associate(s)," "connected person(s)," "connected transaction(s)," "core connected person(s)," "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"black mass"	a black or dark gray powder containing one or more valuable components, such as lithium, nickel and cobalt, obtained by processing lithium-ion battery scraps through procedures including discharge, dismantling, pyrolysis, crushing and separation
"capacity retention"	the percentage of a battery's original capacity that remains after a specified number of charge and discharge cycles, commonly used to measure battery durability and cycle performance
"compaction density"	the density of a cathode material after compaction under specified pressure, which affects the volumetric energy density and performance of lithium-ion batteries
"crystallinity"	the degree of structural order in a material, indicating the extent to which atoms or molecules are arranged in a crystalline structure
"development ore"	ore extracted in the course of mine development and infrastructure construction prior to commercial production
"electrical conductivity"	the ability of a material to conduct electric current
"electrochemical performance"	the performance characteristics of a battery material during electrochemical reactions, including capacity, cycle life, rate capability and energy efficiency
"energy density"	the amount of energy that can be stored per unit mass or per unit volume of a battery or battery material
"ERP"	Enterprise Resources Planning, an integrated software platform that centralizes and manages core business processes, including finance, human resources, manufacturing, supply chain, procurement and inventory, enabling real-time data visibility, resource optimization, and operational efficiency across the organization
"EV(s)"	Electric Vehicle(s), mainly comprising battery electric vehicles and plug-in hybrid electric vehicles
"ESS"	energy storage systems
"full cell"	a battery cell comprising both a cathode and an anode, used to evaluate the electrochemical performance of battery materials under practical operating conditions
"GFA"	gross floor area

"GWh"	gigawatt-hour, a unit of energy equal to one billion watt-hours, commonly used to measure electricity generation, storage capacity or power consumption
"IATF 16949"	an international quality management system standard for the automotive industry
"iron phosphate"	iron phosphate, also known as high iron phosphate and iron orthophosphate, with molecular formula $FePO_4$, is a white, off-white monoclinic crystal powder, and is a compound used to synthesize lithium iron phosphate battery cathode materials. Iron phosphate is an intermediate material principally used in the production of LFP cathode materials
"ISO"	the International Organization for Standardization, a non-government organization based in Geneva, Switzerland, for assessing the quality systems of business organizations
"ISO 14001:2015"	Environmental Management System, which is released by ISO
"ISO 9001"	International Quality Management System, which is released by ISO
"LFP"	lithium iron phosphate ($LiFePO_4$), a chemical compound and a commonly used cathode active material in lithium-ion batteries
"LMFP"	lithium manganese iron phosphate ($LiMnxFe_{1-x}PO_4$), a lithium-ion battery cathode active material and a novel iron-phosphate-based solid solution in which manganese (Mn) partially substitutes iron (Fe) in lithium iron phosphate ($LiFePO_4$)
"LNMO"	lithium nickel manganese oxide ($LiNi_xMn_{1-x}O_2$), a chemical compound and a cathode active material used in lithium-ion batteries
"lithium"	a metal chemical element, of which the element symbol is Li, and the atomic number is three
"lithium carbonate"	a common lithium compound with the chemical formula Li_2CO_3 that can be dissolved in dilute acid and is commonly used for lithium-ion battery materials
"lithium-ion battery"	batteries that utilize lithium-ions as conductive ions that move between the anode and cathode, and charge and discharge through the mutual conversion of chemical energy and electrical energy
"lithium-ion battery scraps"	spent lithium-ion batteries and waste raw materials from lithium-ion batteries, including discarded lithium-ion batteries, defective semi-finished products and waste raw materials generated during industrial production processes, as well as end-of-life lithium-ion batteries generated from daily use or circulation that have lost their intended use
"mu"	a traditional Chinese unit of area (畝), one mu is equivalent to approximately 666.67 sq.m.

"NEV(s)"	New Energy Vehicles (NEVs) include but not limited to battery EV, hybrid and fuel cell vehicles
"NFPP"	sodium iron pyrophosphate ($Na_2FeP_2O_7$), a chemical compound and a commonly used cathode active material in sodium-ion batteries
"OA"	Office Automation, a new office solution that combines modern office affairs with computer technology
"particle size distribution"	the distribution of particle sizes within a material, which affects its processing characteristics and electrochemical performance
"phosphate-based cathode materials"	phosphate cathode active materials, principally including lithium iron phosphate (LFP), lithium manganese iron phosphate (LMFP) and sodium iron pyrophosphate (NFPP) cathode materials, etc.
"precursor"	an intermediate material used in the production of cathode active materials
"R&D"	Research and Development
"secondary sintering process"	a further sintering process performed after the first sintering of LFP materials, involving the addition of a carbon source and grinding before the second heat treatment. Compared with a single sintering process, the secondary sintering process enhances the effectiveness of carbon coating and doping, finer and more precisely controlled particle size and distribution, and improved electrical conductivity, ion diffusion efficiency and compaction density of the resulting LFP cathode materials
"slurry"	a mixture of solid particles dispersed in a liquid, commonly used in the coating process for the manufacture of battery electrodes
"SMM"	the Shanghai Metals Market (https://www.smm.cn/)
"sodium-ion battery"	a rechargeable battery that utilizes sodium ions as conductive ions that move between the anode and cathode during charging and discharging
"solid-state battery"	a rechargeable battery that uses solid-state electrolytes instead of liquid electrolytes to conduct ions between the cathode and anode
"solid-state electrolyte"	a solid material that conducts ions between the cathode and anode in a solid-state battery
"sq.m."	square meter(s)
"ton"	a unit of measure
"WMS"	Warehousing Management System

FORWARD-LOOKING STATEMENTS

[**REDACTED**]

An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in our H Shares. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks, some of which are beyond our control. Other risks and uncertainties that we are not currently aware of or that are not disclosed or implied below, or which we do not currently believe to be material, may also be detrimental to our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including those discussed in this section. The* [**REDACTED**] *price of our H Shares may decline due to any of these risks, and you may lose all or part of your* [**REDACTED**]. *This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this document.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Demand in the market in which we operate is constantly evolving, and any slowdown or decrease in downstream demand may have a material impact on us.

Our products are primarily used in power batteries and energy storage batteries, which are ultimately applied primarily in NEV and ESS applications. Accordingly, market demand for our products is closely linked to market demand for power batteries and energy storage batteries and their end applications. Demand for such batteries is influenced by a range of factors, including but not limited to macroeconomic conditions, end-user preferences, overall cost-effectiveness, technological developments, regulatory requirements and the availability and maturity of supporting infrastructure, and any adverse changes in such factors may have a significant impact on our revenue.

If we fail to maintain our technological leadership and adapt to changing customer requirements, the competitiveness of our products and our results of operations may be adversely affected.

The phosphate-based cathode material industry is undergoing rapid development, with continuous emergence of technological innovations. Our ability to maintain our competitive position depends on our ability to anticipate industry trends, continuously improve our product performance and optimize our manufacturing processes, and successfully develop and industrialize new products and technologies, thereby meeting customers' diversified requirements. The development and industrialization of new products and technologies require significant investments, and there can be no assurance that our efforts will be successful, or that our new products will achieve market acceptance. If we fail to respond effectively to technological developments or diversified customer requirements, our products may become less competitive, and our customers may reduce their purchases from us; in addition, advances in battery technologies or the commercialization of substitute materials may reduce the market demand for phosphate-based cathode materials, and if alternative technologies or products become more widely adopted, market demand for our products could decline. Any of the foregoing may adversely affect our business, financial condition, results of operations and prospects.

Price fluctuation and inadequate supply of raw materials for our production could adversely affect our business, financial condition and results of operations.

The principal raw materials used in our production include phosphorus source, iron source and lithium source (primarily lithium carbonate), together with other auxiliary materials. The supply and prices of these materials may fluctuate due to a number of factors beyond our control, including but not limited to the availability of upstream mining resources, market supply and demand, potential speculative activities, market disruptions and natural disasters. Historically, we experienced significant price

fluctuations of our key raw materials for our production. See "Industry Overview — Overview of the Global Lithium-ion Battery Phosphate-based Cathode Materials Industry — Raw Material Analysis of Global Phosphate-based Cathode Materials Industry."

Our ability to pass through increased raw material costs to downstream customers may be limited. The above-mentioned price fluctuations and changes in supply of raw materials required for production may affect our procurement costs and production activities, and may adversely affect our business, financial condition and results of operations.

Our business faces competition.

The phosphate-based cathode material industry is highly competitive. Our existing and potential competitors may seek to increase their market share through measures such as investing in R&D, expanding production capacity and conducting aggressive marketing activities. Our competitors may also attempt to acquire customers or increase their sales volume through price reductions. Competitive pressures may adversely affect the demand for and pricing of our products, thereby affecting our growth and market share. If we fail to respond effectively to competition, we may not be able to maintain our market share, which could adversely affect our business, results of operations and financial condition.

We may face risks if there are quality issues with our products.

Phosphate-based cathode materials have a material impact on to the performance of lithium-ion batteries, and hence the product quality is of significant importance. We are always highly committed to product quality and safety, considering them vital to our operation. Our products not only need to meet stringent quality specifications but also to maintain stable quality across different production batches. Any quality issues with our phosphate-based cathode materials could affect the performance of our customers' products, causing us to lose customers and/or orders, and affect our market position. In severe cases, we may need to recall our products or take other measures. In addition, third parties who have suffered losses may bring claims or legal proceedings against us. Any of these events could have an adverse impact on our brand and reputation. We have established quality management and risk control systems. We did not experience any major product quality issues during the Track Record Period. However, given that product quality control involves complex processes and may be difficult to manage, we cannot guarantee that our products will not experience any material quality issues.

We are subject to customer concentration risk during the Track Record Period.

For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, revenue from our five largest customers accounted for 96.1%, 81.4%, 71.3% and 63.6% of our total revenue, respectively, while revenue from our largest customer accounted for 41.0%, 31.1%, 29.7% and 27.6% of our total revenue, respectively.

The high proportion of revenue contributed by our five largest customers was primarily attributable to the high concentration of the downstream battery industry. Our major customers may reduce, delay or terminate their purchases from us for reasons beyond our control, including but not limited to changes in business strategies, financial condition, procurement policies or demand for products. Any deterioration in our relationships with these customers, or any failure by them to make timely payments, could also adversely affect our sales and cash flows. We cannot assure you that we will be able to maintain or improve our relationships with our major customers, or that we will be able to reduce customer concentration in the future. If any of our major customers significantly reduces or ceases their purchases from us, and we are unable to replace such revenue in a timely manner, our business, financial condition and results of operations may be adversely affected.

We are subject to risks of product concentration and our product development efforts may not be successful.

We derived the majority of our revenue from sales of phosphate-based cathode materials during the Track Record Period. In the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, revenue generated from the sales of phosphate-based cathode materials accounted for 99.4%, 98.3%, 97.9%, 98.4% and 98.3% of our total revenue, respectively. Therefore, market acceptance of our phosphate-based cathode materials is critical to our future success. Any adverse changes in the demand for or prices of these products could have a material adverse effect on our business, financial condition and results of operations. Any failure to successfully develop, launch and market our new businesses and products could impair our ability to recover our investments, which in turn may materially and adversely affect our business, financial condition and results of operations.

If we are unable to maintain high utilization of our production facilities, our profitability may be adversely affected.

If we do not receive sufficient orders from our customers to effectively utilize our production facilities, we may experience low capacity utilization or over-capacity at our production bases, which may hurt our profitability and results of operations. Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for construction of any new production bases or expansion of any existing facilities and maintenance of expanded production capacity.

Failure to effectively execute capacity expansion plans and to upgrade production lines may materially and adversely affect our business, financial condition and results of operations.

Our ability to expand our production capacity and upgrade our production lines to meet customer demand has a significant impact on the growth of our business scale and our profitability. The implementation of our expansion plans involves significant capital expenditures and operational complexity, including the construction of new facilities, procurement and installation of equipment, and recruitment and training of personnel. The execution of such plans is subject to various risks, including but not limited to insufficient funding, delays in construction or equipment delivery, difficulties in equipment installation, and challenges in implementing new production processes. Any failure or delay in executing our expansion plans would limit our ability to increase production capacity and respond to market demand. Our expansion plans may result in increased fixed costs, and there is no assurance that market demand will be sufficient to support the expanded capacity or deliver expected returns. We may experience underutilization of our production facilities as a result of demand falling short of expectations, which would adversely affect our cost efficiency and profitability. We may also be unable to recover the capital invested in new or expanded facilities.

In addition, we have entered, and may in the future enter, into agreements for our expansion plans. Any delay or cancellation of our expansion plan or any failure to fulfill related commitments could also subject us to penalties or disputes with various counterparties. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Any disruption to the operations of our production facilities could materially and adversely affect our business, financial condition and results of operations.

Our manufacturing operations are conducted primarily at our production bases in Hunan, Sichuan, Guizhou and Yunnan, and our mining operations are conducted at our phosphate mines in Guizhou. The operations of these facilities are subject to disruption from a variety of factors, including but not limited to fires, explosions, floods, earthquakes, typhoons, power outages, mechanical or equipment failures, telecommunications disruptions, regulatory developments, and the revocation or non-renewal of required licenses, certifications or permits. The occurrence of any such events could interrupt our production, reduce or halt our production capacity and impair our ability to deliver products to customers in a timely manner.

Our manufacturing and mining operations also involve inherently hazardous activities, including but not limited to the use of hazardous chemicals, high-temperature production processes, heavy machinery, specialized equipment and other industrial facilities, as well as the handling and storage of gases and other hazardous substances. As a result, we are exposed to workplace safety and operational risks, including but not limited to industrial accidents, fires, explosions, hazardous material leakages, equipment failures and accidents occurring in hazardous working environments, which may result in personal injury or loss of life, property damage, environmental pollution and production interruptions. We are also subject to extensive laws and regulations relating to workplace safety, environmental protection and the handling and storage of hazardous substances. Any failure to comply with such laws and regulations may result in regulatory investigations, administrative penalties, suspension of operations, compensation claims, legal liabilities and reputational damage.

We have experienced workplace safety and fire safety incidents in the past. See "Business — Legal Proceedings and Compliance — Compliance Matters — Regulatory Proceedings." Although we have implemented remedial measures to strengthen our safety management systems, internal controls and operational procedures, we cannot assure you that similar incidents or other disruptions will not occur in the future. Any significant disruption to the operations of our production facilities or workplace safety incident could reduce or halt our production capacity, delay or prevent the fulfillment of customer orders, result in the loss of customers or revenue, and materially and adversely affect our business, financial condition, results of operations and prospects.

Our vertically integrated operation involves our proprietary mining assets, and any disruption to our mining operations or failure to successfully develop our mining resources could materially and adversely affect our business.

As part of our vertically integrated operation, we hold mining rights to phosphate mines, which were under development as of the Latest Practicable Date. Our proprietary mining assets are expected to enhance the security of our raw material supply, improve cost competitiveness and reduce our exposure to fluctuations in the supply and prices of certain raw materials. However, our mining operations are subject to risks inherent in the mining industry, including but not limited to adverse geological conditions, lower-than-expected mineral grades or recoverable reserves, equipment failures, workplace safety incidents, adverse weather conditions, flooding, environmental and ecological issues, labor shortages, interruptions to utilities or transportation, and changes in applicable laws, regulations or government policies. The occurrence of any of these events may disrupt or suspend our mining operations, increase our production costs or reduce the availability of raw materials for our downstream production.

In addition, mine development is capital-intensive and involves significant technical, operational and regulatory uncertainties. The development and commencement of commercial production may be delayed by permitting requirements, construction delays, unforeseen geological conditions, cost overruns, equipment failures or other factors beyond our control. There can be no assurance that our mining assets will achieve the expected production capacity, recovery rates, operating costs or economic returns, or that additional mineral resources can be identified or economically developed in the future. If our mining operations are disrupted or our mining assets fail to achieve their expected performance, our production, financial condition, results of operations and prospects could be materially and adversely affected.

We have incurred net operating cash outflows during the Track Record Period, and we may continue to incur net operating cash outflows in the future.

We recorded net cash inflows from operating activities of RMB501.2 million in 2023, and net cash outflows from operating activities of RMB1,042.2 million, RMB1,546.3 million, RMB530.8 million and RMB1,044.9 million for 2024 and 2025, and for the three months ended March 31, 2025 and 2026, respectively. Our net operating cash outflows were primarily attributable to bank acceptance note settlement arrangement. During the relevant period, a substantial 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. Our payment cycles to our suppliers may not coincide with our collection cycles from our customers. In addition, any significant increase in our inventory levels may also adversely affect the cash we generate from operating activities. Our future liquidity position will depend on various factors, including but not limited to our ability to improve our operational efficiency, expand our business, increase revenue, manage our costs and expenses, and maintain sufficient working capital. We may record cash outflows from operating activities in the future.

In the event that we are unable to generate sufficient cash flow from operations or obtain sufficient financing to support our business operations, our liquidity, financial condition and ability to execute our business plans may be materially and adversely affected. If we seek additional financing to satisfy our funding requirements, we may incur additional financing costs, and there can be no assurance that we will be able to obtain such financing on terms acceptable to us, or at all. If we are unable to improve our cash flow position or maintain sufficient working capital, our ability to expand our business, raise capital, continue our operations and maintain the value of our Shares may be adversely affected.

Failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to miss sales.

In order to operate our business effectively and meet our customers' demands and requirements, we must maintain a certain level of inventory to meet the needs of production and ensure timely delivery of our products. As of December 31, 2023, 2024 and 2025 and March 31, 2026, we had inventories of RMB1,324.9 million, RMB2,798.4 million, RMB3,628.7 million and RMB5,112.1 million, respectively. We determine our level of inventory based on our experience, the number of orders from customers, our assessment of customer demand and fluctuations in prices of raw materials. However, such assessment is inherently uncertain, and the demand for our products as well as the prices of raw materials and our products may fluctuate significantly between the time inventory is procured or produced and the time it is sold.

We cannot assure you that we will always be able to maintain optimal inventory levels. If we fail to accurately assess customer demand, we may experience inventory shortages or excess inventory. Inventory levels in excess of demand, a significant decline in the market prices of our products or raw materials, or adverse changes in the market value of our inventories, may result in inventory write-downs or write-offs or require us to sell our products at reduced prices, which could adversely affect our profitability. Any of the above may materially and adversely affect our business, results of operations and financial condition. As we plan to continue to expand our production capacities, we may continue to face challenges in effectively managing our inventory.

We are subject to credit risk in collecting trade and bills receivables due from customers.

Our trade receivables represent amounts due from customers for sales of goods in the ordinary course of business. Our bills receivables represent payments from customers through bills of acceptance. As of December 31, 2023, 2024 and 2025, and March 31, 2026, our trade and bills receivables amounted to RMB4,999.7 million, RMB6,051.7 million, RMB9,303.2 million, and RMB12,094.8 million respectively. Our trade receivables turnover days were 48 days, 80 days, 63 days and 49 days in 2023, 2024 and 2025 and for the three months ended March 31, 2026.

There is no assurance that all such amounts will be settled on time or at all, and we are subject to credit risk in collecting the trade and bills receivables due from customers. Our performance, liquidity and profitability may be adversely affected if amounts due to us are not settled on time or at all. The bankruptcy or deterioration of the credit condition of any of our major customers could also materially and adversely affect our business.

Our business and operations require significant capital resources on an ongoing basis and are subject to uncertainties.

We operate in capital-intensive industries and require substantial capital expenditures and other long-term investments, including but not limited to expenditures for maintaining our production facilities, machinery and equipment, as well as constructing, operating and expanding our production facilities, acquiring equipment, and developing new technologies and products. In 2023, 2024 and 2025 and for the three months ended March 31, 2026, our capital expenditures were RMB5,360.8 million, RMB3,906.8 million, RMB5,302.9 million and RMB1,218.2 million, respectively.

If we are unable to obtain adequate financing on reasonable terms, our ability to maintain or expand our production capacity, pursue acquisitions, develop new technologies and products, or otherwise execute our business strategies may be adversely affected. We cannot assure you that we will not experience increased working capital needs in the future or that the costs and expenses associated with our expansion plans will be offset by corresponding increases in revenue. Any significant increase in working capital requirements or failure to effectively manage our expansion-related costs could adversely affect our liquidity, business, financial condition, results of operations and prospects.

Our level of indebtedness may adversely affect our ability to raise additional capital to fund our operations, expose us to interest rate risk on our floating-rate debt and prevent us from meeting our obligations under our indebtedness.

During the Track Record Period, we relied on a certain extent on bank and other borrowings to finance our capital expenditures and business operations. We expect that we may continue to finance our business through bank loans in the future. As of December 31, 2023, 2024 and 2025 and March 31, 2026, our interest-bearing bank loans and other borrowings amounted to approximately RMB4,611.9 million, RMB7,530.8 million, RMB11,945.8 million and RMB12,823.2 million, respectively. As of the same dates, our gearing ratio was 57.8%, 61.6%, 66.9% and 61.2%, respectively.

We cannot assure you that we will not maintain a substantial level of bank loans in the future. Our level of bank loans and gearing ratio may: (i) make it more difficult for us to satisfy our obligations under our indebtedness, exposing us to the risk of default, which may adversely affect our ability to continue as a going concern; (ii) require us to allocate a greater portion of our cash flows from operations toward the repayment of principal and interest on our borrowings, thereby reducing the availability of our cash flows for other purposes, such as working capital, capital expenditures and other corporate purposes; (iii) increase our vulnerability to adverse economic or industry conditions; (iv) limit our flexibility in planning for, or responding to, changes in our business or the industry in which we operate; (v) restrict our ability to pursue potential strategic business opportunities; (vi) limit our ability to obtain additional financing; (vii) increase our exposure to interest rate fluctuations; (viii) increase our exposure to unpredictable adverse events, such as insufficient cash flows to cover potential product liability expenses and/or costs associated with upgrading technologies or equipment required for our production; and (ix) limit our sales growth or expansion plans, as our marketing and sales expenditures may be constrained due to our repayment obligations.

As a result of the covenants and restrictions contained in our financing arrangements, we may be subject to limitations on the manner in which we conduct our business. Such restrictions may prevent us from raising additional debt or equity financing to compete effectively or take advantage of new business opportunities. Our existing or future borrowings may increase our financial risk, and to the extent that interest rates increase or our borrowings are refinanced at higher interest rates, our available cash flows and results of operations may be adversely affected. The terms of any future indebtedness we incur may contain more restrictive covenants. Any breach of such covenants could result in an event of default under the relevant indebtedness. Upon the occurrence of a default, the relevant lenders may demand immediate repayment of outstanding amounts. Such default may also trigger cross-default provisions or acceleration of repayment obligations under our other indebtedness. If some or all of our debts become immediately due and payable, we may not have sufficient funds to repay such indebtedness or may be unable to refinance such obligations.

Our hedging strategy may not adequately protect us from commodity price risks, and our commodity futures hedging activities expose us to additional risks.

Our business is exposed to volatility in the price of lithium carbonate, a key raw material. We have established a price linkage mechanism under our customer purchase orders that allows us to pass on a substantial portion of the changes in the price of lithium carbonate downstream. As a supplementary risk management measure, we adopt various strategies, including conducting commodity futures hedging activities by trading lithium carbonate futures contracts on Guangzhou Futures Exchange. See "Business — Warehousing, Logistics and Inventory Management — Inventory Management."

Our hedging activities may not fully eliminate our exposure to lithium carbonate price volatility and could adversely affect our results of operations as a result of significant fluctuations in futures prices, limited market liquidity, operational or execution risks, system or communication failures, and changes in applicable laws, regulations, policies or futures exchange trading rules, any of which may result in losses or otherwise limit the effectiveness of our hedging strategies. Our historical hedging performance may not be indicative of the future performance of our hedging operations, as market conditions and regulatory environments may change. Our inability to effectively manage risks associated with potential hedging activities may have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your [REDACTED].

A substantial portion of our revenue and cost of sales is denominated in RMB. However, as we also operate part of our business overseas, and have certain sales and purchases denominated in foreign currencies, we are exposed to foreign exchange risks arising from fluctuations in the exchange rates between RMB and other currencies, primarily USD and EUR.

Our revenue from overseas sales amounted to RMB6.7 million, RMB12.3 million, RMB284.5 million and RMB500.2 million in 2023, 2024 and 2025 and the three months ended March 31, 2026, respectively, representing 0.0%, 0.1%, 0.8% and 3.3% of our total revenue during the respective periods. Certain of our overseas sales are denominated in foreign currencies, primarily including USD and EUR. Fluctuations in exchange rates may affect the value of our foreign currency-denominated revenue and expenses when translated into RMB and could result in foreign exchange gains or losses, which may adversely affect our results of operations and financial condition. Although we may from time to time adopt measures to manage our foreign exchange exposure, we cannot assure you that such measures will be effective in mitigating the impact of exchange rate fluctuations.

The exchange rates between RMB and foreign currencies are affected by factors beyond our control, including but not limited to changes in economic and political conditions, monetary and fiscal policies, trade policies and market conditions in the PRC and internationally. We cannot predict how these factors may affect the exchange rates. Any significant appreciation of RMB against foreign currencies could reduce the competitiveness of our products in overseas markets and the RMB value of our foreign currency-denominated revenue, while any significant depreciation of RMB against foreign currencies could increase the cost of our foreign currency-denominated purchases and other expenses.

In addition, if we decide to convert our RMB into Hong Kong dollars for dividends payment on our H Shares or for other business purposes, any depreciation of RMB against the Hong Kong dollar would have a negative effect on the value of, and any dividends payable on, our H Shares.

We could be subject to changes in our tax rate policies.

The EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the tax

laws and regulations in China may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to tax laws and regulations in China and tax penalties or fines could affect our businesses, financial condition and results of operations.

Our PRC subsidiaries are subject to the PRC enterprise income tax at a standard rate of 25% on their taxable income. However, several of our PRC subsidiaries qualified for preferential income tax rates ranging from 9% to 20% during the Track Record Period based on the existing legislation, interpretations and practices in respect thereof.

If we are unable to manage our business expansion effectively and our business, financial condition and results of operations may be adversely affected.

Our continued growth places significant demands on our operational, financial and management resources. To manage our growth effectively, we must expand our production capacity, enhance our supply chain, develop and upgrade our products, strengthen our internal controls and systems, and recruit and retain qualified personnel. These initiatives require substantial investment and effective execution. Our existing systems, infrastructure and management processes may not be sufficient to support our expanding operations. If we fail to manage our growth effectively, we may experience increased costs, operational inefficiencies and delays in executing our business strategies, which could adversely affect our financial performance.

In addition, expansion into new or international markets requires significant capital and management resources and exposes us to additional risks, including unfamiliar market dynamics, more intense local competition, regulatory and compliance requirements and potential tax implications. We may not be able to successfully identify or penetrate such markets or achieve expected returns. Any failure to effectively manage our growth or expansion could materially and adversely affect our business, financial condition and results of operations.

We depend on the continued services of our senior management and key personnel, and our inability to attract, retain or replace such personnel could materially and adversely affect our business.

Our success depends on the continued services and contributions of our senior management and key personnel, including senior R&D staff and skilled engineers, who are critical to our operations, product development and the execution of our business strategies. In the event of significant loss of these personnel, our operations and development efforts may be disrupted, and the execution of our business plans may be adversely affected. In addition, replacing such personnel may be difficult, time-consuming and costly, and suitable replacements may not be readily available. Our future growth also depends on our ability to attract, train and retain qualified personnel, particularly engineers with expertise in the R&D of phosphate-based cathode materials. Competition for such talent is intense, and we may not be able to recruit or retain such personnel in a timely manner, or at all. If we are unable to retain our key personnel or to attract and integrate qualified replacements, our business, financial condition and results of operations may be materially and adversely affected.

Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining or renewing requisite government approvals or licenses for carrying out our operations or our construction and expansion projects.

We are required to obtain and maintain various licenses, permits, registrations, certificates and approvals for our business operations and at different stages of our new construction and production expansion projects. In addition, we may be required to complete certain inspections and obtain relevant approvals before commencing production at our new production facilities.

The issuance, renewal and maintenance of such licenses, permits, registrations, certificates and approvals are subject to our compliance with applicable laws, regulations and requirements imposed by relevant government authorities. We cannot assure you that we will be able to comply with any new rules or regulations that may be introduced from time to time, or that we will not experience material delays

or difficulties in obtaining or renewing the necessary licenses, permits, registrations, certificates or approvals in a timely manner, or at all. If we fail to obtain, maintain or renew any required licenses, permits, registrations, certificates or approvals, or if the renewal process is delayed, we may be unable to continue our relevant business operations, implement our expansion plans or commence production at our new facilities, which could adversely affect our business, financial condition and results of operations.

We are subject to extensive environmental, chemical manufacturing, health and safety laws and regulations, and compliance with such laws and regulations may require significant resources and increase our operating costs.

We are subject to extensive environmental, mining, chemical manufacturing, workplace health and safety and other regulatory requirements, and any failure to comply with such requirements or changes in the applicable regulatory framework could materially and adversely affect our business, financial condition and results of operations.

Our operations, including the manufacturing of phosphate-based cathode materials, the development and operation of phosphate mines, the handling, storage and transportation of raw materials and products, and the treatment and disposal of industrial waste, are subject to extensive environmental protection, mining, chemical manufacturing, workplace health and safety, hazardous chemicals and other applicable laws, regulations and industry standards. We are required to obtain, maintain and renew various governmental approvals, permits, licenses and certificates, conduct environmental impact assessments for certain projects and comply with ongoing regulatory requirements, including those relating to environmental protection, production safety and periodic inspections. Compliance with these requirements requires us to devote significant financial and management resources and to incur substantial capital expenditures and operating expenses.

Our manufacturing and mining processes also generate wastewater, waste gas and industrial solid waste and involve hazardous chemicals and other potentially hazardous activities. Any failure to comply with applicable environmental, workplace health and safety or hazardous chemicals laws and regulations, or any environmental pollution, workplace accident or worker injury, could result in administrative penalties, suspension of operations, remediation obligations, compensation claims, civil or criminal liabilities, reputational damage and increased compliance costs. In addition, environmental, production safety and other regulatory requirements in the PRC and the overseas markets in which we operate may become more stringent from time to time, which may require us to make additional capital investments, upgrade our facilities, implement enhanced compliance measures or otherwise incur higher capital expenditures and operating costs. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

Our business is influenced by PRC government policies relating to the power batteries and energy storage batteries, and any adverse changes in such policies could materially and adversely affect our business.

During the Track Record Period, a significant part of our operations were based in China and a substantial portion of our revenue was derived from domestic sales. Our products are primarily used in power batteries and energy storage batteries, and accordingly, our business is closely linked to government policies affecting the power batteries and energy storage batteries industries in China.

The PRC government has implemented various policies to support the development of the battery value chain, including incentives relating to NEVs, ESS and strategic emerging industries, as well as tax incentives, research and development subsidies and industrial support measures. These policies have contributed to the growth of downstream demand and supported the development of companies in the battery materials sector, including us.

However, such policies are subject to change and may be adjusted, reduced or withdrawn. In particular, incentives for downstream applications, such as NEV or ESS, may be phased out or modified, which could reduce demand for power batteries and energy storage batteries and, in turn, our products. In addition, regulatory policies relating to environmental protection, energy consumption, safety standards or industry capacity may become more stringent, which could increase our compliance costs or restrict our production.

We cannot assure you that favorable policies will continue or that new supportive measures will be introduced. Any reduction, withdrawal or adverse change in relevant government policies, or increasingly stringent regulatory requirements, could materially and adversely affect demand for our products, our cost structure and our business, financial condition and results of operations.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, results of operations and financial condition.

During the Track Record Period, we received various government grants, not all of which were of a recurring nature. In 2023, 2024 and 2025 and the three months ended March 31, 2026, we recognized government grants of RMB81.5 million, RMB53.5 million, RMB66.7 million and RMB25.1 million, respectively, as other income and gains. In addition, we and certain of our PRC subsidiaries are subject to preferential income tax treatments. See "Financial Information — Description of Key Statements of Profit or Loss Items — Income Tax Expense."

If we cease to be entitled to such government grants or preferential tax treatment or if the relevant PRC laws and regulations change, our other income and gains may decrease and/or our income tax expenses may increase, which could adversely affect our business, financial condition, results of operations and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, financial condition, results of operations, and prospects.

We depend on certain third parties for various services and products in connection with our business.

We rely on third-party suppliers for various goods and services including but not limited to utilities, energy, raw materials, warehousing services and transportation services which are in line with industry practice. We endeavor to source goods and services from third-party providers whom we believe are able to meet our quality, delivery schedule and other requirements. However, the goods and services provided by any of the third-party service providers may not be provided in a timely manner or of satisfactory quality. If the third-party providers do not perform satisfactorily, substantially reduce the amount and scope of goods and services provided to us, substantially increase their prices or terminate their business relationship with us, we may need to replace the third-party providers or take other remedial measures which could increase our costs of operations. As we do not have direct control over the third-party providers, if they become involved in unauthorized provision of goods or services not complying with our requirements or that of our customers, our reputation may be affected. Our reputation will also be adversely affected if the third-party providers do not comply with applicable laws and regulations. This, in turn, may materially and adversely affect our business, reputation, financial condition and results of operation.

We may not be able to obtain, maintain, protect or enforce adequate intellectual property rights for our technologies and products, and any unauthorized use or infringement of our intellectual property could materially and adversely affect our business, financial condition and results of operations.

Our business relies on proprietary technologies relating to phosphate-based cathode materials. We seek to protect our technologies through patents, trademarks, trade secrets and other intellectual property rights. However, the process of obtaining, maintaining and enforcing intellectual property rights is time-consuming, costly and subject to uncertainty. We cannot assure you that our intellectual property applications will be granted or that our intellectual property rights will remain valid, enforceable or provide adequate protection. Our intellectual property rights may be challenged, invalidated, narrowed,

rendered unenforceable or circumvented by third parties, including through the development of alternative or non-infringing technologies. In addition, failure to comply with applicable procedural or administrative requirements, such as responding to official actions, paying maintenance fees or submitting required documentation, may result in the abandonment, lapse or limitation of our intellectual property rights.

Our proprietary technologies may also be subject to unauthorized use, disclosure, misappropriation or reverse engineering by competitors, employees, business partners or other third parties, particularly where such technologies are protected as trade secrets. To protect our intellectual property rights, we may need to initiate legal or administrative proceedings, which may be time-consuming, costly and may not be successful. Any unauthorized use or infringement of our intellectual property, or any failure to obtain, maintain, protect or enforce our intellectual property rights, could weaken our competitive position and materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to protect our trade secrets.

In addition to our existing intellectual property rights and/or applications (such as issued patents and/or pending patent applications), we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized use or disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. If a competitor gains access to and makes use of such information, our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. Our trade secrets may also otherwise be misappropriated. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Enforcing a claim against a third party that illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial financial and human resource costs.

Our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding us, our Directors, employees, brand or products. Any negative publicity, whether warranted or not, could adversely affect our business.

We believe that our brand is integral to the success of our business. Since we operate in a highly competitive market, brand maintenance directly affects our ability to maintain our market position. The successful maintenance of our brand depends on our ability to provide competitive products and to strengthen business relationships with our customers. The successful promotion of our brand depends on the effectiveness of our marketing efforts and the amount of word-of-mouth referrals by our customers. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities will be successful or effective as expected. In addition, any negative publicity about our Company, Directors, employees, brand or products, whether warranted or not, may adversely affect our reputation and business. If our brand and reputation are damaged, we may face challenges in maintaining our current business relationships with our customers and in entering into new markets, which may adversely affect our business, financial condition, results of operations and prospects.

Our insurance coverage may not be sufficient to cover all losses or liabilities arising from our operations.

Our business is subject to various operational risks, including but not limited to production disruptions caused by operational errors, equipment failures, power outages and regulatory restrictions, as well as environmental or industrial accidents and catastrophic events such as fires, explosions, floods and earthquakes. Such events may result in damage to our production facilities, business interruption, personal injury or loss of life, environmental damage, monetary losses and legal liabilities.

We maintain insurance coverage that we consider appropriate and consistent with industry practice, such as employer's liability insurance, group accident insurance, work safety liability insurance and property insurance. However, our insurance coverage is subject to deductibles, exclusions, coverage limits and other terms and may not be sufficient to cover all losses or liabilities that we may incur. If we suffer a significant uninsured loss or a loss exceeding our insurance coverage, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties may materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities. Although we have established internal control policies and relevant contractual covenants, we cannot assure you that we will be able to prevent fraud or illegal activity by such persons or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activity by our employees, suppliers, customers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, could also subject us to negative publicity that could severely damage our brand and reputation and result in significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties could materially and adversely affect our business.

Work stoppages, increase in labor costs and other labor-related matters may materially and adversely affect our business.

We believe that we have a good working relationship with our employees. However, if our employees were to engage in a strike or other work stoppage, we could experience significant disruption of our operations and/or sustained increases in labor costs, which may adversely affect our business, financial condition and results of operations.

In addition, if labor costs in regions where we operate increase, this may increase our manufacturing costs. Factors contributing to rising labor costs include inflationary pressures, changes in minimum wage laws and increased demand for skilled workers. Additionally, regulatory changes or enhanced employee benefits mandated by law could further exacerbate these costs. The competition for skilled labor in our industry is intense and we may be required to offer more attractive compensation packages to retain and attract qualified personnel. We may not be able to pass on these increased costs downstream by increasing the selling prices of our products in light of competitive pressure in the markets where we operate. In such circumstances, our profit margins may decrease and our financial condition and results of operations may be materially and adversely affected.

We face risks related to title defects related to our properties.

As of the Latest Practicable Date, all of our lease agreements in China had not been registered with the relevant authorities as required under PRC law, and the lessors of certain number of properties we leased in China had not provided title certificates for such properties, as the lessors have not obtained property ownership certificates and may not have followed the prescribed procedures to apply for and obtain approval from the relevant authorities. According to the relevant PRC laws and regulations, our rights as occupant of these properties may be adversely affected due to the absence of the relevant ownership certificates. We cannot assure you that the landlord of these properties has the right to lease the relevant property to us. We may not be able to continue to use such properties if the ownership of the leased properties and/or the validity of such lease is challenged by third parties. In such a scenario we will have to relocate to other premises, which could result in additional costs. Should disputes arise due to title encumbrances to such properties or government action, we may encounter difficulties in continuing to lease such properties and may be required to relocate in the future.

Under the relevant PRC law, all lease agreements are required to be registered with the relevant land and real estate administration bureaus. As advised by our PRC Legal Advisor, failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements or result in us being required to vacate the leased properties. However, the relevant PRC authorities may require us to complete registrations within a specified time frame and may impose a fine ranging from RMB1,000 to RMB10,000 for each of such lease agreements. See "Business — Properties."

We are subject to risks relating to third-party payments.

During the Track Record Period, certain of our customers settled their payments with us through third-party payors. In 2023, 2024 and 2025, and the three months ended March 31, 2026, the amount of third-party payments amounted to RMB6,134, RMB12,030, nil and RMB1,550,000, respectively, accounting for less than 0.01% of our total revenue in each of the respective periods. See "Business — Our Customers — Third-Party Payment Arrangement." We are subject to risks relating to such third-party payment arrangements, including possible claims from third-party payers for the return of funds, and possible claims from liquidators of third-party payers. In the event of any claims from third-party payers or their liquidators, or legal proceedings (whether civil or criminal) initiated or brought against us in respect of third-party payments, we may have to expend financial and managerial resources to defend against such claims and legal proceedings, and our business, financial condition and results of operations may as a result be adversely affected.

Failure to make adequate contributions to various employee benefit plans as required by regulations may subject us to penalties.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments. Employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. During the Track Record Period and up to the Latest Practicable Date, we have not received any administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. However, there is no assurance that our historical and current practice with respect to the contribution of social insurance plans and housing provident funds will at all times satisfy the relevant regulatory requirements mainly due to the evolving interpretation and implementation of these laws and regulations. In the event of any non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed time period and to pay penalties if we fail to do so. In addition to the above, if we fail to comply with any other relevant labor laws and regulations in the PRC, we may be exposed to penalties or be required to compensate employees.

We may be involved in claims, disputes, legal proceedings and administrative penalties in our ordinary course of business.

From time to time, we may be involved in claims, disputes, legal proceedings and administrative penalties in our ordinary course of business. These may include breach of contract, employment or labor disputes, infringement of intellectual property rights, and environmental matters. During the Track Record Period and up to the Latest Practicable Date, certain of our PRC subsidiaries were subject to administrative penalties relating to production activities. See "Business — Legal Proceedings and Compliance — Compliance Matters — Regulatory Proceedings." If we fail in defending ourselves against any such claims, we may be subject to damages to compensate the claimants. Any claims, disputes or legal proceedings initiated by us, or brought against us, with or without merit, may result in costs and diversion of management resources and may materially harm our reputation. Furthermore, claims, disputes, legal proceedings or administrative penalties against us may be due to defective supplies sold to us by our suppliers, who may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

Our global operations subject us to applicable sanctions, export control and trade regulations, and any non-compliance or adverse changes in such regulations could materially and adversely affect our business.

We are subject to sanctions, export control laws and international trade regulations in the jurisdictions in which we operate and to which we export our phosphate-based cathode materials. During the Track Record Period, we sold our products to overseas markets, mainly including Southeast Asia. In 2023, 2024, 2025 and the three months ended March 31, 2026, revenue generated from our overseas sales amounted to RMB6.7 million, RMB12.3 million, RMB284.5 million and RMB500.2 million, accounting for approximately 0.0%, 0.1%, 0.8% and 3.3% of our total revenue, respectively. We are also constructing a production base for phosphate-based cathode materials in Spain, which is expected to strengthen our overseas manufacturing operations, enhance our ability to serve customers overseas and support our long-term international growth strategy.

Our products may be incorporated into downstream applications such as NEVs, ESS and other electrification-related products, and in certain jurisdictions, these downstream applications are subject to increasing regulatory scrutiny and trade restrictions. Export control regimes and sanctions may restrict the export, re-export or transfer of our products, or of technologies, equipment or components used in our production, to certain countries, regions, entities or end-users. In addition, governments may impose tariffs, import or export restrictions, sanctions or other trade barriers targeting battery materials, NEVs or related industries. Such measures may increase our costs, restrict our access to overseas markets or reduce demand for our products.

Accordingly, any non-compliance with applicable sanctions or export control regulations, or any adverse changes in trade policies or geopolitical conditions affecting the power battery and energy storage battery supply chain, could materially and adversely affect our business, financial condition and results of operations.

Global economic and political conditions may adversely affect our industry, business and financial results.

Our operating results are affected by global economic conditions. If economic growth in the countries and regions where we operate slows, or if such countries and regions experience economic downturns or recessions, economic activities may be adversely affected due to factors including, but not limited to, reduced demand for goods and services, limited liquidity, decreased government spending, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, inflationary pressures, higher interest rates, increased bankruptcies and overall economic uncertainty. Under such circumstances, our customers may delay or reduce their purchases of our products.

In addition, uncertainties in global economic conditions may vary across different geographic markets and may result in significant volatility in global credit markets. Such volatility may affect our working capital requirements for manufacturing activities or result in increased costs or interruptions in the supply of raw materials from our suppliers if we are unable to obtain sufficient financing for our operations.

Any adverse changes in global economic and political conditions may reduce the prices that our customers are willing or able to pay for our products or reduce demand for our products. As a result, our sales, cash flows, results of operations and financial condition may be materially and adversely affected.

Our facilities or operations could be damaged or adversely affected as a result of natural disasters and other catastrophic events.

Our facilities and operations may be adversely affected by events beyond our control, including but not limited to natural disasters, wars, health epidemics and other catastrophic events. We cannot assure you that our backup systems and contingency plans will be sufficient to protect us from the impact of events such as fires, floods, typhoons, tsunamis, earthquakes, power outages, telecommunications failures, cyber attacks, break-ins, wars, riots, terrorist attacks or similar events.

The occurrence of any of the foregoing events may result in operational disruptions, breakdowns, system failures, technology platform failures or internet failures, which may lead to loss or corruption of data, malfunction of software or hardware, damage to our facilities, or interruptions to our ability to manufacture products or provide services. Any such events could materially and adversely affect our business, financial condition and results of operations.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.

We rely on our and third-party information technology systems to facilitate communications among our employees and with suppliers and customers and to support other aspects of our business operations. These information technology systems may be susceptible to damage, disruptions or shutdowns due to failures during maintenance, power outages, hardware failures, malware attacks or catastrophic events. If the information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems. If we do not effectively resolve such issues in a timely manner, our business, financial condition and results of operations may be materially and adversely affected. In addition, if the information technology systems fail to satisfy additional requirements related to our business expansion, our future growth may be adversely affected.

RISKS RELATING TO WHERE WE CONDUCT BUSINESS

Failure to fully adapt to changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in the places where we operate could materially and adversely affect our business, financial condition, results of operations and prospects.

Our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in the places where we operate. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. Laws, regulations and policies related to our industry will continue to undergo changes or adjustments, and our efforts to achieve compliance may result in additional costs. As a result, our business, financial condition, results of operations and prospects may be adversely affected.

Development in the legal system of certain geographic markets in which we operate could materially and adversely affect us.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. The legal systems of some geographic markets where we operate are continually evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is still evolving. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings in many of the geographic markets where we operate. These may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

If the government policies and internal interpretations on which the legal systems are based are not published on a timely basis and have retroactive effects, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industry and affect our business, financial condition and results of operations.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your [REDACTED].

The conversion of Renminbi is subject to applicable laws and regulations in China. We cannot guarantee that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange needs. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE. We are required to present documentary evidence of such transactions and conduct such transactions at banks that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be registered in advance by the SAFE or its designated banks.

Under existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, any change in these foreign exchange policies or any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, which may in turn affect our business, financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations.

Pursuant to the Arrangement between Chinese Mainland and the Hong Kong Special Administrative Region ("HKSAR") for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) issued by the STA effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the

above-mentioned tax benefits are not subject to the above-mentioned provisions. For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the STA also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your [**REDACTED**] in our H Shares may be materially affected.

We may be subject to the approval, filing or other requirements of the CSRC or other regulatory authorities in connection with future capital raising activities.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from such future financing activities into the PRC or take other actions to restrict our financing activities.

You may experience complexities in effecting service of legal process and enforcing judgments against us or most of our Directors and senior management.

We are a company incorporated under the PRC laws and the majority of our assets and subsidiaries are located in China. The majority of our Directors and senior management reside within China. The assets of these Directors and senior management also may be located within China. As a result, it may be complex to effect service of process upon, or to enforce judgments against, us and most of our Directors and senior management outside China.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of Chinese Mainland and Hong Kong.

As we are listed on the Shenzhen Stock Exchange and will be [**REDACTED**] on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in complying with both sets of listing rules in the two jurisdictions.

The characteristics of the A share and H share markets may differ.

Our A Shares are currently listed and traded on the Shenzhen Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [**REDACTED**] on the Stock Exchange. Under current laws and regulations of Chinese Mainland, without approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H share and A share markets have different trading volumes, liquidity and [**REDACTED**] bases, as well as different levels of retail and institutional [**REDACTED**] participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H share and A share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares.

An active trading market for our H Shares may not develop or be sustained after the [REDACTED].

We cannot assure you that a public market for our H Shares with adequate liquidity and [**REDACTED**] volume will develop and maintain following completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is the result of negotiations between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us, and may not be an indication of the market [**REDACTED**] at which our H Shares will be [**REDACTED**] following the completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following completion of the [**REDACTED**], the market [**REDACTED**] and liquidity of our H Shares may be materially and adversely affected.

The [REDACTED] and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The [**REDACTED**] and [**REDACTED**] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions for securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant [**REDACTED**] and [**REDACTED**] volume volatility that are not related to the operating performance of any particular company. The business performance and the market price of the shares of other companies engaging in similar business may also affect the [**REDACTED**] and [**REDACTED**] volume of our H Shares. In addition to market and industry factors, the [**REDACTED**] and [**REDACTED**] volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our customers, movements or activities of key personnel, or actions taken by competitors. A number of Chinese Mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards Chinese Mainland-based companies listed in Hong Kong and consequently may impact the trading performance of our H Shares. These broad market and industry factors may significantly affect the market [**REDACTED**] and volatility of our H Shares, regardless of our actual operating performance, and may result in losses on your [**REDACTED**] in our H Shares.

[REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the public market could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The [**REDACTED**] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future [**REDACTED**] of substantial amounts of our H Shares or other securities relating to our H Shares in the public market, especially by our Directors and executive officers, or the issuance of new shares or other securities, or the

perception that such sales or issuances may occur. Furthermore, we may issue Shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by our H Shares.

In addition, while [**REDACTED**] shares in the [**REDACTED**] are not subject to any restrictions on the disposal of the H Shares they [**REDACTED**], they may have existing arrangements or agreements to dispose of part or all of the H Shares they hold immediately or within a certain period following completion of the [**REDACTED**] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or at any time or period after the [**REDACTED**]. Any [**REDACTED**] of the H Shares [**REDACTED**] by such [**REDACTED**] pursuant to such arrangement or agreement could adversely affect the market [**REDACTED**] of our H Shares, and any sizeable sale could have a material and adverse effect on the market [**REDACTED**] of our H Shares and could cause substantial volatility in the [**REDACTED**] volume of our H Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

We have declared dividends in the past. However, there is no assurance that we will declare dividends in the future. Under the applicable laws and regulations of Chinese Mainland, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards of Business Enterprises may differ in certain respects from those calculated under the IFRSs. The declaration, payment and amount of our future dividends will depend upon our earnings and financial condition, operating requirements, capital requirements, our Articles of Association, applicable laws and regulations and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations, and would require approval at our Shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. For details, see "Financial Information — Dividends" in this document. There can be no assurance that dividends of any amount will be declared or distributed in any year in the future. Our historical dividends should not be taken as indicative of our dividend policy in the future.

You will incur immediate and significant dilution if the [REDACTED] is higher than the net tangible asset value per H Share and may experience further dilution if we [REDACTED] additional Shares in the future.

The initial [**REDACTED**] of our H Shares is higher than the net tangible asset value per Share of the outstanding Shares [**REDACTED**] to our existing Shareholders immediately prior to the [**REDACTED**]. Therefore, purchasers of our H Shares in the [**REDACTED**] will experience an immediate dilution in terms of the [**REDACTED**] net tangible asset value. In addition, we may consider [**REDACTED**] and issuing additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. Purchasers of our H Shares may experience further dilution in terms of the net tangible asset value per Share if we [**REDACTED**] additional Shares in the future at a price that is lower than the net tangible asset value per Share.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] and [REDACTED] volume of our H Shares may decline.

The [**REDACTED**] market of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the [**REDACTED**] of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [**REDACTED**] or [**REDACTED**] volume of our H Shares to decline.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters. The words "aim," "anticipate," "believe," "could," "predict," "potential," "continue," "expect," "intend," "may," "might," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Consequently, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [**REDACTED**] should not place undue reliance on them.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in Chinese Mainland. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on the regulatory requirements of the securities authorities, industry standards and market practices in Chinese Mainland, which are different from those applicable to the [**REDACTED**]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [**REDACTED**] in our H Shares should be reminded that, in making their [**REDACTED**] decisions as to whether to [**REDACTED**] our H Shares, they should rely only on the financial, operating and other information included in this document. By [**REDACTED**] to [**REDACTED**] our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

Certain facts, forecast and other statistics in this document obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from various government, official sources and public information. However, our Directors cannot guarantee the reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and presenting such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from government and official sources have not been independently verified by us, the Joint Sponsors, the Joint [**REDACTED**], the Joint [**REDACTED**], the Joint [**REDACTED**], the Joint [**REDACTED**], the [**REDACTED**] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our [**REDACTED**] that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our [**REDACTED**] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage regarding us or the [REDACTED].

We strongly caution our [**REDACTED**] not to rely on any information contained in press articles or other media regarding us, our Shares and the [**REDACTED**]. Prior to the publication of this document, there may be press and media coverage regarding the [**REDACTED**] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. Our Company, the Joint Sponsors, the [**REDACTED**], the Joint [**REDACTED**], the Joint [**REDACTED**], the Joint [**REDACTED**], the [**REDACTED**], any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the [**REDACTED**], have not authorized the disclosure of any such information in the press or media and make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, our Company, the Joint Sponsors, the [**REDACTED**], the Joint [**REDACTED**], the Joint [**REDACTED**], the Joint [**REDACTED**], the [**REDACTED**], any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the [**REDACTED**] disclaim responsibility for it and our [**REDACTED**] should not rely on such information.

In preparation of the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Hong Kong Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since our principal business and operations are substantially located and managed in the PRC, our Directors consider that appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to or appropriate for the Group. As none of our executive Directors are ordinarily based in Hong Kong, we do not, and do not contemplate that we will in the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Hong Kong Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Hong Kong Listing Rules. We will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and our Company:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Hong Kong Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Tan Xinqiao (譚新喬) ("**Mr. Tan**"), our chairman of the Board, executive Director and general manager, and Mr. Hu Debo (胡德波) ("**Mr. Hu**"), one of our joint company secretaries. Each of Mr. Tan and Mr. Hu confirms that he possesses valid travel documents and can readily travel to Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;

(b) the authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matter;

(c) all of our Directors have confirmed that they possess or can apply for and renew valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange upon reasonable notice and within a reasonable period. Each of our Directors will be readily contactable by telephone and email, and is authorized to communicate on behalf of our Company with the Stock Exchange;

(d) each of our Directors has provided his/her respective contact details, including addresses, office phone numbers, mobile phone numbers, email addresses and fax numbers (where applicable), to the Stock Exchange and the authorized representatives. In the event that any Director expects to travel or otherwise be out of office, he/she will provide the contact details and his/her place of accommodation to the authorized representatives;

(e) our Company has appointed China Securities (International) Corporate Finance Company Limited as compliance advisor pursuant to Rule 3A.19 of the Hong Kong Listing Rules who will have access at all times to the authorized representatives, our Directors and other senior management of our Company, and will act as an additional channel of communication with the Stock Exchange for the period commencing on the date of the [**REDACTED**] of our H Shares on the Main Board and ending on the date on which our Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of its financial results for the first full financial year commencing after the date of its [**REDACTED**]. The Compliance Advisor will be available to respond to enquiries from the Hong Kong Stock Exchange. The contact details of the Compliance Advisor have been provided to the Hong Kong Stock Exchange;

(f) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives or the Compliance Advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in the authorized representatives and/or its compliance advisor; and

(g) we will appoint other professional advisers (including Hong Kong legal advisors) after the [**REDACTED**] to assist us in [**REDACTED**] with any questions which may be raised by the Hong Kong Stock Exchange and to ensure that there will be prompt and effective communication with the Hong Kong Stock Exchange.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Hong Kong Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Hong Kong Listing Rules. According to Rule 3.28 of the Hong Kong Listing Rules, our company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In assessing "relevant experience," the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Hong Kong Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Hong Kong Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. Hu as one of our joint company secretaries. Mr. Hu joined our Group in June 2026 and was appointed as the secretary of our Board in July 2026. He is primarily responsible for Board matters, capital market and corporate governance of our Group. In his capacity as the secretary of our Board, Mr. Hu has actively participated in the preparation of the application for the [**REDACTED**] and possesses experience in matters relating to our Board and corporate governance of our Company. By virtue of his position and familiarity with our Group, Mr. Hu has worked closely with our Directors and thus possessed a thorough understanding of matters concerning our Board and the Group's operations. Having considered Mr. Hu's expertise and backgrounds, our Directors consider that Mr. Hu is capable of discharging the functions of a company secretary and is suitable to perform such role. Although our Company believes, having regard to his past experience in handling corporate matters, that Mr. Hu has a thorough understanding of our Company and the Board, Mr. Hu does not possess the requisite qualifications required by Rule 3.28 of the Hong Kong Listing Rules. Therefore, our Company has appointed Ms. Hau Hei Man Sonya (侯琋文) ("**Ms. Hau**"), who is a Hong Kong resident and possesses such qualifications, to be a joint company secretary to assist Mr. Hu in the compliance matters for the [**REDACTED**] as well as other Hong Kong regulatory requirements for a period of three years commencing from the [**REDACTED**]. For the biographies of our joint company secretaries, see "Directors and Senior Management – Joint Company Secretaries" in this document. Over such three-year period, we will implement measures to assist Mr. Hu to satisfy the requisite qualifications as prescribed in Rule 3.28 of the Hong Kong Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.17 and 3.28 of the Hong Kong Listing Rules in relation to Mr. Hu's appointment as joint company secretary pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

(a) Mr. Hu must be assisted by Ms. Hau, who possesses the qualification and experience as required under Rule 3.28 of the Hong Kong Listing Rules and is appointed as a joint company secretary throughout the validity period of the waiver; and

(b) the waiver is valid for a period of three years from the [**REDACTED**] and will be revoked immediately if and when Ms. Hau ceases to provide such assistance or if there are material breaches of the Hong Kong Listing Rules by our Company.

It is anticipated that Mr. Hu will gain the relevant experience with the assistance of Ms. Hau. In addition, Mr. Hu will comply with the annual professional training requirements under Rule 3.29 of the Hong Kong Listing Rules and enhance his understanding of the Hong Kong Listing Rules during the three-year period from the [**REDACTED**]. Our Company will further ensure that Mr. Hu has access to the relevant training and support to familiarize himself with the Hong Kong Listing Rules and the duties of a company secretary of an [**REDACTED**] on the Stock Exchange.

Before the end of the initial three-year period, we will evaluate Mr. Hu's experience in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Hong Kong Listing Rules can be satisfied at the time and on-going assistance would be needed. We would then endeavor to demonstrate to the satisfaction of the Stock Exchange that Mr. Hu, having had the benefit of Ms. Hau's assistance for three years, would then have acquired the "relevant experience" within the meaning of Rule 3.28 of the Hong Kong Listing Rules so that a further waiver would not be necessary.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Tan Xinqiao (譚新喬)	Room 170201, Unit 2, Building 10 No. 11 Huxiang West Road Yuetang District, Xiangtan Hunan Province PRC	Chinese
Mr. Zhao Huaiqiu (趙懷球)	Room 402, Unit 2, Building 1 Xianglong, No. 7 Changtan Road Jianshe Road Subdistrict Yuetang District, Xiangtan Hunan Province PRC	Chinese
Ms. Wang Yongmei (汪詠梅)	Room 030202, Unit 2, Building A2 Guofu Furong New City No. 6 Pajin Road, Jianshe South Road Shuyuan Road Subdistrict Yuetang District, Xiangtan Hunan Province PRC	Chinese
Non-Executive Directors		
Mr. Liu Ganjiang (劉干江)	Room 105, Unit 1, Building 2 Meat Supply Station Wulidui Shachang Heng Street Yuetang District, Xiangtan Hunan Province PRC	Chinese
Mr. Lu Yihao (陸怡皓)	Room 3303A, The Centrium 60 Wyndham Street Central Hong Kong	Chinese
Mr. Long Shaofei (龍紹飛)	No. 4 Banzhu Road Yuetang District, Xiangtan Hunan Province PRC	Chinese

Name	Residential address	Nationality
Independent Non-Executive Directors		
Mr. Zhong Chaofan (鍾超凡)	No. 101, Building 8 Beidou Village, Xiangda Road Yuhu District, Xiangtan Hunan Province PRC	Chinese
Mr. Xia Yunfeng (夏雲峰)	Room 202, Unit 2, Building D-5 Teachers' Apartments Xiangtan University, Xiangtan Hunan Province PRC	Chinese
Ms. Dai Jing (戴靜)	No. 24, Building 2, Yuejin Village Heling Town Yuhu District, Xiangtan Hunan Province PRC	Chinese
Mr. Wang Fuguo (王付國)	Flat A, 50/F, Tower 2A Villa Garda II, LOHAS Park No. 1 Lohas Park Road Tseung Kwan O, New Territories Hong Kong	Chinese

Further information about our Directors is set out in "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

China Securities (International) Corporate Finance Company Limited
18/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

HSBC Corporate Finance (Hong Kong) Limited
1 Queen's Road Central
Hong Kong

[**REDACTED**]

Legal Advisors to our Company

As to Hong Kong and U.S. laws:
Paul Hastings (Hong Kong) LLP
22/F, Bank of China Tower
1 Garden Road
Hong Kong

As to PRC law:
Beijing Grandway Law Offices
7-8/F, News Plaza
No. 26, Jianguomennei Avenue
Dongcheng District
Beijing
PRC

Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Herbert Smith Freehills Kramer** 23/F, Gloucester Tower 15 Queen's Road Central Hong Kong *As to PRC law:* **Beijing Commerce & Finance Law Offices** 12-14/F, China World Office 2 No. 1 Jianguomenwai Avenue Chaoyang District, Beijing PRC
Reporting Accountants and Independent Auditors	**Forvis Mazars CPA Limited** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 42/F, Central Plaza 18 Harbour Road Wan Chai Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square No. 1717, Nanjing West Road Jingan District Shanghai PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office	No. 18, Rili Road Heling Town Yuhu District, Xiangtan Hunan Province PRC
Headquarters and Principal Place of Business in the PRC	No. 18, Rili Road Heling Town Yuhu District, Xiangtan Hunan Province PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Company's Website	**www.hunanyuneng.com** *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Mr. Hu Debo (胡德波)** No. 18, Rili Road Heling Town Yuhu District, Xiangtan Hunan Province PRC **Ms. Hau Hei Man Sonya (侯琋文)** *ACG, HKACG* 40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Authorized Representatives	**Mr. Tan Xinqiao (譚新喬)** No. 18, Rili Road Heling Town Yuhu District, Xiangtan Hunan Province PRC **Mr. Hu Debo (胡德波)** No. 18, Rili Road Heling Town Yuhu District, Xiangtan Hunan Province PRC
Audit Committee	Mr. XiaYunfeng (夏雲峰) *(Chairperson)* Mr. Zhong Chaofan (鍾超凡) Ms. Dai Jing (戴靜) Mr. Wang Fuguo (王付國)

Remuneration and Appraisal Committee	Mr. Zhong Chaofan (鍾超凡) *(Chairperson)* Mr. Tan Xinqiao (譚新喬) Ms. Dai Jing (戴靜)
Nomination Committee	Ms. Dai Jing (戴靜) *(Chairperson)* Mr. Tan Xinqiao (譚新喬) Mr. Zhong Chaofan (鍾超凡)
Strategy Committee	Mr. Tan Xinqiao (譚新喬) *(Chairperson)* Mr. Liu Ganjiang (劉干江) Mr. Lu Yihao (陸怡皓) Mr. Zhao Huaiqiu (趙懷球) Ms. Wang Yongmei (汪詠梅)

[**REDACTED**]

Principal Banks

Industrial Bank Co., Ltd.
Xiangtan Branch, Business Department
1/F, 2/F and 3/F, Building 6
Jinfurong International Plaza
No. 4 Huxiang North Road
Baota Subdistrict
Yuetang District, Xiangtan
Hunan Province
PRC

China CITIC Bank Corporation Limited
Xiangtan Branch, Business Department
1/F–2/F, Huxiang Linyu Jinxiu Xincheng Building
No. 19 Xiangtan Avenue
Yuetang District, Xiangtan
Hunan Province
PRC

Agricultural Bank of China Limited
Xiangtan Yuetang Sub-branch
No. 74 Jianshe South Road
Yuetang District, Xiangtan
Hunan Province
PRC

China Construction Bank Corporation
Xiangtan Hexi Sub-branch
No. 0101001, 0101002 and 0101003
Building 30, Hanlin Ju
No. 16 Liancheng Avenue
Economic Development Zone, Xiangtan
Hunan Province
PRC

China Merchants Bank Co., Ltd.
Xiangtan Branch, Business Department
Yijing Fortune Plaza
No. 9 Xiangtan Avenue
Yuetang District, Xiangtan
Hunan Province
PRC

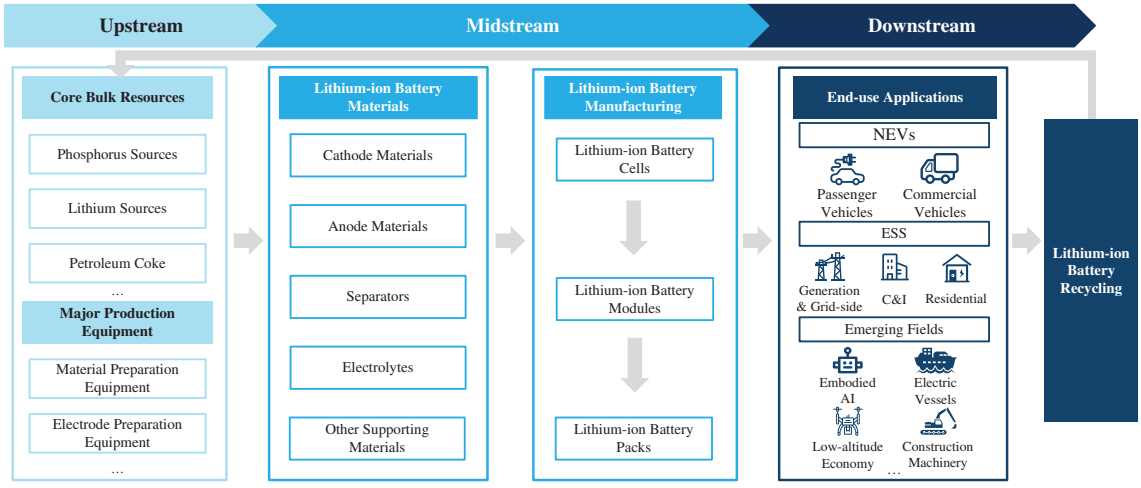
The information and statistics set forth in this section and other sections of this document have been extracted from the Frost & Sullivan Report commissioned by us, as well as various official government publications and other publicly available publications. We have engaged Frost & Sullivan to prepare an independent industry report for the [**REDACTED**]. *We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Joint* [**REDACTED**], *the Joint* [**REDACTED**] *and Joint* [**REDACTED**], *any of their respective directors and advisors, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

OVERVIEW OF THE GLOBAL LITHIUM-ION BATTERY INDUSTRY

Development Status of Global Lithium-ion Battery Industry

As the core cornerstone of the global green energy transition, the lithium-ion battery industry comprehensively leads the low-carbon transformation of transportation and power. Its core application scenarios focus on power batteries, energy storage batteries, and other emerging fields. As lithium-ion battery shipments enter the TWh era, the industry is simultaneously ushering in a new stage characterized by the surge in demand for high-end production capacity and qualitative leap. In the development path of market technologies, lithium-ion batteries primarily include LFP batteries, ternary lithium-ion batteries, and other lithium-ion batteries. Among them, LFP batteries possess advantages such as long cycle life, high safety, and high cost-effectiveness, occupying the majority markets of the mass-market passenger vehicle, commercial vehicle, and energy storage applications. With the improvements of new products in energy density and fast-charging technologies, traditional performance shortcomings have been successfully overcome, driving LFP batteries to accelerate their penetration into the traditional stronghold of ternary lithium-ion batteries, resulting in a steady increase in market share. In 2025, LFP batteries accounted for 67.8% of global lithium-ion battery shipments. In the future, with the expanding demand in downstream lithium-ion battery terminal application scenarios, the demand for cathode materials — which account for the highest proportion of costs among the core main materials of lithium-ion batteries — will expand synchronously. Among them, the shipment volume of phosphate-based cathode materials, which are the most core components with a continuously increasing penetration rate, will experience rapid growth. The following diagram illustrates the full industry chain segments of lithium-ion batteries:

Global Lithium-ion Battery Industry Chain Diagram



Source: Frost & Sullivan

Meanwhile, based on application scenarios, the technological evolution of lithium-ion batteries is focusing on three core development scenarios:

- As the core power source for passenger and commercial NEVs, power batteries are comprehensively entering the era of extreme-speed energy replenishment and flash charging. The deep synergy between extreme-speed energy replenishment networks and large-capacity power batteries significantly reduces energy replenishment frequency, eliminates users' dual anxiety regarding mileage and energy replenishment time, and optimizes the NEV travel experience. According to data from the China Association of Automobile Manufacturers (CAAM), the per vehicle battery capacity for passenger NEVs and commercial NEVs in China increased from 37.8 kWh and 128.5 kWh in 2020 to 46.1 kWh and 162.4 kWh in 2025, respectively, and is expected to further rise to 66.9 kWh and 181.7 kWh in 2030. The increase in battery capacity per vehicle and the application of 6C and above high-rate fast-charging technologies will drive the R&D of power batteries to focus more on the balance among energy replenishment efficiency per vehicle, battery cycle life, safety, and battery cost. In addition, the global NEVs industry is still in a high-speed growth cycle with significant market increment and potential; it is expected that the penetration rates of global passenger and commercial NEVs will grow from 29.5% and 5.6% in 2025 to 50.4% and 20.5% in 2030, respectively.

- The core applications of energy storage batteries include power generation side, grid side, commercial and industrial (C&I), and residential scenarios. While the overall energy storage industry is growing rapidly, the wave of large battery cells is emerging to adapt to scenarios demanding high system efficiency, safety, and economic efficiency, such as long-duration energy storage of 4 hours or more for ESS and AI data centers. According to data from China Energy Media Group, the average energy storage duration of electrochemical energy storage in China has increased from less than 2.0 hours in 2020 to over 2.5 hours in 2025; with the accelerated grid integration of renewable energy and the surging demand for power from emerging computing power infrastructures such as AIDC, the average energy storage duration is expected to further increase to nearly 3.5 hours in 2030. Among them, large-capacity battery cells of 500Ah and above have been mass-produced on a large scale, increasing capacity per unit of battery materials significantly promotes cost reduction, efficiency enhancement, and safety upgrades for large-capacity and large-scale ESS, driving the demand for lithium-ion batteries with features of long cycle life, high safety, and high cost-effectiveness.

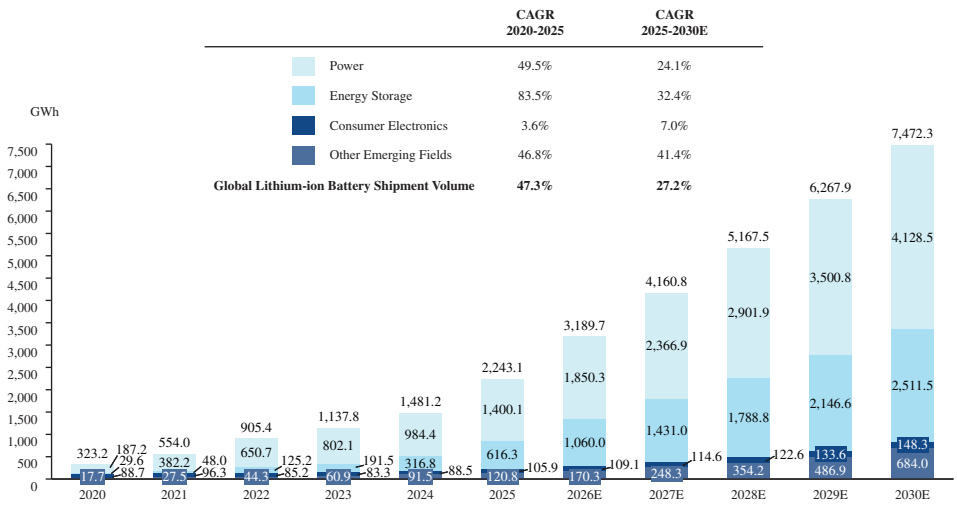
- Other emerging fields cover downstream applications such as embodied AI, electric vessels, low-altitude economy, construction machinery, forklifts, and light vehicles (such as electric two-wheelers). Market demand presents a trend that the stock conversion of traditional applications and the increment of emerging scenarios experience mutual growth.

Market Size Analysis of Global Lithium-ion Battery

The downstream NEV and energy storage industries continue to inject strong growth momentum into the lithium-ion battery market. Therefore, the global shipment volume of lithium-ion batteries increased from 323.2 GWh in 2020 to 2,243.1 GWh in 2025, representing a CAGR of 47.3% during the period, and is expected to further grow to 7,472.3 GWh by 2030, representing a CAGR of 27.2% from 2025 to 2030.

By applications, power batteries represent the largest application sector, primarily driven by the increasing penetration of global NEVs and stock replacement. The shipment volume is expected to increase from 1,400.1 GWh in 2025 to 4,128.5 GWh in 2030, representing a CAGR of 24.1% during the period. Driven by the increasing proportion of renewable energy integrated into the grid and the surging demand for AIDC energy storage, the shipment volume of energy storage batteries is expected to increase from 616.3 GWh in 2025 to 2,511.5 GWh in 2030, representing a CAGR of 32.4% during the period. Meanwhile, the shipment volume of lithium-ion batteries in other emerging fields is expected to grow rapidly from 120.8 GWh in 2025 to 684.0 GWh in 2030, representing a CAGR of 41.4% during the period.

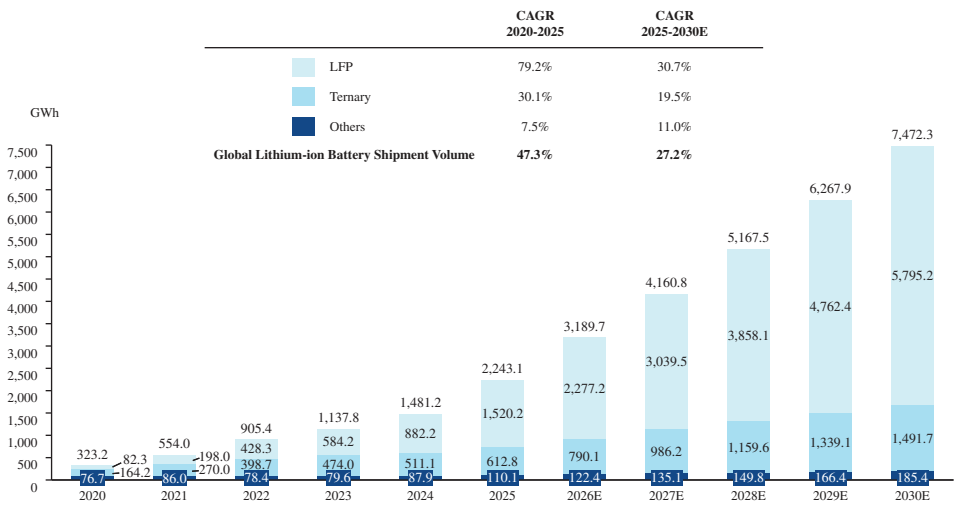
Global Shipment Volume of Lithium-ion Batteries, Breakdown by Power, Energy Storage, Consumer Electronics and Other Emerging Fields, 2020-2030E



Source: International Energy Agency (IEA), BloombergNEF, Frost & Sullivan

By technical routes, LFP batteries have become the dominant technical route for lithium-ion batteries globally. Driven by their increasingly prominent advantages in safety, cycle life, and cost, the shipment volume of LFP batteries surged from 82.3 GWh in 2020 to 1,520.2 GWh in 2025, and is expected to further grow to 5,795.2 GWh in 2030, representing a CAGR of 30.7% from 2025 to 2030. Their share of the global lithium-ion battery shipment volume rapidly increased from 25.5% in 2020 to 67.8% in 2025, and is expected to further increase to 77.6% in 2030.

Global Shipment Volume of Lithium-ion Batteries, Breakdown by LFP, Ternary and Other Lithium-ion Batteries, 2020-2030E



Source: IEA, Shanghai Metals Market (SMM), Frost & Sullivan

Note: LMFP batteries are categorized under the LFP battery system; semi-solid-state batteries adopt the LFP or ternary lithium-ion battery systems, and therefore their shipment volumes are included in the statistics of the corresponding technical routes; all-solid-state batteries (such as lithium-rich manganese-based batteries) are calculated separately in the other lithium-ion batteries category.

The technical route of global power lithium-ion batteries has shifted from early dominance of ternary lithium-ion batteries to a core technical path focused on LFP batteries. The global shipment volume of LFP power batteries surged from 46.8 GWh in 2020 to 849.9 GWh in 2025, representing a CAGR of 78.6% during the period, and is expected to further grow to 2,786.7 GWh by 2030, representing a CAGR of

26.8% from 2025 to 2030, continuing to consolidate its dominant position. The proportion of LFP batteries in the global power lithium-ion battery shipment volume surged from 25.0% in 2020 to 60.7% in 2025, and is expected to reach 67.5% in 2030.

In the field of global energy storage lithium-ion batteries, continuously driven by the ESS demand for long cycle life, high safety, and high cost-effectiveness, LFP batteries have long remained as the mainstream technical route. From 2020 to 2025, the shipment volume of LFP energy storage batteries increased from 27.5 GWh to 597.8 GWh, representing a CAGR of 85.1% during the period. It is expected that by 2030, the shipment volume of LFP energy storage batteries will further grow to 2,461.3 GWh, representing a CAGR of 32.7% from 2025 to 2030, and the proportion of LFP batteries in energy storage lithium-ion batteries will reach approximately 98.0% in 2030.

From a regional perspective, China will continue to be the world's largest lithium-ion battery market, and lithium-ion battery shipments in China are expected to increase from 1,501.4 GWh in 2025 to 4,585.5 GWh in 2030, representing a CAGR of 25.0% during the period. Meanwhile, driven by the growth in demand for NEVs and ESS, as well as the construction of local battery production capacity, shipments in the European and North American markets are expected to increase from 333.5 GWh and 238.4 GWh in 2025 to 1,307.7 GWh and 836.9 GWh in 2030, respectively, representing CAGRs of 31.4% and 28.6% during the period. In addition, as the global lithium-ion battery industry chain accelerates its multi-regional layout, the shipment volume of lithium-ion batteries in other regions is expected to increase from 169.8 GWh in 2025 to 742.2 GWh in 2030, representing a CAGR of 34.3% during the period.

Market Drivers and Development Trends of the Global Lithium-ion Battery Industry

Electrification of Transportation Accelerating the Demand for Power Lithium-ion Batteries

The increasing number of NEV models, the upgraded demand for intelligent automotive experiences, and the comprehensive coverage of charging and swapping infrastructure have accelerated the sales penetration of NEVs. The increase of battery capacity per NEV have further driven the continuous expansion of the global power battery market.

- **Broad growth potential in the downstream NEV market:** Global sales of new energy passenger and commercial vehicles grew rapidly from 3,125.0 thousand and 159.0 thousand units in 2020 to 22,713.0 thousand and 1,127.0 thousand units in 2025, respectively, and are expected to reach 45,578.0 thousand and 5,454.0 thousand units in 2030. The penetration rates of global new energy passenger and commercial vehicles grew rapidly from 5.3% and 0.9% in 2020 to 29.5% and 5.6% in 2025, respectively, and are expected to reach 50.4% and 20.5% in 2030.

- **Increasing number of NEV models, the intelligent transformation of automobiles and upgraded extreme-fast charging experience matching new consumer demands:** In the first half of 2026, among the newly launched models in China's passenger vehicle market, the proportion of NEVs exceeded 85% for the first time, occupying the dominant position. NEV models better facilitate intelligent experiences such as autonomous driving and smart cockpits, precisely satisfying modern consumers' core demands for in-vehicle experience and convenience. In 2025, the global penetration rate of passenger vehicles equipped with L2 and above intelligent assisted driving functions reached 45%, and it is expected to increase to approximately 80% in 2030, driving up the incremental demand in the NEV market. Further, the number of global charging and swapping infrastructure continues to increase, and the increasingly mature infrastructure configuration optimizes the energy replenishment user experience for NEVs, improving the overall economic efficiency of electrification, accelerating global demand for NEVs.

- **Increase in per-vehicle battery capacity speeding up the expansion of the power lithium-ion battery market:** According to data from CAAM, the average per-vehicle battery capacity of Chinese plug-in hybrid (including extended-range) passenger vehicles, pure electric passenger vehicles, plug-in hybrid (including extended-range) commercial vehicles, and pure electric commercial vehicles increased from 19.3 kWh, 42.3 kWh, 48.4 kWh, and 132.0 kWh in 2020 to 29.3 kWh, 56.0 kWh, 56.5 kWh, and 172.5 kWh in 2025, respectively. It is expected to further rise to 48.0 kWh, 75.0 kWh, 70.0 kWh, and 200.0 kWh in 2030. The demand for large-capacity lithium-ion batteries accelerates the expansion of the power battery market, leading the industry-wide multi-dimensional demand for the performance, safety, and cost of power batteries.

High-Proportion Integration of Renewable Energy and Exponential Expansion of Computing Power Boosting the Demand for Energy Storage Lithium-ion Batteries

Against the backdrop of the continuous advancement of the global "Dual Carbon" goals, renewable energy capacity is expanding rapidly worldwide. The implementation of China's supportive policies, such as the full market integration of renewable energy and capacity pricing mechanisms, has rapidly unleashed the demand for energy storage paired with renewable energy projects. Coupled with the explosive demand for energy storage in AIDC, these factors are jointly driving a massive surge in demand for energy storage lithium-ion batteries. Meanwhile, to enhance grid flexibility, renewable energy consumption, and regional energy security, European Union has successively introduced key policies such as REPowerEU plan and electricity market design reforms. Furthermore, other countries and regions are continuously introducing policies to actively support and drive the development of the energy storage industry.

- **The new power system fostering the rigid demand for energy storage:** The cumulative installed capacity of photovoltaics (PV) and wind power in the global energy mix increased from 4.4% in 2010 to approximately 33.4% in 2025, and is expected to reach 68.0% in 2050. Wind and PV power generation are characterized by significant intermittency and volatility, and the rapid growth of their installed scale has brought enormous regulation pressure to the stable operation of the power grid. Against this backdrop, ESS effectively address the pain points on the power generation side by virtue of their core functions such as peak shaving and valley filling, volatility smoothing, and improving new energy consumption, strengthening demand for energy storage batteries.

- **Large-scale penetration of global AIDC computing power pairing with energy storage:** As AI technology drives a continuous increase in computing power density, it has spurred the large-scale deployment of AI servers, leading to rapid growth in electricity demand from data centers. Faced with massive computing power electricity demand for carbon reduction, emission reduction, and stable operation, the comprehensive shift of AIDC towards a model of new energy power supply paired with energy storage has become a core development path to ensure data centers' extremely high requirements for continuous operation, grid stability, backup power demand, and power quality. Therefore, ESS have become critical infrastructure supporting green power supply for AIDC, realizing peak shaving and valley filling, and enhancing power supply safety. By 2030, the global shipment volume of AIDC energy storage lithium-ion batteries is expected to exceed 300 GWh.

- **Continuous improvement in the economic efficiency of energy storage accelerating large-scale application:** With the dual support of technology iteration and economies of scale, the levelized cost of storage (LCOS) over the full life cycle of ESS is expected to continue showing a significant downward trend. According to data from the U.S. Department of Energy, the global LCOS of ESS decreased from approximately US$0.099/kWh in 2020 to approximately US$0.078/kWh in 2025, and is expected to drop to approximately US$0.063/kWh in 2030. The improved economic efficiency of ESS has become a core factor driving industry growth.

Emerging Fields Generating New Incremental Growth in the Lithium-ion Battery Industry

Driven by the accelerated development in industries such as embodied AI, electric vessels, the low-altitude economy, and construction machinery, lithium-ion batteries are becoming increasingly competitive regarding to their core advantages including low-carbon attributes, high instantaneous power output, and lightweight design. Further, they are achieving price parity with traditional fuels and perfectly fulfilling the stringent power requirements of these sectors. By 2030, the global shipment volume of lithium-ion batteries across these emerging fields is projected to reach 684 GWh, signaling an explosive surge in incremental demand within the vast market.

OVERVIEW OF THE GLOBAL LITHIUM-ION BATTERY PHOSPHATE-BASED CATHODE MATERIALS INDUSTRY

Development Status of the Global Lithium-ion Battery Cathode Materials and Phosphate-based Cathode Materials Industry

Lithium-ion battery cathode materials are the core active substances that determine the energy density, safety performance, and technical route of the battery. They are also the core materials accounting for the highest proportion of cell manufacturing costs. Their technical iteration and capacity expansion directly affect the cost reduction, efficiency enhancement, and commercialization process of the power batteries and energy storage batteries. Currently, the cathode material system is mainly composed of phosphate-based and ternary cathode materials. Phosphate-based cathode materials are dominated by LFP cathode materials, and also include a small amount of LMFP cathode materials. In 2025, LFP cathode materials accounted for over 99% of the global shipment volume of phosphate-based cathode materials and

73.3% of the global shipment volume of lithium-ion battery cathode materials, having become the most widely used cathode material system globally. This primarily benefits from the comprehensive advantages of LFP batteries in terms of cycle life, safety, thermal stability, and cost, which enable their wide application in the NEVs and ESS fields.

LFP cathode materials are mainly divided into regular products and premium products. Although regular LFP cathode materials already possess characteristics such as long cycle life, relatively high safety performance and cost-effectiveness, their performance in energy density, fast-charging capability or energy efficiency is relatively moderate. Premium LFP cathode materials not only inherit these advantages, but also achieve an increased compaction density through the optimized control of particle size distribution, thereby enhancing energy density. Furthermore, through synergistic optimization and modification at the microscopic level of the material, fast-charging capabilities or energy efficiency, safety performance, and cycle life are further improved. The following chart compares the technical indicators of LFP and ternary cathode materials, which are the core lithium-ion battery cathode materials:

Comparison Chart of Core Technical Indicators Between LFP and Ternary Cathode Materials, 2025

	LFP Cathode Materials		Ternary Cathode Materials
Core Parameters	Regular Products	Premium Products	Mid and High-nickel Products
Cycle Life	Relatively Long (3,000-5,000 cycles)	Long (≥6,000 cycles; some exceeding 10,000 cycles)	Moderate
Safety	High	High	Moderate (relatively higher risk of thermal runaway)
Temperature Adaptability	Excellent performance except under low-temperature conditions	Improved low-temperature performance	Excellent performance except under high-temperature conditions
Cost-effectiveness	High	High	Moderate
Energy Density	Moderate	Relatively High	High
Fast-charging Capability	Moderate	Good	Relatively Good
Energy Efficiency	Moderate	Good	/
Compaction Density	Moderate	Relatively High	High

Source: China Battery Industry Association, China Industrial Association of Power Sources, Frost & Sullivan

Looking ahead, cathode materials are evolving towards premium and multi-material systems. Premiumization is primarily based on mature, commercialized materials; by optimizing manufacturing processes and micro-structure, the potential of these materials is fully unlocked to meet the continuously evolving and differentiated application demands in scenarios such as power and energy storage. Specifically, high-compaction-density LFP cathode materials are one of the key routes to achieve premiumization, the core value of which lies in their ability to accommodate more active materials within the same electrode volume, thereby increasing battery energy density. Simultaneously, premium LFP cathode materials will also achieve a leap in overall performance through advanced production processes and micro-level technological innovations — such as particle size distribution optimization, crystal structure regulation, carbon coating, and doping modification. These advancements enhance core metrics including fast-charging capability (for power scenarios), energy efficiency (for energy storage scenarios), cycle life, and safety performance. Premium LFP cathode materials precisely align with the rigid industry demands for long-range, fast-charging power batteries and large cells for energy storage. With the large-scale volume rollout in 2026 of power batteries equipped with ultra-fast charging capabilities and ultra-large capacity energy storage cells exceeding 500Ah, premium LFP cathode materials from leading cathode material enterprises are operating in short supply. At the same time, alongside the advancement of next-generation battery technologies, the industry is actively pioneering new material pathways. New phosphate-based cathode materials such as LMFP and NFPP, as well as other novel cathode materials compatible with semi-solid-state/all-solid-state batteries, such as high-voltage lithium nickel manganese oxide (LNMO) materials, are becoming the new direction of industry development.

Enhancing compaction density is one of the crucial directions for the premium development of LFP cathode materials, and the industry typically uses compaction density as the standard for categorizing LFP materials by generation. Currently, third-generation LFP still accounts for the majority of the market share. Generation 3.5 and fourth-generation LFP have already achieved commercial mass production, with their

market shares growing rapidly. Meanwhile, fifth-generation LFP is on the verge of entering the stage of large-scale application. The following chart illustrates the comparison of core indicators across different generations of LFP cathode materials:

Comparison of Core Indicators Across Different Generations of LFP Cathode Materials, 2025

	Compaction Density (g/cm^3)	Energy Density	Fast-charging/Energy Efficiency Requirements	Production Stage
Second Generation	~2.4	Relatively Low	None	Large-scale production; declining market share
Third Generation	~2.5	Moderate	Relatively High Requirements	Large-scale production; currently mainstream in the industry
Fourth Generation	~2.6	Relatively High	High Requirements	Large-scale production by leading enterprises
Fifth Generation	~2.7	High	High Requirements	Not yet mass-produced

Source: China Battery Industry Association, China Industrial Association of Power Sources, Frost & Sullivan

Note: The industry typically utilizes compaction density as the primary basis for categorizing LFP materials by generation. Compaction density is closely correlated with energy density; however, merely increasing compaction density does not inherently improve fast-charging performance or energy efficiency. It is also worth noting that there are products on the market tailored for specific application scenarios — such as LFP materials with modest compaction density but exceptional fast-charging capabilities — which may not strictly correspond to the characteristics outlined in the table. Furthermore, premium transitional products, such as generation 3.5 and generation 4.5, also exist in the market, falling between the distinct generations listed above.

Regarding new phosphate-based cathode materials, LMFP cathode materials are new materials developed by incorporating manganese on the basis of LFP, which can increase the operating voltage platform while maintaining the advantages of cost-effectiveness and safety. The theoretical energy density is increased by approximately 20% compared with regular LFP cathode materials. Currently, this material is gradually moving towards large-scale application. NFPP cathode materials are new materials developed on the traditional polyanion system, which can effectively solve the volume expansion problem during the sodium-ion extraction and insertion process while maintaining the advantages of high safety and low cost, thereby improving battery cycle life. Currently, this material is gradually moving towards large-scale application in the fields of ESS and light vehicles. In addition, new solid-state battery cathode materials, such as high-voltage LNMO cathode materials, refer to those utilizing nickel and manganese as the primary transition metals, featuring an operating voltage plateau significantly higher than conventional cathode materials, and combining the advantages of high energy density with a low-cost, cobalt-free composition. Currently, these materials are in the phase of industrial introduction and small-batch application.

Comparison of Manufacturing Processes of LFP Cathode Materials

As the core material among phosphate-based cathode materials, the main technical routes for the manufacturing process of LFP cathode materials include the solid-state process such as iron phosphate process, ferrous oxalate process, iron oxide process, and the liquid-phase process such as ferric nitrate process. Among them, the solid-state iron phosphate process is currently the prevailing process, accounting for over 80% of global LFP cathode material shipment volume in 2025. The solid-state iron phosphate process primarily involves mixing and grinding iron phosphate, lithium source, and carbon source, followed by high-temperature solid-state sintering under inert gas protection. During sintering, the raw materials undergo crystal phase reconstruction, ultimately generating LFP with carbon-coated surface.

Compared with the other three processes, the solid-state iron phosphate process possesses advantages such as low raw material costs, high technological maturity, and strong adaptability for large-scale production, while through the secondary sintering process, enabling the stable preparation of material systems with high compaction density and long cycle life. On the basis of cost advantages, leading enterprises further strengthen cost control capabilities and enhance batch consistency of products by establishing self-supplied raw material systems, in order to better match the demands of power batteries, energy storage batteries, and emerging fields for cost-effectiveness and large-scale supply.

In addition, against the backdrop of rapid penetration of premium LFP cathode materials, a small number of leading enterprises have achieved breakthroughs in premium preparation processes, represented by the secondary sintering solid-state iron phosphate process. Through precise control over particle quantity and size, and high-standard control over the powder handling process, this process significantly enhances the compaction density, structural stability and electrochemical performance of the materials, thereby forming relatively high process thresholds and industrialization barriers.

Industry Chain Analysis of Phosphate-based Cathode Materials

The upstream of the phosphate-based cathode materials industry chain primarily comprises core resources such as lithium, phosphorus, and iron sources, along with materials like iron phosphate and lithium carbonate formed through purification and preparation processes. Because price fluctuations of bulk resources such as lithium have significant impact on production costs, the ability to secure upstream resources and the self-production capacity of core materials have become critical factors influencing the production costs and product delivery of midstream enterprises.

The midstream of the industry chain primarily involves the R&D, preparation, and testing of phosphate-based cathode materials, with its products covering regular LFP cathode materials, premium LFP cathode materials, and other new phosphate-based cathode materials. Leading enterprises continuously optimize material formulations and upgrade production processes to improve fast-charging capability, energy efficiency, safety, and cycle life. Simultaneously, leveraging mature R&D platforms, production processes, and manufacturing systems, midstream enterprises are actively expanding into other phosphate-based cathode materials such as LMFP and NFPP to meet the demand for differentiated performance in power batteries, energy storage batteries, and other emerging fields.

The downstream of the industry chain involves lithium-ion battery manufacturing and end applications. After cell manufacturing and battery pack integration, phosphate-based cathode materials are widely applied in NEVs, ESS, and other emerging fields. With the continuous increase in the global penetration rate of NEVs and the rapid development of the global ESS market, power batteries and energy storage batteries have become the core driving forces for the growth in demand for phosphate-based cathode materials. Meanwhile, as the recycling system for spent lithium-ion batteries continues to improve, the recycling and utilization of renewable resources are gradually becoming an integral part of the industry chain, helping to enhance the utilization efficiency of key resources and driving the sustainable development of the industry.

Currently, the phosphate-based cathode materials industry is accelerating its transition towards vertical integration. Leveraging an integrated layout spanning "mineral resources — precursors — cathode materials — recycling," leading enterprises are achieving a stable and independent supply of key raw materials, effectively enhancing their cost control capabilities and resilience against cyclical fluctuations.

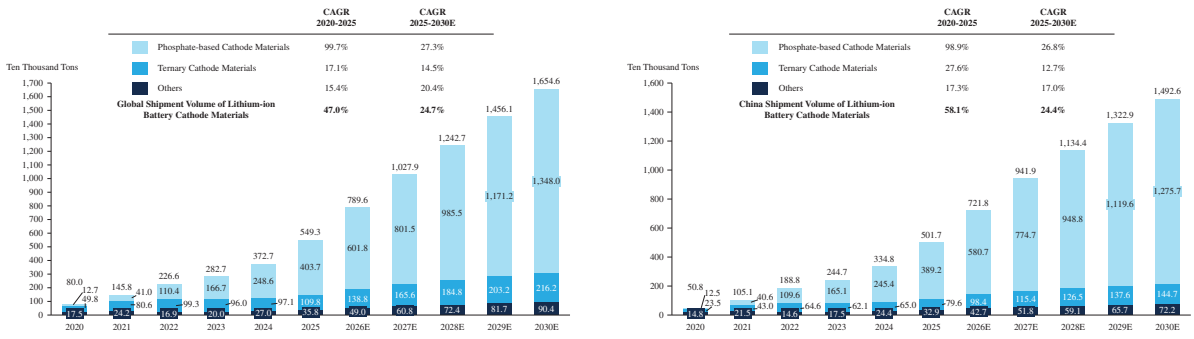
From the perspective of the global industry chain division of labor, over 95% of the global production capacity for phosphate-based cathode materials is concentrated in China as of 2025, while Chinese lithium-ion battery enterprises concurrently hold dominant position in the global market. Supported by comprehensive supply chain, large-scale manufacturing capabilities, and continuous technological iterations, leading Chinese phosphate-based cathode materials enterprises possess significant cost and competitive advantages. As China's lithium-ion battery industry continues to globalize, relevant enterprises are achieving coordinated overseas expansion of the supply chain by accompanying with the overseas presence of downstream battery manufacturers, and actively advancing the construction of overseas production capacity to accelerate global market penetration, thereby translating their locally accumulated manufacturing advantages into global competitive barriers.

Market Size Analysis of Global and China Lithium-ion Battery Cathode Materials

Driven by the growth in market demand for power and energy storage lithium-ion batteries, the global shipment volume of lithium-ion battery cathode materials increased from 800.0 thousand tons in 2020 to 5,493.0 thousand tons in 2025, representing a CAGR of 47.0%. It is expected to further increase to 16,546.0 thousand tons in 2030, representing a CAGR of 24.7% from 2025 to 2030. Among them, phosphate-based cathode materials exhibited the most significant growth relying on their balanced advantages across multiple application scenarios, and the global shipment volume of phosphate-based cathode materials is expected to increase from 4,037.0 thousand tons in 2025 to 13,480.0 thousand tons in 2030, representing a CAGR of 27.3% during the period.

China, as the core market, leads the development path of the global lithium-ion battery cathode materials industry. The shipment volume of lithium-ion battery cathode materials in China increased from 508.0 thousand tons in 2020 to 5,017.0 thousand tons in 2025, representing a CAGR of 58.1%. It is expected to reach 14,926.0 thousand tons in 2030, representing a CAGR of 24.4% from 2025 to 2030. Among them, the shipment volume of phosphate-based cathode materials in China is expected to increase from 3,892.0 thousand tons in 2025 to 12,757.0 thousand tons in 2030, representing a CAGR of 26.8%.

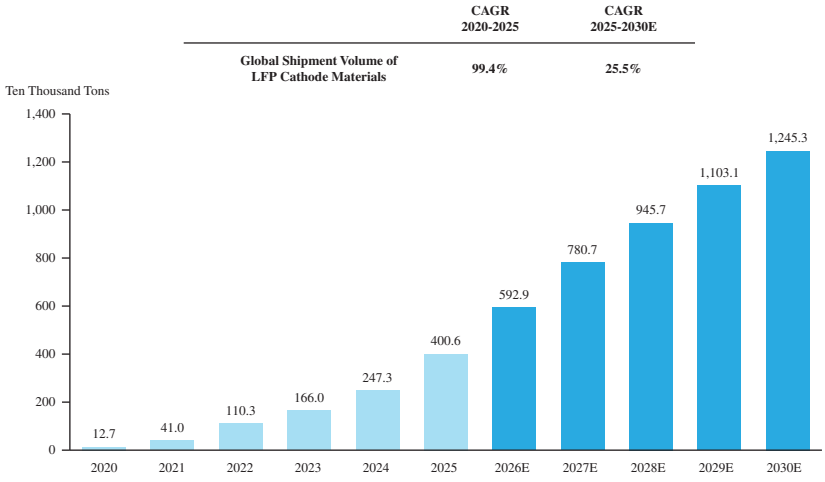
Global and China Shipment Volume of Lithium-ion Battery Cathode Materials, Classified by Material Types, 2020-2030E



Source: IEA, SMM, China Industrial Association of Power Sources, Frost & Sullivan

As the major category of phosphate-based cathode materials, the global shipment volume of LFP cathode materials increased rapidly from 127.0 thousand tons in 2020 to 4,006.0 thousand tons in 2025, representing a CAGR of 99.4%. Going forward, downstream NEVs, ESS, and emerging fields will continue to drive the demand for LFP batteries, resulting in robust demand in the LFP cathode material industry. Consequently, the global shipment volume of LFP cathode materials is expected to further increase to 12,453.0 thousand tons in 2030, representing a CAGR of 25.5% from 2025 to 2030.

Global Shipment Volume of LFP Cathode Materials, 2020–2030E



Source: SMM, China Industrial Association of Power Sources, Frost & Sullivan

Global premium LFP cathode materials achieved large-scale mass production around 2023, with their shipment volume surging from 133.0 thousand tons in 2023 to 1,062.0 thousand tons in 2025, representing a CAGR of 182.6% during the period. Meanwhile, their share of the global LFP cathode material shipment volume rapidly increased from approximately 8.0% in 2023 to 26.5% in 2025. Driven by the rigid industry demand for long-range, fast-charging power batteries and large cells for energy storage, the global LFP cathode material industry is expected to continuously evolve towards premium products in the future. The penetration rate of premium LFP cathode materials will continuously increase, and its growth rate is expected to be significantly higher than the overall level of the LFP cathode material industry.

Market Drivers and Development Trends of Global Lithium-ion Battery Phosphate-based Cathode Materials Industry

Downstream NEVs, ESS, and Emerging Fields Driving LFP Batteries' Demand

Amid global carbon neutrality, the electrification of NEVs is steadily advancing, and the accelerated construction of new power systems centered on new energy is driving energy storage demand, while emerging fields continue to expand. With advantages such as high cost-effectiveness, long cycle life, and high safety, the demand for LFP batteries and phosphate-based cathode materials is continuously growing.

- **Power batteries:** As the energy density of new-generation LFP batteries continues to achieve breakthroughs, the proportion of vehicles equipped with LFP batteries by sales volume in China increased from 42.6% in 2020 to 83.3% in 2025. Coupled with the coverage of fast-charging demand, the average per-vehicle battery capacity of NEVs equipping LFP batteries in China grew from 37.1 kWh in 2020 to 51.7 kWh in 2025, and the proportion of the Chinese LFP power battery market within the power lithium-ion battery market increased from 46.6% in 2020 to 72.9% in 2025, leading global demand for power lithium-ion batteries. Previously, the overseas market had a relatively small production capacity layout for LFP power batteries. Driven by the significant advantages of new-generation products in higher energy density, long cycle life, high safety, and high cost-effectiveness, the overseas market is shifting its strategy and accelerating the capacity layout for LFP power batteries. Therefore, it is expected that the penetration rate of overseas LFP power batteries in the power lithium-ion battery market will continue to increase from 32.8% in 2025 to 51.3% in 2030.

- **Energy storage batteries:** The large-scale grid integration of renewable energy sources such as wind and solar power is driving the rapid release of energy storage demand. Meanwhile, the explosive growth of AIDC has generated a continuous demand for high energy consumption and uninterrupted power supply. Consequently, the demand of these energy storage application scenarios have accelerated the large-scale deployment of LFP energy storage batteries, which possess comprehensive advantages in long cycle life, high safety, and high cost-effectiveness. The global shipment volume of LFP energy storage batteries grew from 27.5 GWh in 2020 to 597.8 GWh in 2025, representing a CAGR of 85.1%, and is expected to reach 2,461.3 GWh in 2030. From 2025 to 2030, LFP batteries are expected to maintain a penetration rate of over 95% among energy storage lithium-ion batteries.

- **Batteries for other emerging fields:** The demand for LFP batteries is extending into diversified scenarios such as embodied AI, electric vessels, and construction machinery. The advantages of LFP batteries — including long cycle life, high safety, and high cost-effectiveness — ensure adaptability and a balance of lithium-ion battery performance across diverse emerging fields, driving the penetration rate of LFP battery shipments in global emerging scenarios to reach nearly 80% by 2030.

Accelerated Development of Premium LFP Cathode Materials and Other New Phosphate-based Cathode Materials

Driven jointly by the continuous improvement of NEVs in high energy density and fast-charging performance, as well as the strengthening requirements of ESS for energy efficiency, long cycle life, and safety, LFP cathode materials are accelerating their development towards high compaction density, high energy density, long cycle life, etc. In 2025, the global shipment volume of premium LFP cathode materials exceeded one million tons, reaching approximately 1,062.0 thousand tons, accounting for about 26.5% of global LFP cathode materials. Meanwhile, new phosphate-based cathode materials such as LMFP and NFPP are developing concurrently. Among them, LMFP improves the material's voltage platform and energy density by introducing manganese, further expanding the performance boundaries while maintaining safety and cost advantages, thus becoming an important extension direction of the phosphate-based system.

Continuous Upgrades of High-Consistency Manufacturing Systems under TWh-Scale Expansion

Global lithium-ion battery production has entered the TWh-scale expansion era, driving the battery manufacturing system towards large-scale, continuous production. During this process, downstream battery manufacturers have raised higher requirements for the product consistency of cathode materials, as minor defects in the massive usage of battery cells could be amplified, affecting the yield and safety of the overall product. Leading cathode material enterprises are accelerating the construction of highly consistent, highly automated, and continuous manufacturing systems to enhance quality stability and cell yield performance under large-scale production. As the penetration rate of premium LFP cathode materials continues to increase, the industry's process system is upgrading synchronously, and leading enterprises are gradually introducing advanced preparation processes such as secondary sintering. This process

significantly improves the compaction density and electrochemical cycle life of cathode materials, and achieves high-precision quality control throughout the entire process from feeding and precursor synthesis to the finished product, aligning with the stringent requirements of downstream leading lithium-ion battery manufacturers for ultimate yield.

Differentiated Product Customization Services Reconstructing the Phosphate-Based Cathode Materials Product Matrix

With the continuous enrichment of new energy application scenarios, the performance requirements for cathode materials in power batteries and energy storage batteries present differentiated characteristics. In the power battery sector, demands for fast-charging, long cycle life, and low-temperature performance are driving the fine-tuned regulation of the microstructure and electrochemical properties of cathode materials. In the energy storage battery sector, there is a greater focus on battery cycle life of over 10,000 cycles and whole-lifecycle cost optimization. Leading cathode material enterprises are transitioning from a traditional standardized product supply model to differentiated customization services based on application scenarios. By establishing joint R&D mechanisms with downstream battery manufacturers and vehicle enterprises, companies can rapidly provide multi-dimensional customized cathode material solutions centered around core metrics such as fast-charging performance, energy efficiency, cycle life, and safety performance, further forming long-term and stable cooperative relationships.

Industry Business Models Entering the Stage of Vertically Integrated Resource Consolidation

Frequent price fluctuations of key raw materials such as phosphorus, iron, and lithium sources affect the stable supply and cost control of phosphate-based cathode materials enterprises. To cope with supply chain uncertainties and break through resource acquisition bottlenecks, the leading global phosphate-based cathode materials industry is accelerating its evolution towards a vertically integrated resource model. Industry-leading enterprises are extending upstream, penetrating deeply into key segments across the industry chain, such as the extraction of upstream mineral resources (e.g., phosphate mineral resource), basic chemical raw material processing, and core precursor manufacturing. Concurrently, they are extending downstream into the lithium battery recycling sector to mitigate the impact of price fluctuations in key raw materials. The vertically integrated layout establishes a solid resource moat, safeguarding material supply security amidst fluctuating market conditions. By reducing premiums and sunk costs in intermediate circulation processes, it achieves multi-product self-supply, synergistic cost reduction, and profit retention across the industry chain, becoming the core driver for enterprises to ensure high product quality and cost rigidity in international competition.

Globalized Industry Chain Layout Reshaping the International Supply Chain

The global industry chain for lithium-ion battery phosphate-based cathode materials is experiencing an evolution from single-product export to full-industry integration and international supply chain synergy. Leading cathode material enterprises are actively leveraging their profound accumulation of mass production processes to accelerate the deep expansion of production capacity to global core industrial hubs such as Europe. In the global reshaping of the new energy industry chain, the European market possesses unique and irreplaceable advantages: First are the exceptionally high compliance barriers and policy dividends; with the introduction of Europe's *New Battery Regulation*, *Net-Zero Industry Act*, and *Industry Acceleration Act*, constraints have been imposed on the carbon footprint and localized procurement ratios of battery materials. Second is the massive local customer demand and customer stickiness. As local European battery factories accelerate their construction and operation, enterprises with global layout can achieve rapid response and joint technological iteration with overseas customers, forming strong supply chain stickiness. By building a high-barrier internationalized operational system, leading enterprises can fully enjoy the significant development dividends of overseas markets.

Entry Barrier Analysis of Global Lithium-ion Battery Phosphate-based Cathode Materials Industry

The global lithium-ion battery phosphate-based cathode materials industry involves comprehensive barriers to entry, including R&D and processes, customer certification, industry chain synergy, and capital:

- In the field of **R&D and processes**, the product performance and mass production stability of phosphate-based cathode materials heavily rely on long-term R&D accumulation and process know-how. Product development involves multidisciplinary technologies such as materials science, electrochemistry, and powder engineering, requiring continuous optimization of material formulations, doping modification, and microstructural design to improve energy density, cycle life, and safety performance. Meanwhile, large-scale production demands high consistency control over processes such as mixing, sintering, milling, and classification. Premium products impose even higher requirements on continuous sintering, temperature control, particle morphology, and batch stability. Such manufacturing capabilities and product iteration experience are difficult to replicate in the short term.

- In the field of **customer certification**, downstream mainstream battery enterprises generally implement strict supplier certification systems, with certification cycles typically lasting one to two years, covering multiple stages including supplier audits, product testing, pilot verification, and mass production stability verification. As battery technologies continue to iterate, downstream enterprises are constantly raising their requirements for material performance and customized development. Suppliers must also possess continuous collaborative R&D and large-scale mass production capabilities, further heightening the customer certification barriers.

- In the field of **industry chain synergy**, leading enterprises in the industry have formed vertically integrated or product recycling layouts centered on key resources such as phosphorus, iron, and lithium. Among them, the layout of phosphate mineral resources is crucial from the perspective of time and resource control. With the formal implementation of the Implementation Regulations of the Mineral Resources Law of the People's Republic of China on June 15, 2026, phosphate mineral resource has been officially listed in the national strategic mineral resources catalog, facing more stringent overall control across the entire chain. In addition, the acquisition of phosphate mineral resources involves exceptionally high time barriers, as it typically takes 3 to 5 years or longer for phosphate mine to go from exploration and approval to final construction and production. Relying on forward-looking resource layouts, large-scale production, and industry chain synergy, leading enterprises can form significant cost advantages, whereas new entrants face substantial challenges in resource security and cost control.

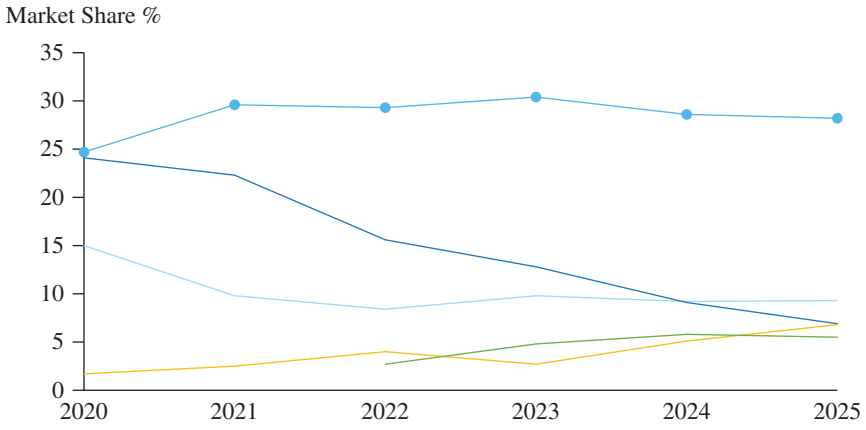
- In the field of **capital**, constructing new phosphate-based cathode materials production bases requires substantial capital investment for plant construction, sintering equipment, automated production lines, and environmental protection facilities, with the initial capital expenditure per 10 thousand tons of capacity ranging from approximately RMB150 million to RMB250 million. Furthermore, newly commissioned projects in the current industry generally exhibit ultra-large-scale characteristics, significantly increasing the requirements for enterprises' initial production capacity scale, which leads to a multiplier effect on the starting investment of overall projects. Meanwhile, enterprises must also bear the capital requirements for raw material procurement, inventory turnover, and capacity ramp-up stages, imposing high requirements on capital strength and continuous financing capabilities.

Competitive Landscape Analysis of Global Lithium-ion Battery Phosphate-based Cathode Materials Industry

China's lithium-ion battery phosphate-based cathode materials industry accounted for over 96% of global shipment volume in 2025. The global lithium-ion battery phosphate-based cathode materials industry overall exhibits a competitive landscape characterized by "one dominant leader alongside multiple strong competitors". Our Company ranked first globally in shipment volume of phosphate-based cathode materials for six consecutive years from 2020 to 2025.

In 2025, the global shipment volume of lithium-ion battery phosphate-based cathode materials reached approximately 4,037.0 thousand tons, with the global top five manufacturers recording an aggregate shipment volume of approximately 2,289.0 thousand tons, representing a market share of 56.7%. Among them, our Company achieved sales volume of approximately 1,137.0 thousand tons in 2025, representing a market share of 28.2%, which surpassed the combined market share of the second to fourth players and led the second-ranked competitor by nearly 19 percentage points. Meanwhile, demand for our Company's products remained persistently robust, and our capacity utilization rate maintained a high level in 2025, significantly exceeding the industry average of approximately 70.0%.

Market Share Analysis of the Global Top 5 Phosphate-based Cathode Material Manufacturers in 2025, 2020-2025



	2020	2021	2022	2023	2024	2025
Our Company	**24.7%**	**29.6%**	**29.3%**	**30.4%**	**28.6%**	**28.2%**
Company A	15.0%	9.8%	8.4%	9.8%	9.2%	9.3%
Company B	24.1%	22.3%	15.6%	12.8%	9.1%	6.9%
Company C	1.7%	2.5%	4.0%	2.7%	5.1%	6.8%
Company D	–	–	2.7%	4.8%	5.8%	5.5%

Source: Annual reports of listed companies, Frost & Sullivan

Notes:

1. The shipment volume for listed companies is sourced from the sales volume disclosed in their annual reports, if applicable.
2. Company A was established in 2010 and is headquartered in China. It is listed on the Shanghai Stock Exchange. Its primary business covers lithium-ion battery cathode materials and related precursor materials, with its core product being LFP cathode materials.
3. Company B was established in 2007 and is headquartered in China. It is listed on the Shenzhen Stock Exchange. Its primary business focuses on the R&D, production, and sales of core materials for lithium-ion batteries, and its main products include phosphate-based cathode materials and lithium replenishing agents.
4. Company C was established in 1997 and is headquartered in China. It is listed on the Shenzhen Stock Exchange. Its primary business covers precision engine components, intelligent electronic control systems, and phosphate-based cathode materials.
5. Company D was established in 2018 and is headquartered in China. Its primary business focuses on the R&D, production, and sales of LFP cathode materials, with its products applied in the field of NEV batteries.

In 2025, the global shipment volume of premium LFP cathode materials was approximately 1,062.0 thousand tons. The top five global manufacturers recorded a combined shipment volume of approximately 1,027.0 thousand tons, reaching an aggregate market share of 96.7%, indicating a highly concentrated market. In 2025, our Company's sales volume of premium LFP cathode materials was approximately 589.0 thousand tons, with a market share of 55.4%, ranking first globally.

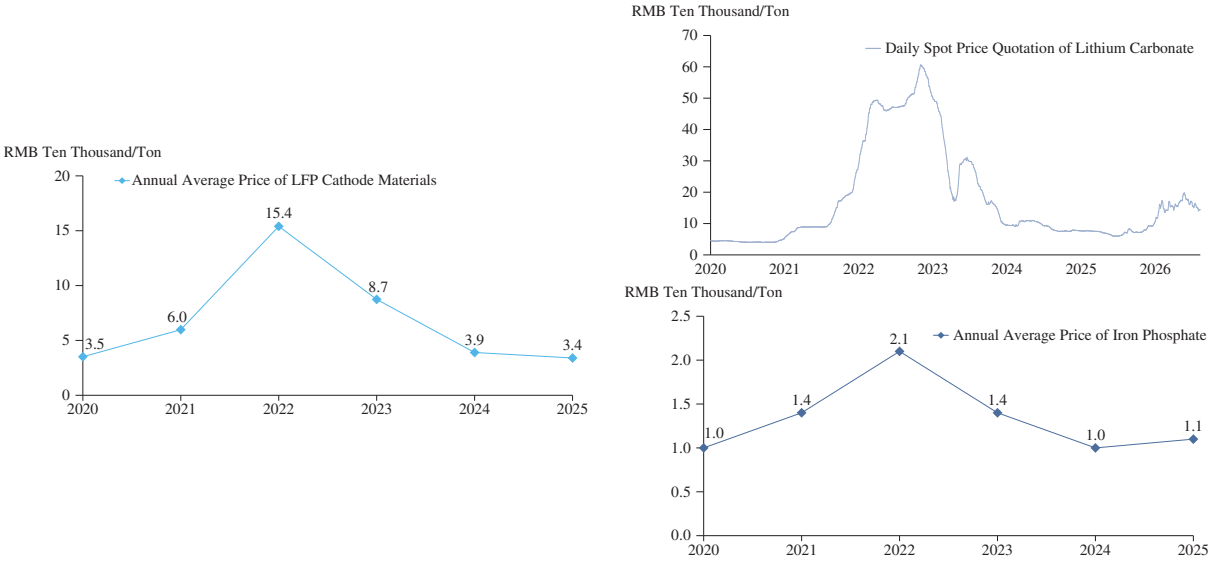
Raw Material Analysis of Global Phosphate-based Cathode Materials Industry

As the core component of phosphate-based cathode materials, LFP cathode materials are one of the core materials for LFP batteries, directly affecting battery cost, performance, and product competitiveness. Between 2020 and 2022, driven by rising prices of upstream raw materials and rapid growth in downstream demand, the average annual price of LFP cathode materials increased from RMB35.0 thousand per ton to RMB154.0 thousand per ton. From 2023 onwards, with the release of upstream raw material supply, the price of LFP cathode materials gradually fell, and the average annual price decreased to RMB34.0 thousand per ton in 2025. Since the end of 2025, the price of LFP cathode materials has experienced rapid growth on the basis of rebounding prices of raw materials such as lithium carbonate, and the price of LFP cathode materials is expected to continue fluctuating in the future affected by raw material prices.

Lithium carbonate and iron phosphate are primary upstream raw materials for LFP cathode materials, and their price changes have a significant impact on the cost of LFP cathode materials. Between 2020 and 2022, driven by the rapid growth in demand for new energy batteries and periodic tight supply and demand, the daily spot quotation of global lithium carbonate increased from a minimum of approximately RMB41.0 thousand per ton in 2020 to a peak of over RMB600.0 thousand per ton in 2022, while the average annual price of iron phosphate increased from RMB10.0 thousand per ton in 2020 to RMB21.0

thousand per ton in 2022. From 2023 onwards, as upstream production capacity was released, the prices of lithium carbonate and iron phosphate fell rapidly, with their average annual prices dropping to RMB76.0 thousand per ton and RMB11.0 thousand per ton in 2025, respectively. In the second half of 2025, due to downstream battery manufacturers' continuous increments on the demand side, and the optimization of capacity structure, the price of lithium carbonate rebounded. In the first half of 2026, the global average price of lithium carbonate recovered to approximately RMB163.0 thousand per ton. In the future, the price of lithium carbonate will remain volatile.

Price Analysis of Global Lithium-ion Battery LFP Cathode Materials, Lithium Carbonate, and Iron Phosphate, 2020-2025



Source: SMM, Frost & Sullivan

Note: All prices are based on tax-inclusive average prices. Lithium carbonate prices are compiled from the average daily spot price quoted by SMM.

From the perspective of the cost structure of LFP cathode materials, the changes in the proportion of each cost item were primarily driven by the price fluctuations of lithium carbonate. Affected by the substantial surge in the price of lithium carbonate in 2022, its cost proportion rapidly increased from 41.7% in 2020 to 82.3%, and subsequently decreased to 53.5% in 2025 as the price of lithium carbonate gradually fell. Concurrently, the cost proportion of iron phosphate declined from 40.5% in 2020 to 14.2% in 2022, and rebounded to 31.5% in 2025. The price fluctuations of other raw materials and remaining manufacturing costs remained relatively stable, with their combined cost proportion fluctuating between 3% and 20% primarily due to the impact of lithium carbonate prices.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on the global lithium-ion battery and global lithium-ion battery phosphate-based cathode materials industry and to prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in New York in 1961, providing industry research and market strategies. We have entered into an agreement to pay Frost & Sullivan RMB500,000 for the preparation of the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research, including discussions with several leading industry participants regarding industry conditions and interviews with relevant individuals. Frost & Sullivan also conducted secondary research, including reviewing company reports, independent research reports, and data from its own research database. Frost & Sullivan derived the estimated statistics of total market size based on historical data analysis incorporating macroeconomic data, taking into account the aforementioned main industry drivers. Its market engineering forecast methodology combines multiple forecasting techniques with a system based on market engineering measurements and relies on the expertise of the analyst team to integrate the key market elements investigated during the project research phase. Such elements primarily include expert opinion forecasting methods, integration of market drivers and constraints, integration of market challenges, integration of market engineering measurement trends, and integration of econometric variables.

The Frost & Sullivan Report was prepared based on the following assumptions: (i) the social, economic, and political environments globally and in Chinese mainland are likely to remain stable during the forecast period; and (ii) the key relevant industry drivers may drive the market during the forecast period.

This section and other chapters of this document excerpt portions of information from the Frost & Sullivan Report, aiming to provide [**REDACTED**] with a more comprehensive introduction to the industry in which we operate. The Directors confirm that, to the best of their knowledge and after making reasonable enquiries, there have been no material adverse changes in overall market information since the date of the release of the Frost & Sullivan Report which are sufficient to make material corrections, contradict or have an impact on such information.

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

Industry Policies and Regulatory Requirements

According to the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) issued by the Central Committee of the Communist Party of China and the State Council on September 22, 2021 and came into effect on the same date, the PRC will accelerate the development of strategic emerging industries such as new energy, new materials, new energy vehicles and environmental protection. It will implement measures to substitute fossil fuels with renewable energy, such as vigorously developing wind energy, solar energy, biomass energy, ocean energy, geothermal energy and others, to continuously increase the proportion of non-fossil energy in total energy consumption. It will also accelerate the advancement of new energy storage technologies such as pumped hydro storage, accelerate the development of new energy and clean energy vehicles and vessels, promote smart transportation, and accelerate the construction of a convenient and efficient battery charging and swapping network system.

According to the 14th Five-Year Renewable Energy Development Plan (《"十四五"可再生能源發展規劃》) jointly promulgated by nine departments including the NDRC, and the NEA on October 21, 2021 and which came into effect on the same day, the PRC will redouble efforts to make breakthroughs in frontier and core technologies for renewable energy and equipment, research, develop and reserve high-energy-density energy storage technologies such as sodium-ion batteries, liquid metal batteries, solid lithium-ion batteries, metal-air batteries and lithium-sulfur batteries, establish the independent market status of new energy storage and improve the trading mechanisms and technical standards for energy storage to participate in various power markets, leverage the multiple functions of energy storage in peak shaving and frequency regulation, emergency backup and capacity support, among others, as well as promote the applications of energy storage across multiple scenarios on the power generation side, power grid side and user side.

According to the Implementation Plan for the Development of New-Type Energy Storage during the 14th Five-Year Plan Period (《"十四五"新型儲能發展實施方案》) jointly promulgated by the NDRC and the NEA on January 29, 2022 and effective on the same day, by 2030, new-type energy storage will be developed on a fully market-oriented basis and will achieve deep integration with various segments of the power system. It will broadly meet the requirements for building a new type of power system and provide comprehensive support for the energy sector to achieve its carbon peaking targets on schedule.

According to the Guiding Opinions on Promoting the Development of the Energy Electronics Industry (《關於推動能源電子產業發展的指導意見》), which was promulgated by six departments including the MIIT and the NEA on January 3, 2023 and came into effect on the same day, the PRC will strengthen technical research on the industrialization of new energy storage batteries, promote the large-scale application of advanced energy storage technologies and products, research and make breakthroughs in key technologies such as battery systems with ultra-long life cycle and high safety, efficient energy storage with large scale and capacity, and vehicle mobile energy storage, accelerate the research and development of solid-state batteries, sodium-ion batteries, hydrogen energy storage/fuel cells and other new types of batteries. It will also improve the ability to guarantee key resources such as lithium, nickel, cobalt and platinum, strengthen the development and application of alternative materials, promote hybrid energy storage systems based on complementary power and energy-based electrochemical energy storage technologies, support the establishment of a full life cycle traceability management platform for lithium batteries and others, conduct research on the accounting standards and methods for carbon footprint of batteries, and explore the establishment of a carbon emission management system for battery products.

According to the Announcement on Continuing and Optimizing the Vehicle Purchase Tax Reduction and Exemption Policies for New Energy Vehicles (《關於延續和優化新能源汽車車輛購置稅減免政策的公告》) jointly promulgated by the MOF, the SAT and the MIIT on June 20, 2023, the vehicle purchase tax reduction and exemption policies for new energy vehicles shall be extended. New energy vehicles

listed in the Catalogue of New Energy Vehicle Models Subject to Exemption and Reduction of Vehicle Purchase Tax (《車輛購置税的新能源汽車車型目錄》) (the "Catalogue") with a purchase date falling between January 1, 2024 and December 31, 2025 are exempted from the vehicle purchase tax; new energy vehicles listed in the Catalogue with a purchase date falling between January 1, 2026 and December 31, 2027 have been and will be subject to a 50% reduction in the vehicle purchase tax.

According to the Guiding Catalog for Industrial Restructuring (2024 Edition) (《產業結構調整指導目錄(2024年本)》), which was amended by the NDRC on December 27, 2023 and came into effect on February 1, 2024, the following are classified as state-encouraged industries: new-type lithium primary batteries (lithium iron disulfide and lithium thionyl chloride, among others); lithium-ion batteries, semi-solid-state lithium-ion batteries, fuel cells, sodium-ion batteries, flow batteries, new-structure (bipolar, lead mesh horizontal, coiled, tubular, and other) sealed lead-acid batteries, lead-carbon batteries, next-generation hydrogen fuel cells, electrochemical energy storage and other new batteries and new-type power system technologies.

According to the Implementation Plan for the Establishing a the Carbon Footprint Management System (《關於建立碳足跡管理體系的實施方案》), which was promulgated by 15 departments including the Ministry of Ecology and Environment of the PRC, the NDRC and the Ministry of Science and Technology on June 4, 2024 and came into effect on the same day, it will focus on key products such as power generation, lithium-ion batteries, new energy vehicles, photovoltaics, and electronic and electrical appliances to formulate and publish accounting rules and standards. It will strive to promote the formulation of international carbon footprint standards for products in the fields of lithium-ion batteries, photovoltaics, new energy vehicles, and electronic and electrical appliances.

According to the Standard Conditions for the Lithium-ion Battery Industry (2024 Version) (《鋰離子電池行業規範條件(2024年本)》), which were promulgated by the MIIT on June 19, 2024, it is explicitly stated that the State encourages and guides technological advancement in the lithium-ion battery industry. Entreprises should adopt technologically advanced, energy-saving and environmentally friendly, safe and stable, and highly intelligent production processes and equipment, and encourages technological innovation and the improvement of product quality.

According to the Notice on Deepening the Market-oriented Reform of New Energy On-grid Tariffs and Promoting the High-quality Development of New Energy (《關於深化新能源上網電價市場化改革、促進新能源高質量發展的通知》), which was promulgated by the NDRC and the National Energy Administration on January 27, 2025 and came into effect on the same day, all on-grid electricity of new energy projects shall, in principle, enter the electricity market, and on-grid tariffs shall be formed through market transactions. Synergy between reform and environmental optimization shall be strengthened, improper interventions in the electricity market shall be resolutely rectified, no unreasonable costs shall be apportioned to new energy projects, and the deployment of energy storage shall not be imposed as a prerequisite for the approval, grid connection, or on-grid operation of newly built new energy projects.

According to the Action Plan on Improving the Recycling and Utilization System of Power Batteries for New Energy Vehicles (《健全新能源汽車動力電池回收利用體系行動方案》), which was considered and approved at the executive meeting of the State Council on February 21, 2025, the plan focuses on the establishment of a standardized, safe and efficient recycling and utilization system, and proposes to enhance the monitoring of the entire life cycle of power batteries through digital technology, enabling the traceability throughout the entire process of production, sales, dismantling and utilization, and implements full-process tracking by leveraging on the "Integrated Management Platform for National Monitoring of New Energy Vehicles and Traceability of Power Storage Battery Recycling and Utilization (新能源汽車國家監測與動力蓄電池回收利用溯源綜合管理平台)".

According to the Safety Requirements for Traction Batteries for Electric Vehicles (《電動汽車用動力蓄電池安全要求》) (GB 38031-2025), which were promulgated by the MIIT on March 28, 2025 and came into effect on July 1, 2026, GB 38031-2025 is a mandatory national standard for the safety requirements of traction batteries for electric vehicles. This revision further specifies technical requirements such as the temperature requirements, energization and energized state, observation time, and vehicle testing conditions for the batteries under test. The implementation of the new national standard in 2025 will comprehensively elevate the safety standards of power batteries, thereby accelerating the widespread adoption of high-safety and high-performance batteries.

According to the Special Action Plan for the Large-scale Development of New Energy Storage (2025-2027) (《新型儲能規模化建設專項行動方案(2025-2027年)), which was jointly promulgated by the NDRC and the NEA on August 27, 2025 and came into effect on the same day, new energy storage will basically achieve large-scale and market-oriented development by 2027, with technological innovation and equipment manufacturing capabilities remaining among the global leaders. The national installed capacity of new energy storage will reach 180GW, driving direct project investments of approximately RMB250 billion. Lithium-ion battery storage remains the primary technological route, while various technological routes and application scenarios will be further diversified.

According to the Implementation Rules for the 2026 Automobile Trade-in Subsidy (《2026年汽車以舊換新補貼實施細則》) jointly promulgated by nine departments including the MOFCOM on December 30, 2025, with effect from January 1, 2026, a maximum subsidy of RMB20,000 will be granted to individual consumers who scrap fuel passenger vehicles with National III or below emission standards or new energy passenger vehicles registered before December 31, 2018, and purchase new energy passenger vehicles included in the Catalogue of New Energy Vehicle Models Eligible for Vehicle Purchase Tax Reduction and Exemption (《減免車輛購置稅的新能源汽車車型目錄》) of the Ministry of Industry and Information Technology; and a maximum subsidy of RMB15,000 will be granted to individual consumers who trade in for eligible new energy passenger vehicles.

According to the Notice on Improving the Capacity Tariff Mechanism on Generation Side (《關於完善發電側容量電價機制的通知》), which was promulgated by the NDRC and the NEA on January 27, 2026 and came into effect on the same day, local authorities may grant capacity tariffs to independent new energy storage stations on grid-side that serve the safe operation of power system and do not participate in paired energy storage. The capacity tariff level shall be based on the local coal-fired power capacity tariff standard, converted at a certain proportion based on the peaking capability (the conversion proportion shall be the full-power continuous discharge duration divided by the longest continuous duration of the net load peak throughout the year, capped at a maximum of one), and taking into consideration factors such as the progress of the power market construction and the demand of the power system.

According to the Outline of the 15th Five-Year Plan for National Economic and Social Development of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十五個五年規劃綱要》) promulgated by the National People's Congress on March 13, 2026, China shall accelerate the development of strategic emerging industries including next-generation information technology, new energy, new materials, intelligent connected new energy vehicles, robots, biomedicine, high-end equipment, aerospace and other such industries. China shall develop distinctive and complementary industrial clusters of strategic emerging industries in light of local conditions, and strive to foster a number of emerging pillar industries with strong growth potential, high technological content and extensive penetration across sectors.

Laws and regulations on production safety, environmental protection, land, construction, fire protection and energy conservation review

Production safety

According to the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) (the "Production Safety Law"), which was amended by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, entities engaged in production and business activities within the PRC shall comply with the Production Safety Law and other laws and regulations related to production safety, and strengthen production safety management. Entities shall establish and improve a production safety responsibility system and production safety rules, improve production safety conditions, and strengthen the standardization of production safety, raise production safety levels, and ensure production safety. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of production, and an order to suspend business for rectification, depending on the circumstances of the violation, and criminal liability will be pursued in accordance with the law if the violation constitutes a crime.

According to the Mine Safety Law of the People's Republic of China (《中華人民共和國礦山安全法》), which was amended by the SCNPC on August 27, 2009 and came into effect on the same day, mining enterprises must have facilities to ensure production safety, establish and improve safety management systems, and take effective measures to improve working conditions of employees, strengthen mine safety management, and ensure safe production. The safety facilities of mine construction projects must be designed, constructed, put into production and use simultaneously with the main project; the conditions for safe production must be met in mining operations, and mine safety regulations and industry specifications for mining different types of minerals must be in place; mining enterprises must establish and improve the responsibility system for safety production.

According to the provisions of the Implementation Measures for the Safe Production License of Non-Coal Mine Enterprises (《非煤礦礦山企業安全生產許可證實施辦法》), which were amended by the former State Administration of Work Safety on May 26, 2015 and came into effect on July 1, 2015, non-coal mine enterprises must obtain a safe production license in accordance with the provisions of these implementation measures. Enterprises that fail to obtain a safe production license shall not engage in production activities. In addition to the general requirements for production safety, for newly built, reconstructed or expanded construction projects, according to the Measures for the Supervision and Administration of "Three Simultaneities" for the Safety Facilities of Construction Projects (《建設項目安全設施「三同時」監督管理辦法》, the "**Construction Projects Safety Facilities Measures**"), which were amended by the former State Administration of Work Safety on April 2, 2015 and came into effect on May 1, 2015, the safety facilities in a newly built, reconstructed or expanded construction project must be designed, constructed, put into production and put into use simultaneously with the main project. For the construction projects specially set forth in the Construction Projects Safety Facilities Measures, comprehensive research pre-assessment on the conditions for safe production of the construction projects shall be conducted by a qualified safety assessment body. If an enterprise violates the relevant requirements, it may be ordered to rectify within a specified time limit, discontinue the construction process or suspend its production and business operation for rectification, and may also be subject to a fine.

Environmental protection

According to the Ecological and Environmental Code of the People's Republic of China (《中華人民共和國生態環境法典》) (the "Ecological and Environmental Code"), which was promulgated by the National People's Congress on March 12, 2026 and came into effect on August 15, 2026, the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Marine Environmental Protection Law of the People's Republic of China (《中華人民共和國海洋環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China

on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Soil Pollution (《中華人民共和國土壤污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), the Law of the People's Republic of China on the Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Radioactive Pollution (《中華人民共和國放射性污染防治法》) and the Cleaner Production Promotion Law of the People's Republic of China (《中華人民共和國清潔生產促進法》) were repealed on the same date.

The Ecological and Environmental Code is comprised of General Provisions, Pollution Prevention and Control, Ecological Protection, Green and Low-Carbon Development, Legal Liability and Supplementary Provisions, and covers, among others, matters relating to ecological and environmental impact assessment, prevention and control of atmospheric pollution, prevention and control of water pollution and prevention and control of solid waste pollution. After the Ecological and Environmental Code came into effect, the State continues to implement the ecological and environmental impact assessment system and the pollutant discharge permit system. Where an enterprise violates the ecological and environmental impact assessment system, it may be ordered to suspend construction, restore the site to its original condition and may be subject to fines. Where an enterprise violates the pollutant discharge permit system, it may be ordered to restrict production, suspend operations for rectification, cease operations and close down, and in serious cases the matter may be transferred to the public security authority.

According to the Regulations on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which were amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which were promulgated by the former Ministry of Environmental Protection on November 20, 2017 and came into effect on the same date, the PRC implements an environmental impact assessment system for construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to commencement of construction, or complete and file an environmental impact registration form for record-filing in accordance with the requirements of the competent administrative department of environmental protection under the State Council. In addition, after completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance inspection on the supporting environmental protection facilities and prepare an acceptance report. The construction project may only be put into production or use after the supporting environmental protection facilities have passed the acceptance inspection.

According to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), which were promulgated by the State Council on January 24, 2021 and came into effect on March 1, 2021, and the Measures for the Administration of Pollutant Discharge Permits (《排污許可管理辦法》), which were promulgated by the Ministry of Ecology and Environment on April 1, 2024 and came into effect on July 1, 2024, the State implements classified management of pollutant discharge permits (i.e., key management and simplified management) based on factors such as the volume of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. Enterprises, institutions and other production and operation units included in the Classification Administration List of Pollutant Discharge Permits for Fixed Pollution Sources (《固定污染源排污許可分類管理名錄》) shall apply for and obtain a pollutant discharge permit within the prescribed time limit, and shall not discharge pollutants without a pollutant discharge permit.

Land, Planning and Construction

According to the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》), which was amended by the SCNPC on August 26, 2019 and came into effect on January 1, 2020, the administration, protection, and utilization of land within the PRC shall comply with the relevant

provisions of such law. The State implements a system of control over land use. The State formulates overall plans for land utilization to determine the purposes of land use, classifying land into agricultural land, construction land, and unused land. Units and individuals using land must strictly use the land in accordance with the purposes determined by the overall plans for land utilization. The competent department of natural resources under the State Council shall be uniformly responsible for the administration and supervision of land nationwide.

According to the Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》), which was amended by the SCNPC on April 23, 2019 and came into effect on the same date, the formulation and implementation of urban and rural planning within the PRC, as well as the construction activities carried out within the planning areas, shall comply with such law and relevant provisions. Cities and towns shall formulate urban and town planning in accordance with such law, and construction activities within the urban and town planning areas shall comply with the planning requirements. Any entity or individual shall abide by the urban and rural planning which has been legally approved and published, submit to planning administration, and shall have the right to inquire with the competent urban and rural planning departments as to whether the construction activities involving their interests comply with the planning requirements.

According to the Construction Law of the People's Republic of China (《中華人民共和國建築法》), which was amended by the SCNPC on April 23, 2019 and came into effect on the same date, engaging in construction activities and implementing supervision and administration over construction activities within the PRC shall comply with this Law and relevant regulations. Construction activities shall ensure the quality and safety of construction projects and conform to the national safety standards for construction projects, and the competent construction administrative department of the State Council exercises unified supervision and administration over construction activities nationwide.

Fire Protection

According to the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》), which was amended by the SCNPC on April 29, 2021 and came into effect on the same day, the emergency management department of the State Council and the emergency management departments of the local people's governments at or above the county level shall exercise supervision and administration over fire protection work. The fire protection design and construction must comply with the national fire protection technical standards for engineering construction.

According to the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), which was revised by the Ministry of Housing and Urban-Rural Development of the PRC on August 21, 2023 and came into effect on October 30, 2023, special construction projects shall be subject to fire protection design review and acceptance. For other construction projects apart from special construction projects, the fire protection acceptance of such construction projects shall be filed with the competent authorities for the record.

Energy Conservation Examination

According to the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), which was amended by the SCNPC on October 26, 2018 and came into effect on the same date, the State implements an energy conservation assessment and examination system for fixed asset investment projects. For projects that fail to meet the mandatory energy conservation standards, the construction unit shall not commence construction; for projects that have already been completed, they shall not be put into production or use. Where a government investment project fails to meet the mandatory energy conservation standards, the authority responsible for project approval in accordance with the law shall not approve its construction. The specific measures shall be formulated by the department in charge of energy conservation administration under the State Council in conjunction with relevant departments of the State Council.

According to the Measures for Energy Conservation Review and Carbon Emission Assessment of Fixed-Asset Investment Projects (《固定資產投資項目節能審查和碳排放評價辦法》), which was formulated by the NDRC on July 17, 2025 and came into effect on September 1, 2025, for government investment projects, the construction unit is required to obtain the energy conservation review opinion issued by the energy conservation review authority prior to the submission of the project feasibility study report. For enterprise investment projects, the construction unit is required to obtain the energy conservation review opinion issued by the energy conservation review authority prior to the commencement of construction. For projects that have not undergone an energy conservation review in accordance with the provisions of these Measures, or projects that have failed to pass the energy conservation review, the construction unit shall not commence construction, and those already constructed shall not be put into production or use.

Laws and regulations on hazardous chemicals and precursor chemicals

Production

According to the provisions of the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》), which were amended by the State Council on December 7, 2013 and came into effect on the same day, no entity or individual may engage in the production, storage, use, operation, transportation and other business activities of hazardous chemicals without approval. An enterprise that stores hazardous chemicals shall set up prominent signs on its hazardous chemical transportation pipeline, conduct regular inspections and tests on the pipeline, and set up prominent safety warning signs on its workplaces, safety facilities and equipment. In addition, the enterprise shall also equip itself with corresponding safety facilities and equipment based on the types and hazard characteristics of hazardous chemicals and in accordance with relevant national and industry standards, and regularly repair and maintain them. An entity that stores highly toxic chemicals or hazardous chemicals constituting a major hazard source in quantity shall report the storage quantity, location and management personnel to the work safety supervision and administration department and the public security agency of the county-level local people's government. Meantime, any enterprise that engages in the production of hazardous chemicals listed in the Catalog of Hazardous Chemicals (《危險化學品目錄》) shall obtain a work safety permit for hazardous chemicals in accordance with the Regulation on Work Safety Permits (《安全生產許可證條例》) before starting production.

According to the Measures for the Administration of Registration of Hazardous Chemicals (《危險化學品登記管理辦法》) promulgated by the former State Administration of Work Safety on July 1, 2012 and came into effect on August 1, 2012, enterprises engaged in the production and import of any chemicals listed in the Catalog of Hazardous Chemicals must register with the competent work safety supervision department prior to the inspection and acceptance of completed projects or the first importation activity. The hazardous chemicals registration certificate shall be valid for three years and the enterprise may apply for renewal within the three months prior to expiry.

According to the Implementation Measures for the Safe Production Permit of Hazardous Chemical Production Enterprises (《危險化學品生產企業安全生產許可證實施辦法》), which were amended by the former State Administration of Work Safety on March 16, 2017 and came into effect on the same day, hazardous chemical production enterprises refer to enterprises that are lawfully established and have obtained the business license or industrial and commercial approval documents to engage in the production of final products or intermediate products listed in the Catalog of Hazardous Chemicals (《危險化學品目錄》). Hazardous chemical production enterprises shall obtain the Safe Production Permit. Any enterprise that fails to obtain the Safe Production Permit shall not engage in any relevant production activities.

According to the Measures for the Safety Supervision and Administration of Hazardous Chemicals Construction Projects (《危險化學品建設項目安全監督管理辦法》), which were amended by the former State Administration of Work Safety on May 27, 2015 and came into effect on July 1, 2015, newly constructed, reconstructed, and expanded construction projects for the production and storage of hazardous chemicals within the PRC, as well as chemical construction projects involving the generation of hazardous chemicals (including construction projects of long-distance pipelines for hazardous

chemicals), shall be subject to safety reviews, namely the review of safety conditions and the review of the design of safety facilities. Construction projects shall not commence construction or be put into production (use) without undergoing the safety reviews and the inspection and acceptance of safety facilities upon completion.

Operation

According to the Measures for the Administration of Operating Licenses for Hazardous Chemicals (《危險化學品經營許可證管理辦法》), which were amended by the former State Administration of Work Safety on May 27, 2015 and came into effect on July 1, 2015, the State implements a licensing system for the operation (including warehousing operations) of hazardous chemicals listed in the Catalog of Hazardous Chemicals (《危險化學品目錄》) within the PRC. Enterprises engaging in the relevant operations of hazardous chemicals shall obtain a hazardous chemical operating license in accordance with such measures. However, hazardous chemical production enterprises that have legally obtained a hazardous chemical safe production license are exempt from obtaining a hazardous chemical operating license when selling hazardous chemicals produced by themselves within their plant areas. Any party engaging in the operation of hazardous chemicals without obtaining an operating license shall be penalized in accordance with the provisions of the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) regarding the unauthorized production, operation, and storage of dangerous articles without a license. Where such conduct constitute a criminal offense, criminal liability shall be pursued in accordance with the law.

According to the Regulations on the Administration of Precursor Chemicals (《易制毒化學品管理條例》), which were amended by the State Council on September 18, 2018 and came into effect on the same day, and the Measures for the Licensing of Production and Operation of Non-pharmaceutical Precursor Chemicals (《非藥品類易制毒化學品生產、經營許可辦法》) promulgated by the former State Administration of Work Safety on April 5, 2006 and effective on April 15, 2006, precursor chemicals are classified into three categories. Category I refers to the major raw materials that may be used to produce drugs, while Category II and Category III refer to the chemical agents that may be used to produce drugs. The State implements a licensing system for the production and operation of non-pharmaceutical precursor chemicals. The production and operation of Category I non-pharmaceutical precursor chemicals are subject to license management, and the production and operation of Category II and Category III precursor chemicals are subject to record-filing certificate management.

According to the Administrative Measures for the Public Security Management of Explosive Precursor Hazardous Chemicals (《易制爆危險化學品治安管理辦法》), which were promulgated by the Ministry of Public Security on July 6, 2019 and came into effect on August 10, 2019, enterprises that have obtained a hazardous chemical business license in accordance with laws shall purchase explosive precursor hazardous chemicals upon presentation of such license. Purchasers of explosive precursor hazardous chemicals shall, within five days after the purchase, report the information on the varieties, quantities and flow of the explosive precursor hazardous chemicals purchased to the local public security authority at the county level for record-filing via the explosive precursor hazardous chemicals information system.

Laws and regulations on mineral resources

According to the Mineral Resources Law of the People's Republic of China (《中華人民共和國礦產資源法》), which was amended by the SCNPC on November 8, 2024 and came into effect on July 1, 2025, and the Regulations for the Implementation of the Mineral Resources Law of the People's Republic of China (《中華人民共和國礦產資源法實施條例》) promulgated by the State Council on May 15, 2026 and implemented on June 15, 2026, mineral resources are owned by the State. Unless otherwise provided, exploration rights and mining rights shall be obtained respectively in accordance with the law for the exploration and mining of mineral resources.

Laws and regulations on product quality

According to the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), which was amended by the SCNPC on December 29, 2018 and came into effect on the same day, the market supervision and administration department of the State Council is responsible for the nationwide supervision of product quality. Producers are prohibited from producing or selling products that do not meet the standards and requirements for safeguarding human health and personal and property safety. Products shall not contain any unreasonable danger threatening personal and property safety. Where any defective product causes personal injury or damage to the property of others, the injured party may claim compensation from either the producer or the seller of such product. The producers and sellers of unqualified products may be ordered to cease the production and sales thereof, and may be subject to the confiscation of such products and/or fines. Any illegal gains shall be concurrently confiscated and in serious circumstances, their business licenses may be revoked.

Laws and regulations on import and export of goods

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》), which was amended by the SCNPC on April 29, 2021 and came into effect on the same day, the Customs is a State authority responsible for supervision and administration of entry into and exit from the Customs territory. It is authorized to supervise the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collect customs duties and other taxes and fees, prevent and combat smuggling, compile customs statistics and handle other customs operations. Customs declaration entities refer to the consignees and consignors of imported and exported goods and customs declaration enterprises recorded with the Customs. Consignees or consignors of imported and exported goods may complete the declaration formalities either by themselves or engaging an agent.

According to the Import and Export Commodity Inspection Law of the People's Republic of China (《中華人民共和國進出口商品檢驗法》), which was amended by the SCNPC on April 29, 2021 and came into effect on the same day, and the Regulations for the Implementation of the Import and Export Commodity Inspection Law of the People's Republic of China (《中華人民共和國進出口商品檢驗法實施條例》), which were amended by the State Council on March 29, 2022 and came into effect on May 1, 2022, the General Administration of Customs of the People's Republic of China (the "**General Administration of Customs**") is responsible for inspection of imported and exported commodities nationwide, and its subordinate entry-exit inspection and quarantine authorities shall conduct inspection on the imported and exported commodities listed in the catalog and other imported and exported commodities that shall be subject to the inspection by the entry-exit inspection and quarantine authorities as prescribed by laws and administrative regulations. For the imported and exported commodities other than those that are subject to inspection as mentioned above, the entry-exit inspection and quarantine authorities shall conduct random inspection in accordance with state regulations. No import commodity subject to statutory inspection that has not been inspected could be sold or used. No export commodity subject to statutory inspection that has not been inspected or fails to pass the inspection could be exported. Consignees or consignors of the imported and exported commodities may complete the inspection procedures themselves, or engage an agent to do this.

According to the Provisions on the Administration of Recordation of Customs Declaration Entities of the People's Republic of China (《中華人民共和國海關報關單位備案管理規定》), which were promulgated by the General Administration of Customs on November 19, 2021 and came into effect on January 1, 2022, customs declaration entities refer to consignees or consignors of imports and exports and customs declaration enterprises recorded with the Customs pursuant to these provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain the market entity qualification; where consignees or consignors of imports and exports apply for such filing; they shall also complete filing formalities as foreign trade business operators and according to the Notice on Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》), which was issued by the Department of

Enterprise Management and Audit-Based Control of the General Administration of Customs on January 3, 2023 and came into effect on the same day, a consignee or consignor of imported or exported goods who applies for filing shall be qualified as a market entity and is not required to be filed as a foreign trade business operator.

According to the Customs Duties Law of the People's Republic of China (《中華人民共和國關税法》), which was promulgated by the SCNPC on April 26, 2024 and came into effect on December 1, 2024, goods permitted to be imported or exported and articles entering the territory of the PRC shall be subject to customs duties levied by the Customs authorities in accordance with applicable laws and regulations. The consignees of imported goods, the consignors of exported goods and carriers or recipients of inbound articles shall be the duty payer. The tariff classification, applicable tariff rates and rules governing the application thereof, among others, shall be implemented in accordance with the Customs Import and Export Tariffs of the People's Republic of China (《中華人民共和國進出口税則》).

According to the Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) (the "**Export Control Law**"), which was promulgated by the SCNPC on October 17, 2020 and came into effect on December 1, 2020, the Export Control Law established a comprehensive legal framework for the State's control over the export of dual-use items, military products, nuclear and other services and items that are relevant to safeguarding national security and interests or the fulfillment of international obligations, such as non-proliferation. This law stipulates that the State's export control authorities shall, together with other related departments, formulate and adjust the list of items subject to export control, pursuant to the provisions of the Export Control Law and other relevant laws and administrative regulations, export control policies and specified procedures, and promptly release the same, and the State's export control authorities may, in light of the needs of protecting national security and interests and fulfilling non-proliferation and other international obligations, with the approval of the State Council or both the State Council and the Central Military Commission, impose temporary export control over goods, technologies and services which are not on the export control list, and make announcements thereof.

According to the Regulations of the People's Republic of China on the Export Control of Dual-use Items (《中華人民共和國兩用物項出口管制條例》) (the "**Regulation on the Export Control of Dual-use Items**"), which were issued by the State Council on September 30, 2024 and came into effect on December 1, 2024, and the Export Control List of Dual-use Items of the People's Republic of China (《中華人民共和國兩用物項出口管制清單》) (the "**Dual-use Item List**"), which was jointly promulgated by the MOFCOM, the MIIT, the General Administration of Customs and the State Cryptography Administration on November 15, 2024 and came into effect on December 1, 2024, the commerce department of the State Council shall, pursuant to the provisions of the Export Control Law and the Regulation on the Export Control of Dual-use Items, as well as the policies for the export control of dual-use items, formulate and adjust the export control list of dual-use items, in conjunction with relevant State departments under the prescribed procedures, and promptly release the same. If needed for maintaining national security and interests and fulfilling international obligations such as non-proliferation, with the approval of the State Council or both the State Council and the Central Military Commission, the commerce department of the State Council may impose temporary control over the export of goods, technologies, and services not included in such export control list of dual-use items, and make a public announcement. For the export of dual-use items specified in such export control list of dual-use items or subject to the above-mentioned temporary control, exporters shall apply to the commerce department of the State Council for licenses. The formulation of the Dual-use Item List was intended to systematically integrate the dual-use items that were already under control and establish a complete system and rules for the list, without adjustment to the specific control scope.

According to the Announcement on Adjusting and Promulgating the "Catalogue of Technologies Prohibited and Restricted from Export of China" (《關於調整頒佈<中國禁止出口限制出口技術目錄>的公告》), which was promulgated by the MOFCOM and the Ministry of Science and Technology on July

15, 2025 and came into effect on the same day, the "preparation technology of battery cathode materials (No. 252604X)" has been newly added to the restricted export section, which includes the preparation technology of high-compaction lithium iron phosphate in the management of restricted export and subjects it to an export licensing system.

According to several policies (the "**October 9 Policies**") jointly promulgated by the MOFCOM and the General Administration of Customs on October 9, 2025, export control measures were implemented on rare earths and other critical materials, such as super-hard materials and certain items related to lithium-ion batteries and artificial graphite anode materials, as well as certain equipment and raw materials for rare earths. Among the October 9 Policies, the Announcement on the Export Control of Certain Items Related to Lithium Batteries and Artificial Graphite Anode Materials (《公佈對鋰電池和人造石墨負極材料相關物項實施出口管制的決定》) (MOFCOM & General Administration of Customs Announcement [2025] No. 58) (the "**Announcement No. 58**") imposes export control measures on certain items related to lithium batteries. The Announcement No. 58 was originally scheduled to take effect on November 8, 2025, while it has been further announced on November 7, 2025 that the implementation of the Announcement No. 58 would be suspended with immediate effect until November 10, 2026. The Announcement No. 58 lists certain lithium batteries and artificial graphite anode materials items which are subject to export control. Pursuant to the Announcement No. 58, an export business operator shall, for the export of such controlled items, apply for an export license of dual-use items and technologies from the competent commerce department of the State Council and complete the customs formalities in accordance with the Customs Law of the People's Republic of China. Export business operators shall be responsible for the authenticity of the declared goods and shall enhance the identification of export items. If the items fall under controlled items, the declaration must be marked with "Subject to Dual-Use Items Control" in the remarks column of the customs declaration form, along with the corresponding dual-use item export control code(s).

Laws and regulations on overseas investment by domestic enterprises

Regulations of the National Development and Reform Commission on overseas investment by domestic enterprises

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), which were promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, the State implements classified management of approvals and filings for investment projects (including those in the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the Taiwan region) by a domestic enterprise ("**Investment Entity**") directly or through its controlled overseas enterprises, by way of obtaining overseas ownership, control, operation and management rights, and other related rights and interests by means of investing in assets, interests or providing financing or guarantees. The aforementioned approval procedure shall apply to any sensitive projects carried out by the Investment Entity directly or through its controlled overseas enterprises, and the approval authority is the NDRC.

The scope of filing registration management is non-sensitive projects directly carried out by the Investment Entity, that is, non-sensitive projects involving the Investment Entity directly investing in assets, interests or providing financing and guarantees. Among them, if the Investment Entity is a centrally managed enterprise (including centrally managed financial enterprise, enterprises directly managed by the State Council or institutions under the State Council) or the Investment Entity is a local enterprise but the Chinese party's investment amount reaches US$300 million or more, the filing authority will be the NDRC, and if the Investment Entity is a local enterprise and the Chinese party's investment amount is below US$300 million, the filing authority will be the development and reform department of the provincial government governing the locality where the Investment Entity is registered. For projects that fall within the scope of management of approval and filing, the Investment Entity shall obtain the project approval document or filing notice before investing the assets and interests (except the early-stage expenses of the project for approval and filing) or providing financing or guarantees for the project itself or by the overseas enterprises under its control. If the Investment Entity fails to obtain the effective

approval document or filing notice, the foreign exchange administration, customs and other relevant departments shall not handle the relevant formalities according to the law, and the financial enterprise shall not handle the relevant fund settlement and financing business according to the law.

The Investment Entity shall submit a project completion report form through the online system within 20 working days after the occurrence of any of the following: completion of the construction project, closing of the equity or assets transfer of the investment target, or completion of the Chinese party's investment expenditure. In case an Investment Entity violates the Measures for the Administration of Overseas Investment of Enterprises, the approving and filing authorities shall have the right to adopt measures such as refusing to grant approval or accept filing, revoking the approval document or notification of filing, ordering the Investment Entity to suspend or stop the implementation of the project, adopting remedial measures, making corrections within a time limit, and giving warnings to the Investment Entity and the principal person in charge. Where such violation constitutes a crime, criminal liability will be pursued in accordance with the laws.

Regulations of the commerce department on overseas investment by domestic enterprises

According to the provisions of the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, if an enterprise legally established within the territory of the PRC owns a non-financial enterprise abroad or obtains the ownership, control, operation and management rights and other rights and interests of an existing non-financial enterprise through new establishment, M&A or other means, the MOFCOM and the provincial competent commerce departments shall be responsible for the approval and filing administration, depending on different circumstances of overseas investment by the enterprise. In particular, if an overseas investment involves countries that have not established diplomatic relations with the PRC, countries subject to the United Nations sanctions, industries involving the export of products and technologies restricted by the PRC, or industries that affect the interests of more than one country (region), the overseas investment shall be subject to approval administration. Overseas investment by the enterprise that falls under any other circumstances shall be subject to administration by filing registration. For an overseas investment subject to approval, the enterprise shall apply to the competent commerce department which shall seeks the opinions of the embassy (consulate) (economic and commercial office) of the PRC in foreign countries. If the overseas investment is approved, the MOFCOM shall issue a written approval decision and the Enterprise Overseas Investment Certificate.

For an overseas investment subject to filing, the enterprise shall complete the Overseas Investment Filing Form, submit it to the competent commerce authority together with a copy of its business license, and obtain the Enterprise Overseas Investment Certificate from the competent commerce authority.

For any violation of the Measures for the Administration of Overseas Investment, the competent commerce authority has the right to revoke the overseas investment filing of the enterprise, give a warning, and publish a penalty decision in accordance with the law, and may prohibit the enterprise from reapplying for the relevant approval within one or three years or from enjoying incentives or support measures under relevant national policies within three years, and criminal liability shall be pursued if the violation constitutes a crime.

Laws and regulations on foreign exchange

The lawful currency in the PRC is Renminbi. The State Administration of Foreign Exchange is authorized by the People's Bank of China to manage all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

According to the Foreign Exchange Administration Regulations of the People's Republic of China (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Administration Regulations**"), which were amended by the State Council on August 5, 2008 and came into effect on the same day, all international payments and transfers are classified into current account items and capital account items. Most of the current account items are not subject to the approval of foreign exchange administration agencies, while capital account items are subject to such approval. China does not impose any restrictions

on current international payments and transfers. Foreign exchange income of PRC companies under current account items may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant state regulations. The retention or sale of foreign exchange revenue under capital account items to financial institutions engaged in the settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administration agencies, unless otherwise stipulated by the State.

Pursuant to the Regulations on the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China on June 20, 1996 and implemented on July 1, 1996, the remaining restrictions on the convertibility of foreign exchange under current account items were abolished, while the existing restrictions on foreign exchange transactions under capital account items are retained. According to the relevant laws, regulations and a series of guidelines regarding foreign exchange in the PRC, mainland-China enterprises that require foreign exchange for current account transactions may, upon presentation of valid commercial documents and transaction vouchers, make payments from their foreign exchange accounts at designated foreign exchange banks, without the approval of the SAFE. Foreign-invested enterprises requiring foreign exchange for the distribution of profits to Shareholders, and China-invested enterprises required by regulations to pay dividends in foreign exchange, shall pay from its foreign exchange account or pay at the designated foreign exchange bank, upon presentation of a resolution of the board of directors on the distribution of profits in accordance with the law.

Pursuant to the Decision of the State Council on Cancelling and Adjusting a Batch of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council on October 23, 2014 and implemented on the same date, the administrative approval by SAFE and its branches in respect of the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been cancelled.

According to the Notice on Relevant Issues Concerning Fund Management for Overseas Listing of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), which was promulgated by the PBOC and the SAFE on December 24, 2025 and came into effect on April 1, 2026, a domestic enterprise that conducts an overseas listing shall, within 30 working days from the first trading day of the overseas listing or the completion of the over-allotment, apply to a bank within the provincial-level region or municipality separately designated in the State plan where it is registered for overseas listing registration, and the use of the proceeds from overseas listing shall be consistent with the relevant content set out in publicly disclosed documents. In principle, the proceeds from the overseas listing of a domestic enterprise shall be repatriated to the PRC in a timely manner. If the proceeds are retained overseas for conducting businesses such as outbound direct investment, overseas securities investment, or overseas lending, approvals or record-filing documents from the competent business authorities shall be obtained prior to the completion of the overseas listing offering or the over-allotment, and relevant regulations on cross-border fund management shall be complied with.

Pursuant to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the State Administration of Foreign Exchange on February 13, 2015 and effective from June 1, 2015, the State Administration of Foreign Exchange cancelled the confirmation approval of the foreign exchange registration under domestic direct investment and the confirmation approval of the foreign exchange registration under overseas direct investment. Instead, banks shall directly examine and handle the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment, and the State Administration of Foreign Exchange and its branches shall conduct indirect supervision over the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), which was amended by the SAFE on December 4, 2023 and came into effect on the same day, relevant policies clearly provide that foreign exchange receipts

under the capital account subject to discretionary settlement (including repatriated funds raised through overseas listing) may be settled with banks based on the actual operational needs of domestic institutions. The tentative percentage of discretionary settlement of foreign exchange receipts under the capital account of domestic institutions is 100%, and the SAFE may adjust the above percentage in due course in light of the balance of payments situation.

Laws and regulations on intellectual property rights

Patent

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), which was amended by the SCNPC on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Regulations for the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), which were amended by the State Council on December 11, 2023 and came into effect on January 20, 2024, patents are divided into 3 categories, i.e. invention patents, utility model patents and design patents. The validity period of patents for inventions is 20 years, the validity period of patents for utility models is 10 years, and the validity period of patents for designs is 15 years, all starting from the date of application.

Copyright

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), which was amended by the SCNPC on November 11, 2020 and came into effect on June 1, 2021, works of Chinese citizens, legal persons or unincorporated organizations, i.e. intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction.

According to the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》), which were amended by the National Copyright Administration on June 18, 2004 and came into effect on July 1, 2004, and the Regulations on the Computer Software Protection (《計算機軟件保護條例》), which were amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration shall be the competent governmental authority for the nationwide administration of software copyright registration and the China Copyright Protection Center is designated as the software registration authority which shall grant registration certificates to applicants for computer software copyrights according to the Measures for the Computer Software Copyright Registration and the Regulations on the Computer Software Protection.

Trademark

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), which was amended by the SCNPC on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》), which were amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, the trademarks registered with the Trademark Office of China National Intellectual Property Administration are registered trademarks, including commodity trademarks, service trademarks, collective marks and certification marks. The registration of a trademark shall be valid for 10 years from the date of approval. If there is a continued need for the use of the trademark, a renewal shall be made in accordance with requirements within 12 months before the expiry of the trademark registration. Each renewal of registration of a trademark shall be valid for ten years from the date after the expiry of the previous trademark registration.

Domain names

According to the Administrative Measures on the Internet Domain Names (《互聯網域名稱管理辦法》), which were promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017, domain name registrations are handled through domain name service agencies established according to the relevant regulations, and the applicants become domain name holders upon successful registration.

Regulations on taxation

Taxation of Security Holders

The income tax and capital gains tax of H Shareholders are governed by the laws and practices of the PRC and the jurisdictions in which the H Shareholders are resident or otherwise subject to tax. The following summary of certain relevant tax provisions is based on current laws and practices, does not take into account any anticipated changes or amendments to the relevant laws and policies, and does not constitute any opinion or advice. The discussion does not address all possible tax consequences relating to an investment in H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulations. Accordingly, you should consult your tax advisors regarding the tax consequences of an investment in H Shares. The discussion is based on the laws and relevant interpretations in effect as of the Latest Practicable Date, which laws and relevant interpretations may change and may have retroactive effect.

The discussion does not address any PRC tax issues other than income tax, value-added tax, stamp duty and estate duty. Prospective investors should consult their tax advisors regarding the tax consequences in the PRC and other regions relating to the ownership and disposal of H Shares.

PRC Taxation

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法》) (the "IIT Law") as amended by the SCNPC on August 31, 2018 and effective from January 1, 2019, and the Implementation Regulations of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法實施條例》) as amended by the State Council on December 18, 2018 and effective from January 1, 2019, dividends distributed by PRC domestic companies to individual investors are subject to withholding income tax at a uniform rate of 20%. Meanwhile, pursuant to the Notice on Issues Concerning the Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) jointly promulgated by the Ministry of Finance, the State Taxation Administration, and the China Securities Regulatory Commission on September 7, 2015 and effective from September 8, 2015, where an individual obtains shares of a listed company from public offerings and the transfer market and holds such shares for more than 1 year, the income from dividends and bonuses shall be temporarily exempted from individual income tax. Where an individual obtains shares of a listed company from public offerings and the transfer market and holds such shares for 1 month or less (inclusive), the income from dividends and bonuses shall be fully included in the taxable income; where the holding period is more than 1 month up to 1 year (inclusive), 50% of the income from dividends and bonuses shall be temporarily included in the taxable income; the individual income tax on the aforesaid income shall be calculated and levied at a uniform tax rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) signed by the Mainland of China and Hong Kong on August 21, 2006, the PRC Government may impose tax on dividends payable by a PRC company to Hong Kong residents (including natural persons and legal

entities), but the tax shall not exceed 10% of the gross amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, and provided that such Hong Kong resident is the beneficial owner of the dividends and satisfies other conditions, the relevant tax shall not exceed 5% of the gross amount of dividends payable by such PRC company. According to the Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income by the State Taxation Administration (《國家税務總局關於<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) (the "Fifth Protocol"), signed by the Mainland of China and Hong Kong on July 19, 2019 and effective on December 6, 2019, such provisions shall not apply to arrangements or transactions made with one of the main purposes of obtaining such tax benefits.

Enterprise Investors

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) (the "EIT Law") amended by the SCNPC on December 29, 2018 and implemented on the same date, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) (the "EIT Rules") amended by the State Council on December 6, 2024 and implemented on January 20, 2025, if a non-resident enterprise has not set up an establishment or place of business in the PRC, or has set up an establishment or place of business in the PRC but the income derived from the PRC is not actually connected with such establishment or place of business, it is generally required to pay enterprise income tax at a rate of 10% on its revenue derived from the PRC (including dividends paid by PRC resident enterprises whose shares are issued and listed in Hong Kong). The aforesaid income tax payable by the non-resident enterprise is subject to withholding at source, where the payer shall be the withholding agent, and the tax amount shall be withheld by the withholding agent from the payment. Such withholding tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

According to the Notice on Issues Concerning Withholding and Payment of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Overseas Non-resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) promulgated by the State Taxation Administration on November 6, 2008 and implemented on the same date, a PRC resident enterprise, when distributing dividends for the year 2008 and subsequent years to overseas non-resident enterprise shareholders of H shares, shall uniformly withhold and pay enterprise income tax at a rate of 10%. As further stipulated by the Official Reply on Issues Concerning the Imposition of Enterprise Income Tax on Dividends Derived by Non-resident Enterprises from Shares such as B Shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批復》) promulgated by the State Taxation Administration on July 24, 2009 and implemented on the same date, any PRC resident enterprise whose shares are publicly issued and listed inside or outside the PRC, when distributing dividends for the year 2008 and subsequent years to non-resident enterprise shareholders, shall uniformly withhold and pay enterprise income tax at a rate of 10%. The aforementioned tax rates may be further modified pursuant to the tax treaty or agreement (if applicable) entered into between the PRC government and the relevant countries or regions.

According to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), the PRC government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities), but such tax shall not exceed 10% of the total amount of dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, and such Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to an arrangement or a transaction made with one of the primary purposes of obtaining such tax benefits.

According to the applicable laws and regulations, we intend to withhold taxes at a rate of 10% from the dividends paid to non-PRC resident enterprise Shareholders of H Shares (including HKSCC Nominees. Non-PRC resident enterprises entitled to enjoy a reduced tax rate under applicable income tax treaties are required to apply to the PRC tax authorities for a refund of the withheld taxes in excess of the applicable treaty rate, and the relevant tax refund is subject to verification by the PRC tax authorities.

Taxation in relation to Share Transfer

Individual Investors

According to the Individual Income Tax Law (《個人所得税法》) and its implementation rules, gains realized from the sale of equity interests in PRC resident enterprises are subject to an individual income tax at a rate of 20%. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Incomes from the Transfer of Shares by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) promulgated by the Ministry of Finance and the State Administration of Taxation on March 30, 1998 and implemented on the same day, incomes derived by individuals from the transfer of listed company shares continues to be temporarily exempted from individual income tax since January 1, 1997. In the newly amended Enterprise Income Tax Law (《企業所得税法》) and its implementation rules, the State Administration of Taxation has not explicitly stipulated whether to continue exempting individual income tax on incomes derived by individuals from the transfer of listed company shares.

Enterprise Investors

According to the Enterprise Income Tax Law (《企業所得税法》) and its implementation rules, a non-PRC resident enterprise that has not established an institution or premises in the PRC, or has established an institution or premises but the income derived is not actually connected with the institution or premises established by it, shall be subject to enterprise income tax on its income derived from within the PRC (including the gains from the sale of equity interests in PRC resident enterprises) at a rate of 10%. The aforementioned income tax payable by non-PRC resident enterprises shall be subject to withholding at source, and the payer shall be the withholding agent. The tax shall be withheld by the withholding agent from the amount paid or payable each time such payment is made or due. Such withholding tax may be reduced or exempted pursuant to relevant tax treaties or agreements for the avoidance of double taxation.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花税法》) promulgated by the SCNPC on June 10, 2021 and implemented on July 1, 2022, the purchase and disposal of H Shares outside the PRC by non-PRC investors are not subject to the provisions of the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花税法》).

Inheritance Tax

Under PRC laws, inheritance tax is currently not levied in the PRC.

Tax Policies regarding Shenzhen-Hong Kong Stock Connect

According to the Notice on the Relevant Tax Policies for the Pilot Programme of the Shenzhen-Hong Kong Stock Market Trading Interconnection Mechanism (《關於深港股票市場交易互聯互通機制試點有關税收政策的通知》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on November 5, 2016, and implemented on December 5, 2016, the income from transfer spread derived by PRC corporate investors from investing in stocks listed on the SEHK through the Shenzhen-Hong Kong Stock Connect shall be included in their total revenue, and shall be subject to enterprise income tax in accordance with the law.

According to the Announcement on the Continuous Implementation of Individual Income Tax Policies relating to the Inter-connected Mechanism for Trading on the Shanghai and Hong Kong Stock Markets and the Shenzhen and Hong Kong Stock Markets and the Mutual Recognition of Funds between the Mainland and Hong Kong promulgated by the Ministry of Finance, the State Taxation Administration and the China Securities Regulatory Commission on August 21, 2023 and implemented on the same day, the gains on transfer derived by PRC individual investors from investing in shares listed on the SEHK through the Shenzhen-Hong Kong Stock Connect shall continue to be temporarily exempted from individual income tax, and such announcement is effective until December 31, 2027.

According to the Notice on Tax Policies concerning the Pilot Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets, for dividends and bonuses derived by PRC individual investors from investing in H shares listed on The Stock Exchange of Hong Kong Limited (SEHK) through the Shenzhen-Hong Kong Stock Connect, the H share companies shall submit an application to China Securities Depository and Clearing Corporation Limited, China Securities Depository and Clearing Corporation Limited shall provide the H share companies with the register of mainland individual investors, and the H share companies shall withhold individual income tax at the rate of 20%. For dividend and bonus income derived by PRC corporate investors from investing in shares listed on the SEHK through the Shenzhen-Hong Kong Stock Connect, such income shall be included in their total income, and subject to enterprise income tax in accordance with the law. Among which, the dividend and bonus income derived by PRC resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax in accordance with the law. H share companies listed on the SEHK shall submit an application to China Securities Depository and Clearing Corporation Limited, and China Securities Depository and Clearing Corporation Limited shall provide the H share companies with the register of mainland corporate investors. H share companies shall not withhold dividend and bonus income tax for PRC corporate investors, and the tax payable shall be declared and paid by the enterprises themselves.

Major Taxes of the Company in the PRC

Enterprise income tax

According to the EIT Law and the EIT Rules, a uniform 25% enterprise income tax rate is imposed on both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The enterprise income tax rate is reduced to 15% for the high-tech enterprises that need key support from the country.

According to the Announcement on Continuing the Enterprise Income Tax Policy for the Western Region Development (《關於延續西部大開發企業所得税政策的公告》), which was promulgated by the MOF, the SAT and the NDRC on January 1, 2021 and came into effect on January 1, 2021, from January 1, 2021 to December 31, 2030, enterprises in encouraged industries established in the western region shall be subject to enterprise income tax at a reduced rate of 15%. The western region referred to in the announcement includes Guangxi Zhuang Autonomous Region, Sichuan Province, Guizhou Province and Yunnan Province, among others.

Value-added tax

According to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值税法》), which was promulgated by the State Council on December 25, 2024 and came into effect on January 1, 2026, any unit or individual (including individual industrial and commercial households) that sells goods, services, intangible assets or immovable property within the territory of the PRC, or imports goods into the territory, shall be a taxpayer subject to value-added tax ("**VAT**") and shall pay VAT in accordance with the provisions of this law.

According to the Regulations on the Implementation of the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值税法實施條例》), which were promulgated by the State Council on December 25, 2025 and implemented on January 1, 2026, when issuing a VAT special invoice,

a taxpayer shall separately state the sales amount and the VAT amount. VAT credit vouchers shall comply with the relevant provisions of the competent tax authority under the State Council, and specifically include VAT special invoices, special customs bills of payment for VAT on import, tax payment vouchers, agricultural produce purchase invoices, agricultural produce sales invoices, and other credit vouchers that have the function of input tax credit.

According to the Notice on Adjusting Value-added Tax Rates (《關於調整增值税税率的通知》), which was promulgated by the MOF and the SAT on April 4, 2018 and came into effect on May 1, 2018, the value-added tax rates of 17% and 11% on sales and imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》), which was promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019, the VAT rates of 16% and 10% on sales and imported goods shall be adjusted to 13% and 9%, respectively.

Laws and regulations on employment and social welfare

Employment

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), which was amended by the SCNPC on December 29, 2018 and came into effect on the same day, employers shall establish sound employment rules and systems to protect workers' labor rights and fulfill its employment obligations. Employers must establish comprehensive labor safety and health policies. They must strictly implement national labor safety and health regulations and standards, provide labor safety and health education to workers, prevent accidents at work, and reduce occupational hazards.

According to the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), which was amended by the SCNPC on December 28, 2012 and came into effect on July 1, 2013, and the Regulations on the Implementation of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》), which were promulgated by the State Council on September 18, 2008 and came into effect on the same day, employers must enter into written labor contracts with workers and pay labor remuneration to workers timely and in full amount in accordance with the provisions of the labor contract and national regulations. Employers may terminate labor contracts with workers under certain circumstances and pay economic compensation to workers according to law.

Social insurance

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) (the "Social Insurance Law"), which was amended by the SCNPC on December 29, 2018, and came into effect on the same day, the state has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has stipulated the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which were amended by the State Council on March 24, 2019 and came into effect on the same day, enterprises shall register social insurance with the local social insurance agency and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

According to the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which was promulgated by the Supreme People's Court on July 31, 2025 and came into effect on

September 1, 2025, if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the Labor Contract Law, the court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

Housing provident funds

According to the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which were amended by the State Council on March 24, 2019 and came into effect on the same day, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, an application may be made to the people's court for compulsory enforcement. In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period; where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

Laws and regulations on overseas listing

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Trial Measures for Overseas Listing"), which were promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, the CSRC has comprehensively reformed the regulatory framework for direct or indirect overseas securities offering and listing by PRC domestic companies. PRC domestic companies seeking overseas securities offering and listing, either directly or indirectly, shall fulfill the filing procedure with the CSRC and report relevant materials.

According to the Trial Measures for Overseas Listing, no overseas offering and listing shall be made under any of the following circumstances: (i) where such securities offering and listing is explicitly prohibited by provisions in PRC laws, administrative regulations or relevant state rules; (ii) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; or (v) where there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder or actual controller.

According to the Trial Measures for Overseas Listing, initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which were promulgated by the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration of China on February

24, 2023 and implemented on March 31, 2023, a domestic company that plans to, either directly or through its overseas listed entity, publicly disclose or provide to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any documents and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level. A domestic company that provides accounting archives or copies of accounting archives to any entities including securities companies, securities service providers and overseas regulators and individuals shall fulfill due procedures in compliance with applicable national regulations. Working papers produced in the Chinese mainland by securities companies and securities service providers in the process of undertaking businesses related to overseas offering and listing by domestic companies shall be retained in the Chinese mainland. Where such documents need to be transferred or transmitted to outside the Chinese mainland, relevant approval procedures stipulated by national regulations shall be followed.

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.

On June 23, 2016, our Company was founded by seven investors, including Xiangtan Electrochem, a member of our Single Largest Group of Shareholders. Over the years, we have continuously enhanced and refined our production technologies through independent research and development, process optimization and product innovation, thereby establishing our own proprietary technological capabilities and core competencies in lithium-ion battery cathode materials. We have established a nationwide manufacturing network in the PRC, and commenced our global expansion by establishing a manufacturing facility in Europe to support the growing market demand for lithium-ion battery materials.

On November 20, 2020, we were converted into a joint stock company with limited liability. In February 2023, we completed the listing of our A Shares on the ChiNext of the Shenzhen Stock Exchange (stock code: 301358.SZ).

MILESTONES

The following is a summary of our key business development milestones.

Year	Event
2016	We established our headquarters and production base in Hunan Province.
2018	We commenced the mass commercial supply of our LFP cathode materials to CATL and BYD.
2019	We established our manufacturing base in Guangxi Province, initiating our development of nationwide manufacturing footprint.
2020	We established our manufacturing base in Sichuan Province, and our sales volume of phosphate cathode materials ranked first globally for the first time in the same year.
	We were converted into a joint stock company with limited liability, and introduced strategic investors.
	We acquired Jingxi Xiangtan Electrochem New Energy Material Co., Ltd. (靖西湘潭電化新能源材料有限公司), commencing our in-house production of iron phosphate.
2021	We concurrently commenced the construction of our two major production bases in Guizhou and Yunnan to further expand our manufacturing footprint.
2023	We completed the listing of our A Shares on the ChiNext of the Shenzhen Stock Exchange (stock code: 301358.SZ).
	We established Hunan Yuneng Recycling Technology Co., Ltd. (湖南裕能循環科技有限公司) to commence our lithium carbonate processing and lithium battery recycling businesses.
2024	We achieved 100% self-sufficiency in the supply of iron phosphate.
	We obtained the mining rights for the Huangjiapo and Dashichang phosphate mines in Guizhou Province, further extending our industry value chain upstream into mineral resource development.
	We established a subsidiary in Spain, commencing our global footprint.

Year	Event
2025	The sales volume of our phosphate cathode materials exceeded one million tons, ranking first globally for the sixth consecutive year.
2026	We completed a non-public issuance of our A Shares to specific investors in the A-share market, raising net proceeds of approximately RMB4,732.19 million.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our Major Subsidiaries which had made a material contribution to our results of operation during the Track Record Period or of strategic significance to our business:

Name of subsidiary	Place of establishment	Date of establishment	Shareholding	Principal business activities
Sichuan Yuneng New Energy Battery Material Co., Ltd. (四川裕能新能源電池材料有限公司)	PRC	March 2, 2020	100%	research and development, production and sale of lithium-ion battery materials
Sichuan Yuning New Energy Material Co., Ltd. (四川裕寧新能源材料有限公司)	PRC	May 26, 2020	100%	research and development, production and sale of lithium-ion battery materials
Yunnan Yuneng New Energy Battery Material Co., Ltd. (雲南裕能新能源電池材料有限公司)	PRC	July 5, 2021	100%	research and development, production and sale of lithium-ion battery materials
Guizhou Yuneng New Energy Battery Material Co., Ltd. (貴州裕能新能源電池材料有限公司)	PRC	July 5, 2021	100%	research and development, production and sale of lithium-ion battery materials
Guizhou Yuneng Mining Co., Ltd. (貴州裕能礦業有限公司)	PRC	May 17, 2022	67%	mining of mineral resources and mineral processing
Hunan Yuneng Recycling Technology Co., Ltd. (湖南裕能循環科技有限公司)	PRC	February 16, 2023	100%	processing, recycling and production of lithium carbonate resources
Yuneng International (Spain) New Energy Battery Material, S.L.	Spain	August 7, 2024	100%	research and development, production and sale of lithium-ion battery materials

For further details of our Company's subsidiaries, see "— Corporate Structure" in this section.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Early Development of our Company

Our Company was established on June 23, 2016, under the laws of the PRC as a limited liability company with an initial registered capital of RMB100,000,000, which was held by Lihui New Material as to 40%, Xiangtan Electrochem as to 20%, and five other Shareholders each holding no more than 10% interests therein and being an Independent Third Party as of the Latest Practicable Date.

In December 2017, we further completed a capital increase. As a result, our registered capital was increased to RMB230,000,000, which was held by Lihui New Material as to 17.39%, Xiangtan Electrochem as to 16.07%, Jinsheng New Material as to 16.07%, Electrochem Group as to 6.27%, and eight other Shareholders each holding no more than 10% interests therein and being an Independent Third Party as of the Latest Practicable Date.

Share Transfers and Capital Increases

From April 2019 to June 2020, our Company underwent several rounds of capital injections. As of June 2020, the registered capital of our Company increased to RMB299,230,700, which was held by Xiangtan Electrochem as to 16.07%, Jinsheng New Material as to 16.07%, Lihui New Material as to 13.37%, Electrochem Group as to 12.84%, and other 11 Shareholders each holding no more than 10% interests therein and being an Independent Third Party as of the Latest Practicable Date.

Conversion into a Joint Stock Company

In November 2020, our Company was converted into a joint stock company with limited liability (the "**Conversion**") with the registered capital of RMB299,230,700, divided into 299,230,700 Shares of RMB1.0 each, which were subscribed by and issued to the then Shareholders of our Company in proportion to their respective equity interest in our Company. The shareholding structure of our Company immediately following the Conversion was as follows:

Shareholders	Number of Shares	Percentage of Shareholding
Xiangtan Electrochem and Electrochem Group[(1)]	86,495,000	28.91%
Jinsheng New Material[(2)]	48,080,400	16.07%
Lihui New Material[(2)]	40,000,000	13.37%
Liangxing Group[(3)]	20,403,100	6.82%
Wen Yu[(4)]	19,980,000	6.68%
Zhiyue Group[(5)]	19,980,000	6.68%
Changjiang Chendao (Hubei) New Energy Industry Investment Partnership (Limited Partnership) (長江晨道(湖北)新能源產業投資合夥企業(有限合夥))	19,513,800	6.52%
Jiangsu Huogao New Energy Technology Co., Ltd. (江蘇火高新能源科技有限公司) ("**Huogao Technology**")[(6)]	17,500,000	5.85%
Hunan Longying No. 1 Investment Partnership Enterprise (Limited Partnership) (湖南隆盈壹號投資合夥企業(有限合夥))[(7)]	15,384,600	5.14%
Lhasa Economic and Technological Development Zone Tianyi Small and Medium-sized Enterprise Services Co., Ltd. (拉薩經濟技術開發區天易中小企業服務有限公司)[(8)]	10,740,000	3.59%
Xiangtan Yuhe[(9)]	1,153,800	0.39%
Total	**299,230,700**	**100.00%**

Notes:

(1) Included 48,080,400 Shares held by Xiangtan Electrochem and 38,414,600 Shares held by Electrochem Group.

(2) An Independent Third Party as of the Latest Practicable Date.

(3) Included 10,000,000 Shares held by Anyi Liangxing Hongshen No. 1 Venture Capital Partnership (Limited Partnership) (安義兩型弘申一號創業投資合夥企業(有限合夥), formerly known as Huzhou Liangxing Hongshen No. 1 Venture Capital Partnership (Limited Partnership) (湖州兩型弘申一號創業投資合夥企業(有限合夥))), Hainan Liangxing Hongshen No. 1 Fund Partnership (Limited Partnership) (海南兩型弘申一號基金合夥企業(有限合夥)), and Shenzhen Liangxing Hongshen No. 1 Management Enterprise (Limited Partnership) (深圳兩型弘申一號管理企業(有限合夥)), 8,480,000 Shares held by Hainan Liangxing Hongshen No. 2 Fund Partnership (Limited Partnership) (海南兩型弘申二號基金合夥企業(有限合夥), formerly known as Shenzhen Liangxing Hongshen No. 2 Management Enterprise (Limited Partnership) (深圳兩型弘申二號管理企業(有限合夥))) and 1,923,100 Shares held by Xizang Liangxing Enterprise Management Co., Ltd. (西藏兩型企業管理有限公司, formerly known as Xizang Liangxing Capital Management Co., Ltd. (西藏兩型資本管理有限公司)).

(4) Wen Yu is our former director.

(5) Included 10,000,000 Shares held by Zhoushan Zhiyue Shaohan Venture Capital Center (Limited Partnership) (舟山智越韶瀚創業投資中心(有限合夥)) (formerly known as Shanghai Zhiyue Shaohan Investment Center (Limited Partnership) (上海智越韶瀚投資中心(有限合夥))) and 9,980,000 Shares held by Zhoushan Zhiyue Rongxi Investment Partnership (Limited Partnership) (舟山智越榮熙投資合夥企業(有限合夥)).

(6) Formerly known as Shenzhen Huogao Technology Co., Ltd. (深圳火高科技有限公司).

(7) Formerly known as ABCI (Hunan) No. 1 Equity Investment Partnership (Limited Partnership) (農銀(湖南)壹號股權投資企業(有限合夥)).

(8) Formerly known as Xiangtan Tianyi Small and Medium-sized Enterprise Services Co., Ltd. (湘潭天易中小企業服務有限公司).

(9) Xiangtan Yuhe is one of our Employee Shareholding Platforms.

Strategic Financing in December 2020

In December 2020, concurrently with the establishment of six Employee Shareholding Platforms, we introduced new strategic investors, including CATL and BYD. Our registered capital increased from RMB299,230,700 to RMB567,939,870. Such subscriptions were made at a price of RMB3.3419 per Share, comprising cash contributions of RMB648,000,000 and an equity contribution of RMB250,000,000.

Upon completion of the aforesaid capital increase, our Company was held by Electrochem Group as to 13.48%, Jinsheng New Material as to 10.57%, CATL as to 10.54%, Xiangtan Electrochem as to 8.47%, Zhenxiang SAOI as to 1.05%, Employee Shareholding Platforms as to 10.72%, and 17 other Shareholders as to approximately 45.17% in total, each holding no more than 10% interests therein and being an Independent Third Party as of the Latest Practicable Date.

Listing on the Shenzhen Stock Exchange

On February 9, 2023, our A Shares were listed on the ChiNext of the Shenzhen Stock Exchange under the stock code of 301358 (the "**A-Shares Listing**"). In connection with the A-Shares Listing, we issued an aggregate of 189,313,200 A Shares, accounting for approximately 25% of our enlarged share capital immediately following the completion of the A-Shares Listing. Immediately upon the completion of the A-Shares Listing, our registered capital increased to RMB757,253,070.

Following the new issuance of A Shares in July 2025 pursuant to the 2024 Restricted Share Incentive Plan, our registered capital further increased to RMB760,802,721.

Non-public Offering of A Shares in 2026 and Subsequent Changes in Share Capital

In April 2026, to support our manufacturing expansion plans and for general working capital purposes, our Company completed a non-public offering of 82,537,493 A Shares. The offer price was RMB58.01 per A Share, which was determined based on various factors, including, among other things, the average trading price of our A Shares of the 20 trading days prior to the pricing date and the indicative investment interest of potential investors. The new A Shares were eventually placed to 18 specific investors which comprised insurance companies and asset managers, all of whom, to the best knowledge of our Directors, were Independent Third Parties. We raised net proceeds of approximately RMB4,732.19 million. Immediately following the completion of this offering, our registered capital increased from RMB760,802,721 to RMB843,340,214.

Since April 2026, the registered capital of our Company further increased to RMB847,731,658 as a result of issuance of A Shares under our 2024 Restricted Share Incentive Plan. Except for the issuance of A Shares in accordance with the 2024 Restricted Share Incentive Plan, details of which are set forth in the section headed "D. 2024 Restricted Share Incentive Plan" in Appendix V to this document, there were no other outstanding options, warrants, or convertible securities that could potentially affect the shareholding structure of our Company as of the Latest Practicable Date. As of Latest Practicable Date, the registered capital of our Company was RMB847,731,658.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we consider material to us.

OUR A SHARE LISTING AND REASONS FOR THE H SHARE [**REDACTED**]

Since February 2023, our A Shares have been listed on the ChiNext of the Shenzhen Stock Exchange. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, there had been no instances of our material non-compliance with the applicable rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations. To the best knowledge of our Directors having made all reasonable enquiries, there are no material matters in relation to our compliance record on the Shenzhen Stock Exchange that should be brought to the attention of the Stock Exchange or [**REDACTED**] of the [**REDACTED**]. Our PRC Legal Advisor is of the view that, there had been no instances of our material non-compliance with the applicable securities laws and regulations in the PRC in relation to its listing on the Shenzhen Stock Exchange in any material respect for the three years ended December 31, 2023, 2024 and 2025, and up to the date of submission of the H Share [**REDACTED**] to the Hong Kong Stock Exchange. Based on the view of our PRC Legal Advisor as disclosed above and the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause it to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

We seek to [**REDACTED**] our H Shares on the Stock Exchange to further advance our global strategic expansion, establish an international capital operations platform, and enhance our overall competitiveness. See "Business — Our Strategies" and "Future Plans and [**REDACTED**]" in this document for more details.

PUBLIC FLOAT

Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3,000,000,000.

Our A Shares are listed on the Shenzhen Stock Exchange. The total number of the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] represents approximately [**REDACTED**]% of the total issued share capital of our Company (before any exercise of the [**REDACTED**]). Immediately following the completion of the [**REDACTED**] (before any exercise of the [**REDACTED**]), the total market value of the H Shares expected to be held by the public represents approximately HK$[**REDACTED**], which is higher than the prescribed market value of H Shares required to be held in public hands under Rule 19A.13A(2) of the Listing Rules calculated based on the [**REDACTED**] of HK$[**REDACTED**] per H Share. Based on the above, it is expected that our Company will satisfy the public float requirement under Rule 19A.13A(2) of the Listing Rules.

FREE FLOAT

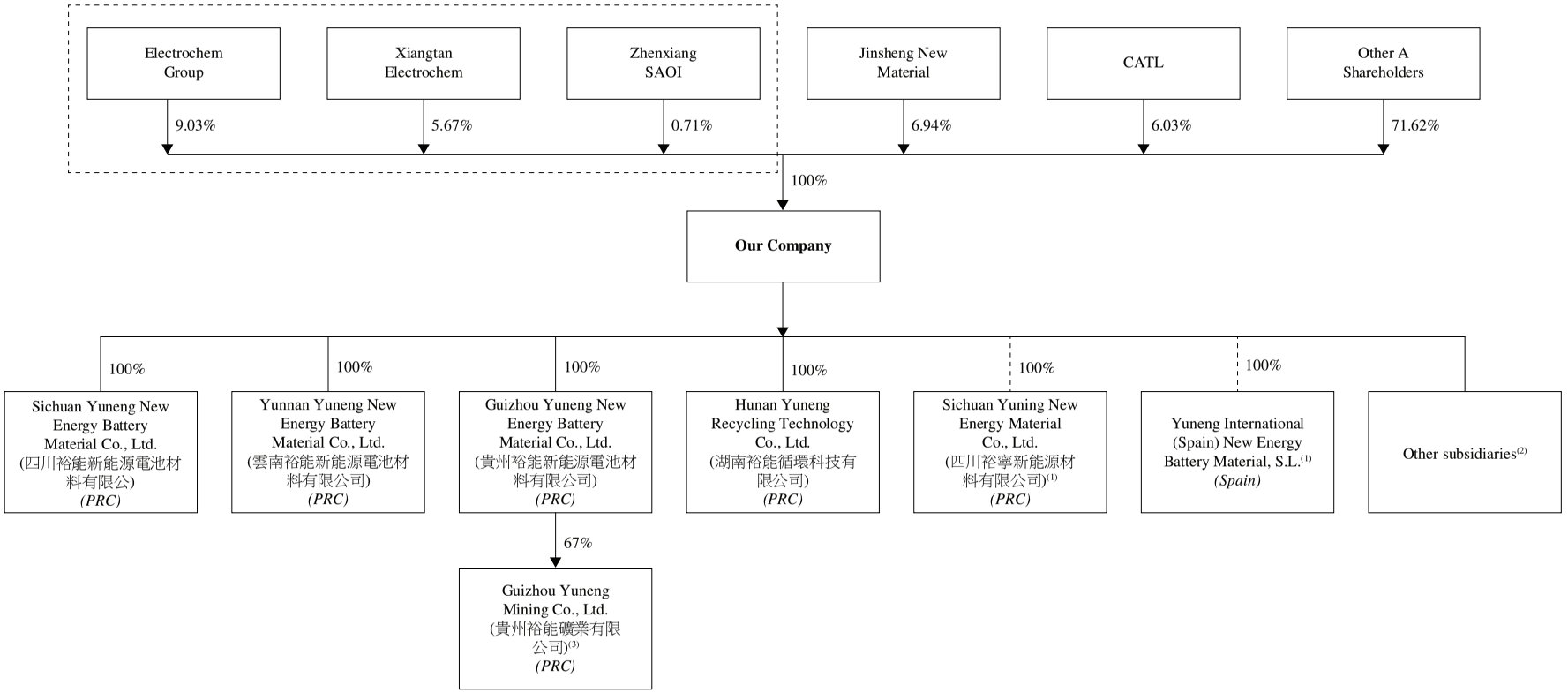
Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

The Company has proposed to adopt mechanism B under Chapter 4.14 of the Guide for New Listing Applicants. Accordingly, [**REDACTED**] of the initial [**REDACTED**] shall be [**REDACTED**] to the public [**REDACTED**] tranche, and at least [**REDACTED**] of the [**REDACTED**] shall be [**REDACTED**] to the [**REDACTED**] tranche (other than [**REDACTED**]) pursuant to paragraph 3.2 of Practice Note 18 to the Listing Rules. Therefore, at least [**REDACTED**] of the [**REDACTED**] will not be subject to lock-up at the time of the [**REDACTED**]. Taking into account the total number of at least [**REDACTED**] H shares which will be held by the public and not subject to any disposal restrictions, with expected market capitalization at the time of the [**REDACTED**] of approximately HK$[**REDACTED**] calculated based on the [**REDACTED**] of HK$[**REDACTED**] per H Share, which is higher than the prescribed market capitalization of not less than HK$600,000,000 under Rule 19A.13C(2)(b), the Company will thereby satisfy the free float requirement under Rule 19A.13C(2)(b) of the Listing Rules at the time of [**REDACTED**].

CORPORATE STRUCTURE

Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately before the [**REDACTED**], assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].



Notes:

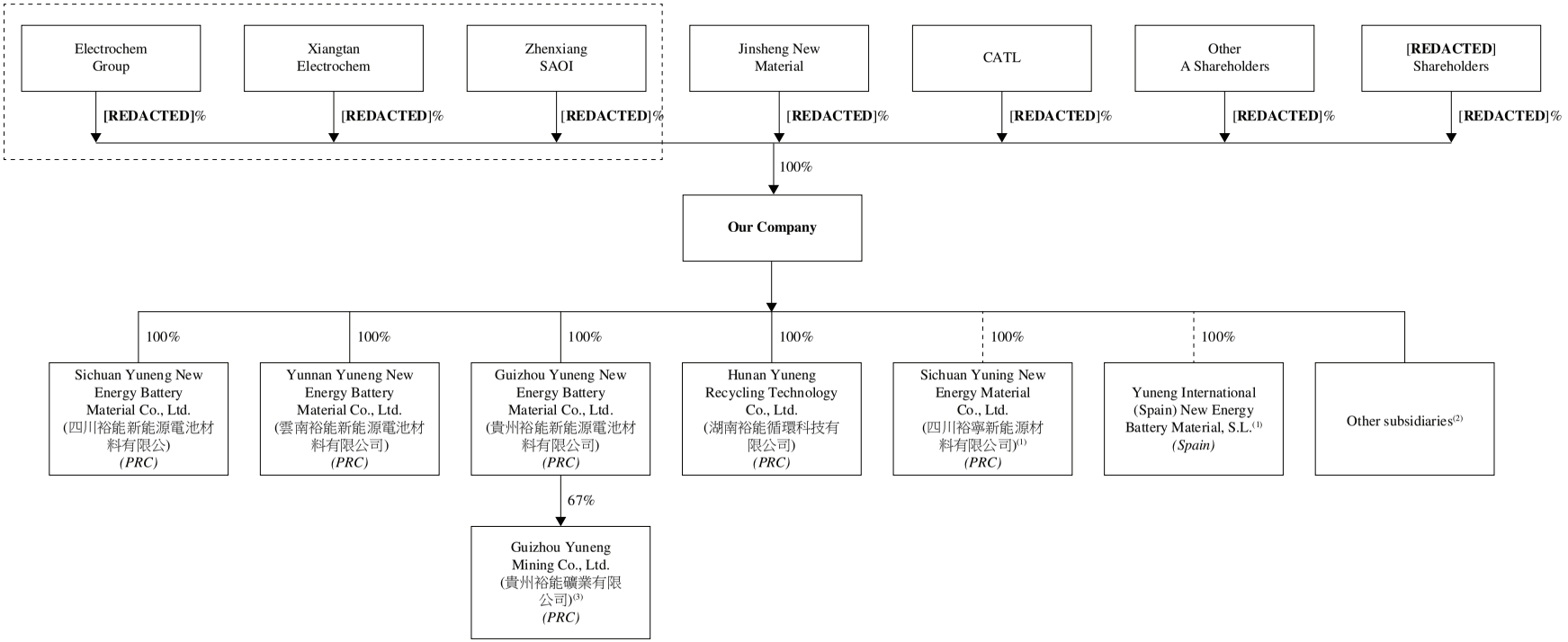
(1) Indirectly wholly owned by our Company.

(2) As of the Latest Practicable Date, we had a total of 21 subsidiaries, including our Major Subsidiaries and the remaining 14 subsidiaries incorporated in various jurisdictions, which included: (i) Guangxi Yuneng New Energy Battery Material Co., Ltd. (廣西裕能新能源電池材料有限公司); (ii) Guangxi Yuning New Energy Material Co., Ltd. (廣西裕寧新能源材料有限公司); (iii) Yunnan Yusheng Chemical New Material Co., Ltd. (雲南裕盛化工新材料有限公司); (iv) Guizhou Changsheng Trading Co., Ltd. (貴州長盛貿易有限公司); (v) Hunan Yuneng Modern Logistics Co., Ltd. (湖南裕能現代物流有限公司); (vi) Sichuan Yuyan New Material Co., Ltd. (四川裕沿新材料有限公司); (vii) Yuneng Copper Industry (Guizhou) Co., Ltd. (裕能銅業(貴州)有限公司); (viii) Guizhou Yuxing Environmental Protection Technology Co., Ltd. (貴州裕星環保科技有限公司); (ix) Hunan Yuneng Funeng Trading Co., Ltd. (湖南裕能賦能貿易有限公司); (x) Hunan Yuneng Shunxing Sales Co., Ltd. (湖南裕能順興銷售有限公司); (xi) Yuneng International (SGP) Development PTE. Ltd.; (xii) Yuneng International (SGP) Investment PTE. Ltd.; (xiii) Yuneng Phosphorus Chemical (Guizhou) Co., Ltd. (裕能磷化工(貴州)有限公司); and (xiv) Yuneng Wengfa (Guizhou) New Energy Battery Material Co., Ltd. (裕能甕發(貴州)新能源電池材料有限公司). All our non-major subsidiaries are wholly owned by our Company, except that (i) Sichuan Yuyan New Material Co., Ltd. was owned as to 41% by Chengdu Guangyu Chemical Co., Ltd. (成都廣裕化工有限公司), which was in turn owned as to 65% by Sichuan Leishuo Electronic Material Co., Ltd. (四川雷碩電子材料有限公司), an Independent Third Party, and as to 35% by three other shareholders each holding no more than 30% therein; and (ii) Guizhou Yuxing Environmental Protection Technology Co., Ltd. was owned as to 20% by Xiangtan Xingsha Resource Recycling and Utilization Co., Ltd. (湘潭市星砂資源再生利用有限公司), an Independent Third Party.

(3) As of the Latest Practicable Date, Guizhou Yuneng Mining Co., Ltd. was owned as to 33% by Guizhou Huazhong Enterprise Management Co., Ltd. (貴州華眾企業管理有限公司), an Independent Third Party.

Corporate Structure Immediately Following the Completion of the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately following the completion the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and the [**REDACTED**].



Notes (1) to (3): see "Corporate Structure Immediately Before the [**REDACTED**]."

OVERVIEW

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

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

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

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

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

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

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

Leading Market Position

Global market share of phosphate-based cathode materials[1] **28.2%**

Ranked **No. 1** globally by shipment volume for **six consecutive years** (2020–2025)

Market share of premium LFP cathode material[1] **55.4%**, ranked **No. 1** globally

Extensive Customer Coverage[1]

China's top 10 power battery manufacturers: **10/10**

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

Global top 10 power battery manufacturers: **9/10**

Global top 10 energy storage battery manufacturers: **10/10**

Vertically Integrated Operation

One of the very few in the industry to have achieved "resources — precursors — cathode materials — recycling"

100% in-house production of iron phosphate

Strong Profitability

One of the very few in the industry to have consistently sustained profitability across industry cycles[2]

Profit attributable to owners of the Company[3] increased by **115.2%** in 2025

Profit attributable to owners of the Company[4] increased by **1,337.8%** for the three months ended March 31, 2026

Notes:

(1) Data source: Frost & Sullivan; in terms of shipment volume in 2025

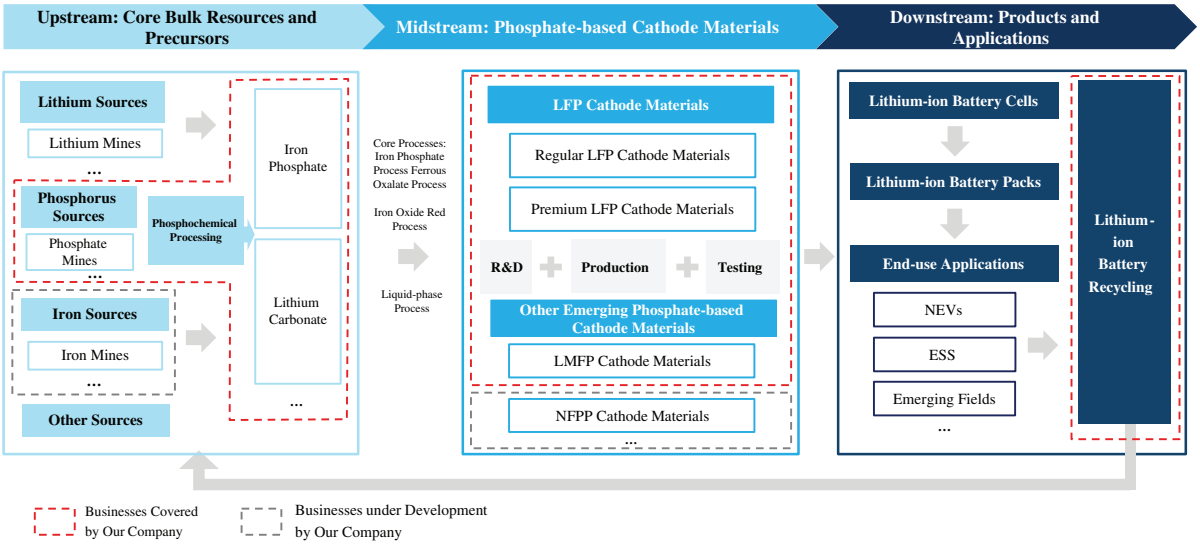
(2) Since 2020, the phosphate-based cathode materials industry has undergone cyclical fluctuations, with the vast majority of industry participants reporting losses in 2023 and 2024.

(3) Compared to 2024

(4) Compared to the three months ended March 31, 2025

Our Business

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



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

Our Scale and Profitability

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

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

Our Vertically Integrated Operation

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

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

Our Technology Innovation

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

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

Our Customer Base and Global Expansion

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

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

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

Our Sustainability Initiatives

We are committed to promoting green and sustainable development through high standards of ESG governance. We have established phased carbon reduction targets, including achieving 100% renewable electricity consumption by 2030, operational carbon neutrality by 2035 and carbon neutrality across our entire value chain by 2040. We have conducted greenhouse gas verification for three consecutive years since the beginning of the Track Record Period and completed product carbon footprint certification under ISO 14067:2018 for three consecutive years. In 2025, the greenhouse gas emission intensity of our integrated products (tCO_2/t) decreased by 9.9% compared with 2023. We have completed carbon footprint certification for our principal products, and our compliance rate for hazardous substance requirements reached 100%. We have also continued to strengthen our environmental management systems, corporate governance and social responsibility initiatives. See "— Environmental, Social and Governance."

OUR STRENGTHS

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

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

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

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

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

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

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

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

Our phosphate-based cathode material products are designed to enable batteries with high energy density, long cycle life, high fast-charging capability/energy efficiency, while sustaining high consistency, as well as cost competitiveness. Our premium LFP cathode material products that have achieved stable mass production feature compaction densities of approximately 2.6 g/cm^3 or higher. These products are designed to enable batteries with 6C fast-charging capability, high energy density and strong low-temperature performance. Our LFP cathode materials designed for energy storage applications are capable of achieving over 12,000 charge-discharge cycles and, according to Frost & Sullivan, demonstrating high energy efficiency and overcharge safety as compared with the industry average, which is highly recognized by our downstream customers.

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

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

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

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

Our Upstream Mineral Resource Deployment Reinforces Raw Material Supply Security

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

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

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

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

We Continue to Strengthen Our Lithium Resource Processing and Recycling Capabilities

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

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

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

We Possess Leading Industrialization and Production Capabilities for Stable Mass Production

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

Our Global Layout of Production Capacity Provides Distinct Scale Advantages

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

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

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

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

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

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

Experienced Management Team with Strategic Vision and Strong Execution Capabilities

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

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

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

OUR STRATEGIES

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

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

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

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

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

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

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

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

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

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

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

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

Global Presence: Building a Global Production and Localized Service Network

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

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

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

OUR PRODUCTS

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

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

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

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

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

Note:

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

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

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

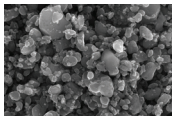
Performance Characteristics	Particulars
High fast-charging capability/energy efficiency	Following the first sintering step, which removes gaseous components from raw materials such as lithium carbonate, the secondary sintering step, which incorporates carbon source addition and grinding, enhances the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

Our LFP cathode materials are of differentiated performance specifications, enabling us to meet the varying technical requirements of different battery applications. The compaction density of our LFP cathode material powder is 2.3-2.7 g/cm^3. Higher compaction density enables a greater amount of LFP cathode material to be accommodated within a given volume, thereby increasing the energy density of the battery. Our premium LFP cathode material products that have achieved stable mass production feature compaction densities of approximately 2.6 g/cm^3 or higher. Batteries incorporating our LFP cathode materials mainly exhibit the following key performance characteristics under applicable testing conditions:

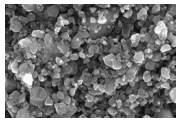
- **Specific capacity (full cell):** approximately 145-146 mAh/g;
- **Cell energy density (full cell):** approximately 180-210 Wh/kg;
- **Fast-charging capability (power battery):** under charging rate of 6C, with capacity retention of no less than 98%;
- **Energy efficiency (energy storage battery):**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

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

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

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

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

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

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

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

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

RESEARCH AND DEVELOPMENT

R&D Team and Investment

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

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

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

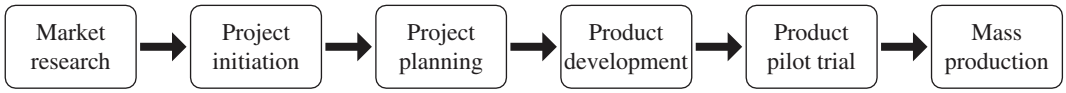
As of March 31, 2026, we had an R&D team of 683 members, representing approximately 8.1% of our total workforce as of the same date. Our R&D team are experienced in material design, precursor preparation, doping, coating and sintering, and the engineering of cathode materials for end applications, and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

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

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

R&D Approach and Process

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



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

Our Technologies

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

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

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

Key R&D Projects

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

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

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

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

R&D Cooperation

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

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

- ***Term.*** The initial term of the agreement is typically determined based on the time required for project implementation. Upon expiry of the agreement, the parties will negotiate whether to renew the agreement based on the status of their cooperation.

- ***Objective.*** The R&D objectives are specified in the cooperation agreements.

- ***Costs and resources.*** Each party generally bears its own costs incurred in performing the agreement.

- ***Intellectual property rights.*** Intellectual property rights arising from our collaborations are typically either solely owned by us or jointly owned by the parties, subject to the specific terms of each agreement.

- ***Confidentiality.*** Both parties are restricted from disclosing confidential information of the other party.

PRODUCTION

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

Our Vertically Integrated Operation

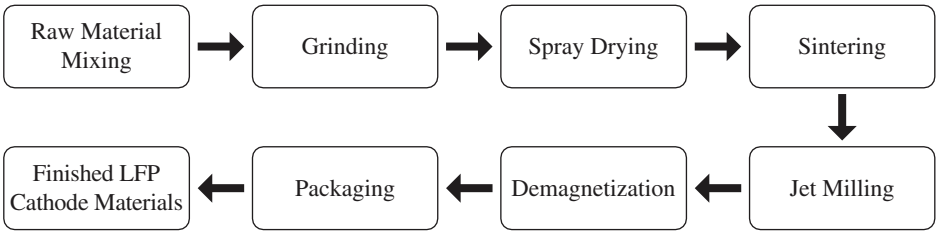
Leveraging our upstream phosphate resources, technological expertise and manufacturing capabilities in LFP cathode materials, we have established a vertically integrated operation spanning "resources — precursors — cathode materials — recycling". We have integrated key stages from phosphate resource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

Production Process of Our LFP Cathode Materials

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

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

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



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

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

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

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

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

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

Mineral Resources

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

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

Principal Production Bases

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

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

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

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

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

Notes:

(1) The production capacity for a given year or period is generally calculated based on the originally planned annual production capacity of the relevant production lines, assuming they operate at their full planned production capacity, taking into account the period during which such production lines are in operation in the relevant year or period.

(2) The actual production volume represents the total volume of products produced during the relevant year or period.

(3) The utilization rate is calculated as the production volume divided by the production capacity during the same year or period.

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

Planned Production Bases

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

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

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

QUALITY CONTROL

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

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

- ***Supplier management***. We conduct evaluation of qualified suppliers based on factors such as product quality, delivery, service and cost performance. See "— Our Supply Chain — Our Suppliers."

- ***Incoming raw material inspection***. We inspect raw materials and production materials before they are accepted for warehousing or production.

- ***Production process control***. We closely monitor the entire production process, from raw material mixing to finished product packaging, to ensure product consistency.

- ***Finished product inspection***. We conduct inspection before product delivery based on applicable product standards and customer requirements.

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

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

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

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

SALES AND MARKETING

Our Sales Network

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

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

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

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

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

- **Term.** The agreements generally have a term of one to three years.

- **Pricing.** Prices are generally set out in purchase orders.

- **Purchase orders.** Customers place purchase orders with us, typically setting out the type, specifications, unit price, quantity and time of delivery of the products they require.

- **Quantity.** Our framework sales agreements generally do not contain minimum purchase commitments, and actual purchase quantities are determined based on specific purchase orders.

- **Rights and obligations.** We are responsible for providing products in compliance with applicable national and industry standards and the requirements and specifications prescribed in the relevant agreement and/or purchase orders. Customers are generally entitled to conduct inspection on the delivered products.

- **Payment and credit term.** Customers make payment in accordance with the relevant purchase orders upon acceptance of the products or receipt of invoice. We generally grant credit terms of up to 60 days.

- **Quality control.** The standards and specifications of products will be specified in the agreement and/or separate purchase orders. We generally provide a one-year warranty as specified in the relevant agreement.

- **Delivery and logistics.** We generally deliver products to locations designated by customers. Delivery arrangements may vary depending on customer requirements and the relevant purchase orders.

- **Termination.** The agreements may generally be terminated (i) by mutual agreement in writing, (ii) upon advance written notice, and/or (iii) unilaterally by the non-defaulting party upon the occurrence of certain events specified in the relevant agreements.

Pricing

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

After-sales Service

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

Marketing

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

OUR CUSTOMERS

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

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

For the three months ended March 31, 2026

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

Notes:

(1) A public company headquartered in Ningde, China and listed on the ChiNext of the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, primarily engaging in the manufacture of power batteries and energy storage batteries.

(2) A public company headquartered in Shenzhen, China and listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, primarily engaging in the manufacture of new energy vehicles and power batteries.

(3) A public company headquartered in Huizhou, China and listed on the ChiNext of the Shenzhen Stock Exchange, primarily engaging in the manufacture of consumer batteries, power batteries and energy storage batteries.

(4) A public company headquartered in Shenzhen, China and listed on the ChiNext of the Shenzhen Stock Exchange, primarily engaging in the manufacture of lithium-ion batteries and battery modules.

(5) A private company headquartered in Xiamen, China, primarily engaging in the manufacture of energy storage batteries and ESS.

For the year ended December 31, 2025

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

Notes:

(6) A public company headquartered in Wenzhou, China and listed on the Hong Kong Stock Exchange, primarily engaging in the manufacture of power batteries and energy storage batteries.

(7) A private company headquartered in Wuxi, China, primarily engaging in the manufacture of power batteries and energy storage batteries. It is a subsidiary of a multinational green technology group.

For the year ended December 31, 2024

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

For the year ended December 31, 2023

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

Customer Concentration

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

- We have established long-term and stable business relationships with our major customers. According to Frost & Sullivan, leading global battery manufacturers tend to forge deep, strategic partnerships with a select group of technologically advanced and scalable material suppliers rather than frequently changing suppliers, because consistency in raw material quality is critical to the performance, safety and reliability of their end-products. LFP cathode materials are key raw materials that directly affect the performance and quality of lithium-ion batteries. As a result, battery manufacturers generally maintain stringent supplier qualification and product verification procedures, and the qualification process for leading battery manufacturers typically takes one to two years. Once qualified, suppliers generally maintain relatively stable business relationships with customers due to the time, costs and operational risks associated with changing qualified suppliers. Our five largest customers are among the leading lithium-ion battery manufacturers globally and are well positioned to benefit from this continued market growth. Accordingly, we believe the sustained expansion of the lithium-ion battery market, together with our long-term business relationships with these leading battery manufacturers, provides a solid foundation for the continued demand for our products and supports the long-term sustainability of our business and financial performance.

- Our technological capabilities, manufacturing scale and vertically integrated operation reinforce the sustainability of our customer relationships. We continuously enhance our product competitiveness through ongoing R&D, technological innovation and process optimization. Our LFP cathode materials are recognized by our customers for their high energy density, long cycle life, excellent low-temperature performance, cost-effectiveness and consistent product quality. Together with our vertically integrated operation spanning phosphate resources, precursor manufacturing and cathode material production, these capabilities enable us to provide consistent product quality, reliable supply and competitive pricing, thereby strengthening customer loyalty and supporting long-term cooperation with our major customers.

- Our leading market position enables us to establish and maintain business relationships with leading battery manufacturers while continuing to diversify our customer base. According to Frost & Sullivan, we were the world's largest supplier of phosphate-based cathode materials by shipment volume for six consecutive years from 2020 to 2025, with a global market share of 28.2% in 2025. According to Frost & Sullivan, in 2025, our customer base included all of the top ten power battery manufacturers and energy storage battery manufacturers by shipment volume in China. In the same year, our customer base included all of the top ten global energy storage battery manufacturers by shipment volume, as well as nine of the top ten global power battery manufacturers by shipment volume. Our established market position, manufacturing scale and proven track record have enabled us to serve leading lithium-ion battery manufacturers while continuously expanding our customer base. As a result, the aggregate revenue contribution from our five largest customers decreased from approximately 96.1% in 2023 to 81.4% in 2024 and further to 71.3% in 2025, and further decreased to 63.6% for the three months ended March 31, 2026. We believe this trend reflects our continued efforts to broaden our customer base and optimize our customer portfolio while maintaining stable business relationships with our strategic customers.

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

Third-Party Payment Arrangement

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

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

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

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

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

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

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

OUR SUPPLY CHAIN

Raw Materials

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

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

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

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

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

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

Our Suppliers

Supplier Selection and Management

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

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

- ***Price.*** Depending on the type of materials and suppliers involved, prices can either follow the procurement agreement or be determined/adjusted according to the latest market prices at the time of order.

- ***Inspection and returns.*** Product inspection shall be carried out within the specified period upon delivery. We have the right to return defective materials that fail to meet agreed quality standards, and the supplier shall provide remedies, including returns and/or exchanges.

- ***Credit terms and payment.*** Credit terms and payment methods shall be outlined in the purchase orders. Where we are granted credit terms, such credit terms typically range from one to two months.

- ***Confidentiality and anti-corruption.*** We typically include confidentiality and anti-corruption provisions in our agreements.

- ***Renewal and termination clauses.*** The framework procurement agreement typically terminates upon the expiration of the agreed term.

- ***Others.*** Other terms such as delivery methods and date.

Our Major Suppliers

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

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

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

For the three months ended March 31, 2026

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

Notes:

(1) A public company headquartered in Santiago, Chile and listed on the New York Stock Exchange and the Santiago Stock Exchange, primarily engaging in the sales of lithium and specialty chemical products.

(2) A public company headquartered in Xiamen, China and listed on the Shanghai Stock Exchange, primarily engaging in supply chain operations and real estate businesses.

(3) A private company headquartered in Changsha, China, primarily engaging in the sales of lithium carbonate.

For the year ended December 31, 2025

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

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

Notes:

(4) A public company incorporated in the Turks and Caicos Islands, primarily engaging in the sales of lithium products. It is a company listed on the New York Stock Exchange.

(5) A private company headquartered in Shanghai, China, primarily engaging in the trading of electronic raw materials.

For the year ended December 31, 2024

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

Note:

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

For the year ended December 31, 2023

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

Note:

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

Overlapping of Customers and Suppliers

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

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

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

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

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

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

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

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

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

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

Warehousing and Logistics

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

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

Inventory Management

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

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

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

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

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

INTELLECTUAL PROPERTY

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

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

DATA PRIVACY AND CYBERSECURITY

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

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

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

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

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

INFORMATION TECHNOLOGY

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

Our key information technology systems are set forth below:

- ***Enterprise Resource Planning (ERP) system.*** Our ERP system is an integrated management platform covering accounting and financial management, supply chain and procurement, and sales and inventory management for our cathode materials business, which enhances the efficiency and standardization of our business processes.

- ***Warehouse Management System (WMS).*** Our WMS supports the digitalized management of the receipt, storage, movement and dispatch of raw materials and finished goods at our warehouses.

- ***Office Automation (OA) system.*** Our OA system provides an internal online platform that facilitates paperless information sharing and collaborative administrative work, including internal approval processes and document circulation.

COMPETITION

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

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

ESG Governance Structure

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

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

ESG-Related Risks and Mitigation Measures

Climate Risks

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

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

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

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

Environmental Compliance Risks

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

Labor-Related Risks

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

Business Ethics Risks

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

Sustainable Development Strategy

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

Risk Management

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

Environment

Emissions Management

- *Greenhouse Gas Emissions*

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

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

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

Item	Unit	Year ended December 31			Three months ended March 31
		2023	2024	2025	2026
Scope 1 GHG emissions	**tCO_2e**	720,393.94	957,161.69	1,271,009.17	332,767.00
Scope 2 GHG emissions	**tCO_2e**	1,008,262.67	1,398,168.23	2,229,781.77	581,307.64
Scope 3 GHG emissions	**tCO_2e**	2,891,498.49	4,264,201.74	8,431,570.24	N/A
GHG Emissions Intensity (Scope 1 + Scope 2)	**tCO_2e/tons of total production**	3.43	3.20	3.09	3.01

Notes:

(1) Scope 1 greenhouse gas emissions include emissions from the combustion of fossil fuels, process emissions arising from the decomposition of carbon-containing substances, and fugitive emissions from refrigerants and other sources. The calculation boundary covers the Company's major production bases currently in operation and Guizhou Yuneng Mining Co., Ltd. Among them, Hunan Xiangxiang Base and Guizhou Yuneng Mining Co., Ltd. commenced trial operations in 2024, and their activity data have been included in the calculation of greenhouse gas emissions for the corresponding period thereafter.

(2) Scope 2 GHG emissions represent indirect energy emissions arising from purchased electricity. The emission factors and other parameters are derived from the 2023 National Average Carbon Dioxide Emission Factor for Electricity published by the Ministry of Ecology and Environment and the National Bureau of Statistics.

(3) The calculation of Scope 3 greenhouse gas emissions was conducted with reference to the Company's business characteristics and the importance of emissions from different categories, covering Category 1 Purchased Goods and Services, Category 4 Upstream Transportation, Category 5 Waste Generated in Operations, Category 6 Business Travel, Category 7 Employee Commuting and Category 9 Downstream Transportation as defined in the Greenhouse Gas Protocol. Among them, due to the relatively short operating period of Hunan Xiangxiang Base and Guizhou Yuneng Mining Co., Ltd., or the fact that certain facilities are still in the trial operation stage, the relevant value chain activity data have not yet established a complete statistical basis, and therefore have not been included in the Scope 3 greenhouse gas emissions calculation. For the three months ended 31 March 2026, as Scope 3 greenhouse gas emissions involve data collection and verification from suppliers, logistics service providers and other relevant value chain parties, the relevant data had not yet completed statistical compilation and verification, and Scope 3 greenhouse gas emissions data for such period have not been disclosed.

(4) Emission factors and other parameters used in the calculations are sourced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the China Product Life Cycle Greenhouse Gas Emission Factor Dataset (2022), the IPCC Sixth Assessment Report on Climate Change, the Ecoinvent database and other sources.

(5) GHG emissions intensity was calculated by dividing Scope 1 and Scope 2 carbon dioxide emissions during the Track Record Period by the production volume of phosphate-based cathode materials during the corresponding period.

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

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

Note:

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

- *Pollutant and Waste Management*

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

- **Air Emissions:** We strengthen air emissions management through source reduction, process control and end-of-pipe treatment. Relying on online emission monitoring systems at our major production bases, we monitor emissions of key pollutants, including particulate matter, sulfur dioxide (SO_2) and nitrogen oxides (NOx). In 2025, total emissions of particulate matter, NOx and SO_2 from our major production bases were 497 tons, 498 tons and 307 tons, respectively. In addition, air emissions from our two phosphate mines under construction primarily arise from fugitive dust generated by mining operations and transportation activities. We reduce dust emissions through measures such as spray dust suppression, road hardening and vehicle washing facilities.

- **Wastewater:** We implement differentiated wastewater management practices based on the characteristics of different operational stages. Domestic wastewater from our material production bases is pre-treated before being discharged to third-party wastewater treatment plants. Production wastewater is collected and treated for reuse in production processes. For the Hunan Xiangtan base, treated production wastewater is discharged to a third-party wastewater treatment plant, while all other production bases achieve no external discharge of production wastewater. During the Track Record Period, we did not directly discharge any wastewater into the environment.

- **Solid Waste:** In accordance with regulations such as the National Catalogue of Hazardous Wastes (《國家危險廢物名錄》), we implement classified management of solid waste generated from our operations and handle such waste in accordance with the principles of reduction, resource recovery and environmentally sound disposal. Hazardous waste, including waste oil, used oil drums and waste laboratory liquids, is disposed of in an environmentally sound manner by qualified and licensed contractors. For general industrial solid waste, including waste packaging materials, scrap metal, dust collected from dust removal systems and other production-related solid waste, recyclable waste is transferred to specialized agencies for recycling and reuse, while the remaining waste is disposed of in accordance with applicable regulations. Household waste and food waste are collected and handled by qualified service providers. In 2025, we generated 272.45 tons of hazardous waste and 1,259,161.51 tons of general industrial solid waste. For solid waste generated from our two phosphate mines, which mainly consists of tailings, we utilize backfilling technology to fill underground mined-out areas, thereby achieving resource utilization.

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

Category	Pollutants	Unit	Year ended December 31			Three months ended March 31
			2023	2024	2025	2026
Air emissions	NOx	tons	210.31	379.73	498.31	159.81
	SO2	tons	82.16	208.77	307.02	69.50
	Particulate Matter	tons	327.47	361.87	497.08	111.57
	Non-Methane Hydrocarbons (NMHC)	tons	0.47	2.69	6.73	1.18
	Volatile Organic Compounds (VOCs)	tons	5.31	1.07	2.26	2.15
	Sulfuric Acid Mist	tons	–	9.92	7.43	6.56
	Fluoride	tons	–	0.48	1.14	0.43
	Ammonia	tons	–	5.82	4.87	1.13
Wastewater	Chemical Oxygen Demand (COD)	tons	54.87	54.44	47.80	14.68
	Ammonia Nitrogen	tons	6.75	9.87	5.18	1.25
	Total Phosphorus	tons	0.55	0.75	0.34	0.16
	Total Nitrogen	tons	–	0.43	–	–
Solid Waste	General Industrial Solid Waste	tons	123,578.31	220,072.83	1,259,161.51	538,534.70
	Hazardous Waste	tons	137.32	179.81	272.45	99.28

Notes:

(1) The scope of data collection covers the Company's major production bases and Guizhou Yuneng Mining Co., Ltd.. Emissions of various pollutants are aggregated based on data from major and general emission outlets at each base. In accordance with applicable environmental regulatory requirements, fugitive emissions are not separately required to be monitored and disclosed and are therefore excluded from the statistical scope.

(2) Pollutant data for production bases in Sichuan, Guizhou and Yunnan are derived from pollution discharge permit compliance reports. Production bases in Hunan are subject to pollutant discharge registration management, and the relevant data are sourced from environmental management ledgers maintained by the Company. The disclosed data for each base are consistent with the basis and methodology used for regulatory reporting.

(3) Wastewater pollutant emissions are based on monitoring data collected before wastewater is discharged to third-party wastewater treatment plants. The Company does not directly discharge wastewater into the environment.

(4) Due to differences in applicable environmental regulatory requirements and monitoring methods among production bases, for volatile organic compounds (VOCs), certain bases monitor total VOC emissions in accordance with local environmental requirements, while others monitor non-methane hydrocarbons (NMHC) as the key indicator. Accordingly, the Company discloses the relevant emission data separately.

Energy Management

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

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

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

Notes:

(1) The scope of data collection covers the Company's major production bases currently in operation and Guizhou Yuneng Mining Co., Ltd.

(2) The conversion factors used in this table to convert various energy sources into standard coal equivalent are based on the values specified in the national standard General Rules for Calculation of the Comprehensive Energy Consumption (《綜合能耗計算通則》) (GB/T 2589–2020). The physical consumption of purchased electricity, natural gas, diesel and gasoline is converted into standard coal equivalent using the corresponding conversion factors and aggregated to calculate total comprehensive energy consumption.

(3) Comprehensive energy consumption intensity is calculated as total comprehensive energy consumption divided by the production volume of phosphate-based cathode materials during the corresponding period. This metric reflects the energy consumption per ton of phosphate-based cathode materials produced.

Water Resources Management

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

Environment and Natural Resources

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

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

Circular Economy

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

Social

Labor Practices

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

Sustainable Supply Chain

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

Community Investment

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

Governance

Board Diversity

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

Anti-Corruption and Anti-Bribery

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

Anti-Unfair Competition

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

EMPLOYEES

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

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

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

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

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

INSURANCE

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

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

PROPERTIES

Owned Land and Properties

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

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

Leased Land and Properties

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

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

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

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

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

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

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

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

Compliance Matters

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

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

Social Insurance and Housing Provident Fund

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

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

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

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

Regulatory Proceedings

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

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

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

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

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

INTERNAL CONTROL AND RISK MANAGEMENT

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

Financial Reporting Risk Management

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

Compliance Risk Management

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

Human Resources Risk Management

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

Anti-Corruption Risk Management

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

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

LICENSES, APPROVALS AND PERMITS

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

AWARDS AND RECOGNITIONS

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

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

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

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."

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.

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.

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**
EBITDA margin (Non-IFRS Measure)	*7.6%*	*10.9%*	*11.0%*	*9.6%*	*15.7%*

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.

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.

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.

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	+/-102,132
-/+5%	+/-1,703,414	+/-780,736	+/-1,164,074	+/-510,659

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.

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**

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

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.

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.

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.

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.

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.

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.

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**

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

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.

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
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (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.

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
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
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.

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
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
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.

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.

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.

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.

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.

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.

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.

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.

(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.

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.

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.

IMMEDIATELY BEFORE THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company consisted of 847,731,658 A Shares with a nominal value of RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the issued share capital of our Company will be as follows:

	Number of Shares	Approximate shareholding of total issued share capital
A Shares in issue	847,731,658	[**REDACTED**]%
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	100.00%

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is exercised in full and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the issued share capital of our Company will be as follows:

	Number of Shares	Approximate shareholding of total issued share capital
A Shares in issue	847,731,658	[**REDACTED**]%
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	100.00%

OUR SHARES

Upon the completion of the [**REDACTED**], our Shares will consist of A Shares and H Shares. The A Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in Chinese Mainland, the qualified investors in Chinese Mainland under the Shenzhen-Hong Kong Stock Connect (if our H Shares are eligible securities for that purpose) and other persons who are entitled to hold our H Shares pursuant to relevant PRC law or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] for by or [**REDACTED**] between legal or natural persons in Chinese Mainland.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by investors in Chinese Mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be [**REDACTED**] for or [**REDACTED**] by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [**REDACTED**] for and [**REDACTED**] by investors in Chinese Mainland in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for [**REDACTED**] and [**REDACTED**] on the Stock Exchange.

RANKING

Our A Shares and our H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made after the date of this document.

All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends could also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

APPROVAL FROM A SHAREHOLDERS REGARDING THE [REDACTED]

We have obtained our A Shareholders' approval to [**REDACTED**] H Shares and seek the [**REDACTED**] of H Shares on the Stock Exchange at the general meeting of our Company held in August 2026. Such approval is subject to the following conditions:

(i) **Size of the [REDACTED].** The proposed number of H Shares to be [**REDACTED**] shall not exceed [**REDACTED**]% of the total issued share capital enlarged by the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]). The number of H Shares to be [**REDACTED**] pursuant to the exercise of the [**REDACTED**] shall not exceed [**REDACTED**] of the total number of H Shares to be [**REDACTED**] initially under the [**REDACTED**].

(ii) **Method of [REDACTED].** The method of [**REDACTED**] shall be by way of an [**REDACTED**] to institutional investors and a [**REDACTED**] for [**REDACTED**] in Hong Kong.

(iii) **Target investors.** The H Shares shall be [**REDACTED**] to public investors in Hong Kong under the Hong Kong [**REDACTED**] and international investors, qualified domestic institutional investors in Chinese Mainland and other investors who are approved by Chinese regulatory bodies to [**REDACTED**] abroad in [**REDACTED**].

(iv) [**REDACTED**] **basis.** The [**REDACTED**] price of the H Shares will be determined, among others, after due consideration of the interests of existing shareholders of our Company, acceptance of investors and the risks related to the [**REDACTED**], according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(v) **Validity period.** The [**REDACTED**] of H Shares and [**REDACTED**] of H Shares on the Stock Exchange shall be completed within 24 months from the date when the Shareholders' meeting was held in August 2026. If the Company has obtained approval or filing from relevant regulatory bodies for the [**REDACTED**] and [**REDACTED**] of the H Shares within such validity period, the validity period of the resolution will automatically be extended to the later of the [**REDACTED**] and the completion date of the exercise of the [**REDACTED**] (if any).

There is no other approved [**REDACTED**] plan for the Shares except the [**REDACTED**].

GENERAL MEETINGS

For details of circumstance under which our Shareholders' general meetings are required, see "Summary of Articles of Association – General Meeting" in Appendix III to this document.

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the following persons will have an interest and/or short position in Shares and/or underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company.

Name of Shareholder	Nature of interest [(1)]	Number and description of Shares interested in	Approximate shareholding as of the Latest Practicable Date in total issued share capital of our Company	Approximate shareholding upon completion of the [REDACTED]	
				Approximate percentage of the A Shares of our Company	Approximate percentage in total issued share capital of our Company
Electrochem Group	Beneficial owner	76,566,514 A Shares	9.03%	[9.03]%	[**REDACTED**]%
Xiangtan Electrochem	Beneficial owner	48,080,400 A Shares	5.67%	[5.67]%	[**REDACTED**]%
Zhenxiang SAOI	Beneficial owner	5,984,614 A Shares	0.71%	[0.71]%	[**REDACTED**]%
	Interest in controlled corporations[(2)]	124,646,914 A Shares	14.70%	[14.70]%	[**REDACTED**]%
Jinsheng New Material	Beneficial owner	58,870,328 A Shares	6.94%	[6.94]%	[**REDACTED**]%
CATL	Beneficial owner	51,109,757 A Shares	6.03%	[6.03]%	[**REDACTED**]%

Notes:

(1) All interests stated are long positions.

(2) As of the Latest Practicable Date, to the best of our Directors' knowledge and belief, Electrochem Group was wholly owned by Zhenxiang SAOI, which was in turn wholly owned by State-owned Assets Supervision and Administration Commission of the People's Government of Xiangtan Municipality (湘潭市人民政府國有資產監督管理委員會). Zhenxiang SAOI, through itself and Electrochem Group, was interested in over one third of the issued share capital of Xiangtan Electrochem. By virtue of the SFO, Zhenxiang SAOI is deemed to be interested in the Shares held by Electrochem Group and Xiangtan Electrochem.

For details of shareholders who will be, directly or indirectly, interested in 10% or more of the issued voting shares of other members of our Group, see "Statutory and General Information – C. Further Information About Our Directors and Substantial Shareholders – 1. Disclosure of Interests" in Appendix V to this document.

OVERVIEW

Our Board consists of ten Directors, comprising three executive Directors, three non-executive Directors and four independent non-executive Directors (including the proposed Director whose appointment will take effect upon the [**REDACTED**]). Our Directors are appointed for a term of not more than three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations. The following table sets forth the key information of our Directors:

DIRECTORS

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. Tan Xinqiao (譚新喬)	56	Chairman of the Board, executive Director and general manager	December 2017	December 2017	Responsible for the overall strategic planning, business direction and day-to-day operations management of our Group
Mr. Liu Ganjiang (劉干江)	48	Non-executive Director	June 2016	June 2016	Responsible for providing strategic advice on the development of our Group
Mr. Lu Yihao (陸怡皓)	61	Non-executive Director	April 2020	April 2020	Responsible for providing strategic advice on the development of our Group
Mr. Long Shaofei (龍紹飛)	52	Non-executive Director	October 2022	October 2022	Responsible for providing strategic advice on the development of our Group
Mr. Zhao Huaiqiu (趙懷球)	51	Executive Director and executive deputy general manager	June 2016	November 2020	Responsible for the day-to-day operations management of our Group
Ms. Wang Yongmei (汪詠梅)	46	Executive Director and deputy general manager	November 2020	November 2020	Responsible for the internal control management of our Group
Mr. Zhong Chaofan (鍾超凡)	62	Independent non-executive Director	December 2020	December 2020	Responsible for providing independent advice on the operations and management of our Group

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. Xia Yunfeng (夏雲峰)	58	Independent non-executive Director	December 2020	December 2020	Responsible for providing independent advice on the operations and management of our Group
Ms. Dai Jing (戴靜)	43	Independent non-executive Director	December 2020	December 2020	Responsible for providing independent advice on the operations and management of our Group
Mr. Wang Fuguo (王付國)	45	Independent non-executive Director	[●](1)	[●](1)	Responsible for providing independent advice on the operations and management of our Group

Note:

(1) The appointment will become effective upon the [**REDACTED**].

DIRECTORS

Executive Directors

Mr. Tan Xinqiao (譚新喬), aged 56, is our chairman of the Board, executive Director and general manager. Mr. Tan has been serving as our Director and chairman of the Board since December 2017 and as our general manager since November 2025.

From September 1995 to September 2000, Mr. Tan successively served as the deputy head of quality inspection department and the deputy factory manager of the finished product branch factory at Electrochem Group. From September 2000 to December 2005, he worked at Xiangtan Electrochem, with his last position being the factory manager of the finished product branch factory. From December 2005 to April 2017, he successively served as a deputy general manager and the general manager of Xiangtan Electrochem. Mr. Tan also served as a director of Electrochem Group from December 2005 to September 2021 and as the chairman of the board of Electrochem Group from January 2013 to July 2021. Mr. Tan also served as a director of Xiangtan Electrochem from August 2006 to November 2021 and as the chairman of the board of Xiangtan Electrochem from January 2013 to July 2021.

Mr. Tan obtained his bachelor's degree in applied chemistry from Xiangtan University (湘潭大學) in June 1995. Mr. Tan was qualified as an engineer by the Department of Personnel of Hunan Province (湖南省人事廳) in 2002.

Mr. Zhao Huaiqiu (趙懷球), aged 51, is our executive Director and executive deputy general manager. Mr. Zhao has been our Director since November 2020 and our executive deputy general manager since November 2025. He served as our general manager from June 2016 to November 2025.

Mr. Zhao served as a staff member at Electrochem Group, and as a staff member and deputy factory manager of branch factories at Xiangtan Electrochem from September 1998 to January 2011. He was the head of the manganese sulphate workshop at Jingxi Xiangtan Electrochem Technology Co., Ltd. (靖西湘潭電化科技有限公司) ("**Jingxi Xiangtan Electrochem**") from January 2011 to February 2015. Mr. Zhao served as the factory manager of the manganese sulphate branch factory at Xiangtan Electrochem from February 2015 to June 2016. He successively served as the external investment manager of the board office at Xiangtan Electrochem, the external investment manager of the investment and development department at Electrochem Group and an assistant to the general manager of Electrochem Group from June 2016 to October 2020.

Mr. Zhao obtained his college diploma in automation (applied electronics) from Xiangtan University in June 1998. Mr. Zhao was qualified as an assistant engineer by the Department of Personnel of Hunan Province in 2001.

Ms. Wang Yongmei (汪詠梅), aged 46, is our executive Director and deputy general manager. Ms. Wang has been our Director since November 2020, and deputy general manager since November 2025. She served as our executive deputy general manager from November 2020 to November 2025, and our secretary of the Board from November 2020 to July 2026.

From July 1998 to September 2000, Ms. Wang served at Electrochem Group. From September 2000 to November 2020, she worked at Xiangtan Electrochem, with her last positions being a director, deputy general manager and secretary of the board. Ms. Wang has also been a director at Tongling Anweining New Energy Technology Co., Ltd. (銅陵安偉寧新能源科技有限公司) since July 2021.

Ms. Wang obtained her master's degree in public administration from the Party School of Hunan Provincial Committee of CPC (中共湖南省委黨校) in June 2019. Ms. Wang obtained the qualification certificate for secretary of the board issued by the Shenzhen Stock Exchange in 2009. She was qualified as an economist by the Human Resources and Social Security Department of Hunan Province (湖南省人力資源和社會保障廳) in April 2011.

Non-Executive Directors

Mr. Liu Ganjiang (劉干江), aged 48, has been our non-executive Director since June 2016.

From August 1997 to September 2000, Mr. Liu served at Electrochem Group. From September 2000 to July 2021, Mr. Liu worked at Xiangtan Electrochem, successively serving as a staff member of the finished product branch factory, a deputy factory manager at the finished product branch factory, the head of the quality management department, the head of the procurement department, the head of the materials procurement and dispatch center, the marketing director, a deputy general manager, the general manager, a director and the vice chairman of the board. From January 2018 to July 2021, Mr. Liu served as a director, the vice chairman of the board and general manager of Electrochem Group. From January 2018 to June 2023, Mr. Liu served as the chairman of the board of Jingxi Xiangtan Electrochem. From January 2022 to January 2023, Mr. Liu served as the chairman of the board of Hunan Tancheng Financing Guarantee Group Co., Ltd. (湖南潭城融資擔保集團有限公司). In addition, Mr. Liu has been serving as the chairman of the board at Electrochem Group and Xiangtan Electrochem since July 2021, the chairman of the board of Xiangtan Industrial Investment and Development Group Co., Ltd. (湘潭產業投資發展集團有限公司) since November 2021, the executive director of Zhenxiang SAOI since August 2022, and the chairman of the board at Xiangtan Electrochemical Industry Investment Holding Group Co., Ltd. (湘潭電化產投控股集團有限公司) since November 2022. Mr. Liu has also been the chairman of the board at Hunan Kunlun Intrinsic Material Co., Ltd. (湖南昆侖本征材料有限公司) since March 2025, the chairman of the board at Hunan New Energy Material Research Institute Co., Ltd. (湖南省新能源材料研究院有限公司) since October 2025 and the chairman of the board at Xiangtan Economic and Technological Development Zone Xinfazhan Group Co., Ltd. (湘潭經濟技術開發區新發展集團有限公司) since April 2026.

Mr. Liu obtained his master's degree in public administration at the Party School of the Hunan Provincial Committee of the CPC in October 2019. He was qualified as an engineer by the Department of Personnel of Hunan Province in 2002, and as a senior logistics specialist by the Occupational Skills Appraisal Centre of the Ministry of Labour and Social Security of the PRC (勞動和社會保障部職業技能鑒定中心) in 2006.

Mr. Lu Yihao (陸怡皓), aged 61, has been our non-executive Director since April 2020.

Mr. Lu served as a lecturer at the faculty of applied chemistry and deputy secretary of the youth league committee in Shanghai Jiao Tong University (上海交通大學) from July 1985 to April 1991. He served as the manager of trade department at Shanghai Far East Aviation Technology Import Company (上海遠東航空技術進口公司) from April 1991 to October 2001, during which he was also a trade representative of the United States and Canada. Mr. Lu served as a general manager at Shanghai Zhangjiang Hi-Tech Industrial Park Import and Export Company (上海市張江高新技術產業園進出口公司) from November 2001 to December 2002, a director and the general manager at Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600895)) from January 2003 to July 2008, an assistant to the general manager at Shanghai Zhangjiang (Group) Co., Ltd. (上海張江(集團)有限公司) from August 2008 to December 2014, and a director of China Fortune Properties Group Co., Ltd. (華鑫置業(集團)有限公司) from November 2017 to December 2024.

Mr. Lu has been a director of Shanghai Pudong Tangcheng Investment Development Co., Ltd. (上海浦東唐城投資發展有限公司) since September 2014, the executive director of Shanghai Chuanghuo Chuangban Network Technology Co., Ltd. (上海創夥創伴網絡科技有限公司) since March 2015, a director of Shanghai Huitianran Asset Management Co., Ltd. (上海惠天然資產管理有限公司) since May 2015, the general manager of Shanghai Huitianran Investment Holding Group Co., Ltd. (上海惠天然投資控股集團有限公司) since January 2015, the executive director at Shanghai Chuangban Investment Management Co., Ltd. (上海創伴投資管理有限公司) since October 2015, the general manager and chairman of the board of Shanghai Chengwei Private Equity Fund Management Co., Ltd. (上海成為私募基金管理有限公司) since October 2022 and September 2024, respectively, a director of Chengwei Investment Management Consulting (Shanghai) Co., Ltd. (成為投資管理諮詢(上海)有限公司) since October 2022, an executive director and the general manager at Hefei Chengwei Equity Investment Co., Ltd. (合肥成為股權投資有限公司) since December 2022, and a managing director at Chengwei HK Management Company Limited since November 2025.

Mr. Lu obtained his bachelor's degree in applied chemistry from Shanghai Jiao Tong University (上海交通大學) in July 1985 and his master's degree in business administration from Tulane University in the United States in May 2004. He was qualified as a senior economist by the Personnel Bureau of Shanghai Municipality (上海市人事局) in 2004.

Mr. Long Shaofei (龍紹飛), aged 52, has been our non-executive Director since October 2022.

From August 1997 to January 2009, Mr. Long successively served as a staff member of the finished product branch factory at Electrochem Group, a staff member, a deputy factory manager and the factory manager of the finished product branch factory and head of the production department at Xiangtan Electrochem. From January 2009 to February 2016, Mr. Long successively served as the executive deputy general manager and the general manager at Jingxi Xiangtan Electrochem. Since February 2016, He has held various positions at Xiangtan Electrochem, serving as, including, (i) a marketing director from February 2016 to December 2022; (ii) a deputy general manager from April 2017 to March 2022; (iii) an executive deputy general manager from March 2022 to January 2023; (iv) a director since November 2021; (v) the general manager from January 2023 to August 2025; and (vi) the vice chairman of the board since August 2025. He also served as a director of Guangxi Lijing New Material Co., Ltd. (廣西立勁新材料有限公司) from January 2021 to January 2026, a director of Xiangtan Lijing New Material Co., Ltd. (湘潭立勁新材料有限公司) from February 2022 to December 2025, the chairman of the board of Jingxi Xiangtan Electrochem from June 2023 to December 2025, and an executive director of Xiangtan Shunzhong Trading Co., Ltd. (湘潭順中貿易有限責任公司) from June 2024 to April 2026. He also has been serving as a director of Hunan Kunlun Intrinsic Material Co., Ltd. since March 2025, a director and

the general manager of Xiangtan Electrochemical Industry Investment Holding Group Co., Ltd. (湘潭電化產投控股集團有限公司) since October 2025, an executive director of Xiangtan Chanrong International Trading Co., Ltd. (湘潭產融國際貿易有限公司) since October 2025, a director and the general manager of Xiangtan Industrial Investment and Development Group Co., Ltd. (湘潭產業投資發展集團有限公司) since November 2025, and a director and manager of Electrochem Group since October 2025. He has been serving as the chairman of the board of Hunan Liquid Sunshine Energy Technology Co., Ltd. (湖南液態陽光能源科技有限公司) since April 2025.

Mr. Long obtained his bachelor's degree in industrial automation from Xiangtan University in June 1997. He was qualified as an electrical engineer by the Department of Personnel of Hunan Province in 2002.

Independent Non-Executive Directors

Mr. Zhong Chaofan (鍾超凡), aged 62, has been our independent non-executive Director since December 2020.

Mr. Zhong has been serving at Xiangtan University since June 1988, where he successively served as a lecturer and professor.

Mr. Zhong obtained his doctoral degree in polymer chemistry and physics from Xiangtan University in June 2013. Mr. Zhong obtained a teacher qualification certificate issued by the Education Commission of Hunan Province (湖南省教育委員會) in 1996. He was accredited as a professor by the Department of Personnel of Hunan Province in 2009.

Mr. Xia Yunfeng (夏雲峰), aged 58, has been our independent non-executive Director since December 2020.

Mr. Xia has over 30 years of experience in accounting, finance and corporate governance. Mr. Xia served as a lecturer at the School of Business, Hunan University of Science and Technology (湖南科技大學) from July 1989 to July 2002. Mr. Xia also served as an independent director at Geo-Jade Petroleum Corporation (洲際油氣股份有限公司) (a company listed on the Shanghai Stock Exchange (Stock Code: 600759)) from July 2019 to July 2025, and an independent director of Hunan Hengchang Pharmaceutical Group Co., Ltd. (湖南恒昌醫藥集團股份有限公司) from August 2020 to November 2025.

Mr. Xia has been serving at the School of Business, Xiangtan University since July 2002, where he successively served as a lecturer and professor. He was accredited as a professor by Xiangtan University in October 2006. Mr. Xia obtained his doctoral degree in accounting from Southwestern University of Finance and Economics (西南財經大學) in June 2005.

Ms. Dai Jing (戴靜), aged 43, has been our independent non-executive Director since December 2020.

Ms. Dai served at Hunan Xiangjin Law Firm (湖南湘晉律師事務所) from December 2010 to October 2024, with her last positions being a senior partner and a deputy director.

She has been serving as a senior partner of Beijing DHH Law Firm (Xiangtan) (北京德和衡(湘潭)律師事務所) since October 2024 and currently also serves as its executive director.

Ms. Dai obtained her bachelor's degree in law from Xiangtan University in December 2005. She obtained her master's degree in law from Hunan University (湖南大學) in December 2025. She obtained the Grade III Lawyer professional title (intermediate level) from the Human Resources and Social Security Bureau of Xiangtan Municipality (湘潭市人力資源和社會保障局) in 2022.

Mr. Wang Fuguo (王付國), aged 45, was appointed as our independent non-executive Director in August 2026, with effect from the [**REDACTED**].

Mr. Wang has over 25 years in accounting and financial management experience through his academic background and extensive professional experience. Mr. Wang served as the accounting director of Renrenle Commercial Group Co., Ltd. (人人樂連鎖商業集團股份有限公司) (a company formerly listed on the Shenzhen Stock Exchange (stock code: 002336)) from January 2001 to March 2011, where he was primarily responsible for financial management and listing operations. He served as the board secretary of Yifeng Pharmacy Chain Co., Ltd. (益豐大藥房連鎖股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 603939)) from April 2011 to December 2020, where he was primarily responsible for the review of financial statements, the preparation and disclosure of annual reports, corporate governance, capital markets transactions, securities issuance, market capitalization management, and legal and public affairs. He served as a deputy general manager of Hebei Zhitong Biomedical Co., Ltd. (河北智同生物醫藥股份有限公司) from December 2020 to July 2022, where he was primarily responsible for operations relating to the initial public offering, and a vice president of Weiyuan Technology Co., Ltd. (偉源科技有限公司) from October 2022 to August 2023, where he was primarily responsible for financial management, internal control, corporate governance and capital operations.

Mr. Wang has been serving as the general manager of Guangdong Kezhuo Semiconductor Equipment Co., Ltd. (廣東科卓半導體設備有限公司) since January 2024, where he is primarily responsible for commercialization, financial management, corporate governance and capital operations, and a director of Ever Fortune Trustee Limited (鑫源信託有限公司) since December 2025.

Mr. Wang obtained his college diploma in accounting from Shenzhen University (深圳大學) in March 2007, his bachelor's degree in accounting from Hunan University (湖南大學) in June 2012, and obtained his EMBA degree from Chinese University of Hong Kong (香港中文大學) in July 2026. Mr. Wang obtained the board secretary qualification certificate issued by the Shenzhen Stock Exchange in 2010 and the board secretary qualification certificate issued by the Shanghai Stock Exchange in 2015. He obtained the intermediate-level professional qualification in accounting by the Ministry of Finance of the PRC (中華人民共和國財政部) in 2010. He is a member of the expert committee of Guangdong Integrated Circuit Industry Association (廣東省集成電路行業協會) since January 2026.

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management and operations of our business. The following table provides information about members of the senior management of our Company:

Name	Age	Position	Date of joining our Group	Date of Appointment as senior management	Roles and responsibilities
Mr. Tan Xinqiao (譚新喬)	56	Chairman of the Board, executive Director and general manager	December 2017	November 2025	Responsible for the overall strategic planning, business direction and day-to-day operations management of our Group
Mr. Zhao Huaiqiu (趙懷球)	51	Executive Director and executive deputy general manager	June 2016	June 2016	Responsible for the day-to-day operations management of our Group
Ms. Wang Yongmei (汪詠梅)	46	Executive Director and deputy general manager	November 2020	November 2020	Responsible for the internal control management of our Group

Name	Age	Position	Date of joining our Group	Date of Appointment as senior management	Roles and responsibilities
Mr. Zhou Shouhong (周守紅)	53	Deputy general manager	December 2020	January 2021	Responsible for the research and development, production and day-to-day operations management of our Group
Mr. Liang Kai (梁凱)	43	Deputy general manager	September 2017	September 2017	Responsible for the research and development, production and day-to-day operations management of our Group
Mr. Li Xinzan (李新贊)	53	Deputy general manager	November 2020	November 2020	Responsible for the project construction and day-to-day operations management of our Group
Mr. Chen Zhibin (陳質斌)	54	Deputy general manager	February 2019	February 2019	Responsible for the production and day-to-day operations management of our Group
Mr. Li Honghui (李洪輝)	47	Deputy general manager	December 2020	January 2021	Responsible for the production and day-to-day operations management of our Group
Ms. Wang Jie (王潔)	56	Chief financial officer	June 2016	March 2019	Responsible for the overall financial management of our Group
Mr. Zhou Zhihui (周智慧)	48	Deputy general manager	November 2020	November 2020	Responsible for the production and day-to-day operations management of our Group
Mr. Hu Debo (胡德波)	35	Secretary of the Board	June 2026	July 2026	Responsible for the Board matters, capital market and corporate governance of our Group

For the biographies of Mr. Tan Xinqiao, Mr. Zhao Huaiqiu and Ms. Wang Yongmei, see "— Directors — Executive Directors" in this section.

Mr. Zhou Shouhong (周守紅), aged 53, has been our deputy general manager since January 2021. Mr. Zhou has been serving as the general manager of Guangxi Yuning New Energy Material Co., Ltd. (formerly known as Jingxi Xiangtan Electrochem New Energy Material Co., Ltd. (靖西湘潭電化新能源材料有限公司)) since July 2015.

Mr. Zhou successively served at Electrochem Group and Xiangtan Electrochem from July 1997 to March 2006. Mr. Zhou has been an executive director and the general manager of Nanning Chuda Technology Co., Ltd. (南寧市楚達科技有限公司) since March 2015.

Mr. Zhou obtained his bachelor's degree in applied chemistry from Chongqing University (重慶大學) in June 1997.

Mr. Liang Kai (梁凱), aged 43, has been our deputy general manager since November 2020. Mr. Liang served as our executive deputy general manager from September 2017 to November 2020.

Mr. Liang successively served as a process engineer at the branch factory, a process engineer at the technology development department, a process engineer at the electrolysis branch factory, the deputy factory manager of the finished product branch factory, and the factory manager of the finished product branch factory of Xiangtan Electrochem from July 2007 to August 2017. From August 2017 to October 2020, he served as the external investment manager of the office of the board at Xiangtan Electrochem, the external investment manager of the investment development department, and the deputy chief engineer of the Electrochem Group.

Mr. Liang obtained his bachelor's degree in chemical engineering and technology from Hunan University of Science and Technology in June 2007. He obtained the qualification of associate senior engineer by the Human Resources and Social Security Department of Hunan Province in December 2024.

Mr. Li Xinzan (李新贊), aged 53, has been our deputy general manager since November 2020.

Mr. Li served as a staff member at Electrochem Group from July 1996 to October 2000. From October 2000 to October 2020, he worked at Xiangtan Electrochem, with his last position being a deputy chief engineer.

Mr. Li obtained his bachelor's degree in chemical equipment and machinery from Xiangtan University in June 1996. He was qualified as a senior engineer in inorganic chemical engineering by the Human Resources and Social Security Department of Hunan Province in 2020.

Mr. Chen Zhibin (陳質斌), aged 54, has been our deputy general manager since February 2019.

Mr. Chen successively served at Xiangtan Electrochemical Plant (湘潭電化廠), Electrochem Group and the machine repair branch factory of Xiangtan Electrochem from January 1989 to October 2006. Mr. Chen worked at the production department of Xiangtan Electrochem from October 2006 to December 2010. From December 2010 to August 2017, Mr. Chen successively served as a supervisor of the finished products workshop and the head of the finished products workshop of Jingxi Xiangtan Electrochem. Mr. Chen served as the factory manager of the finished product branch factory of Xiangtan Electrochem from August 2017 to February 2019, and an external investment manager of the investment development department of Electrochem Group from February 2019 to October 2020.

Mr. Chen obtained his college diploma in economic management from Xiangtan Vocational College of Science and Technology (湘潭職業技術學院) in June 2004. Mr. Chen was qualified as a senior logistics specialist by the Human Resources and Social Security Department of Hunan Province in 2006.

Mr. Li Honghui (李洪輝), aged 47, has been our deputy general manager since October 2023. He previously served as the assistant to our general manager from January 2021 to October 2023. Mr. Li has been the executive deputy general manager of Guangxi Yuning New Energy Material Co., Ltd. since June 2016.

Mr. Li served at finished product branch factory of Xiangtan Electrochem from January 2001 to March 2006. Mr. Li served as a supervisor of the electrolytic finished products workshop of Jingxi Xiangtan Electrochem from March 2006 to January 2009 and its head of the finished product workshop from January 2009 to January 2013. Mr. Li served as the factory manager of the finished product branch factory of Xiangtan Electrochem from January 2013 to January 2016, the general manager of Xiangtan Electrochem New Energy Material Co., Ltd. (湘潭電化新能源材料有限公司) from January 2016 to June 2016. Mr. Li served as the external investment manager of the investment development department of Electrochem Group from February 2016 to October 2020.

Mr. Li obtained his bachelor's degree in marketing from Xiangtan University (湘潭大學) in June 2019.

Ms. Wang Jie (王潔), aged 56, has been our chief financial officer since March 2019. Ms. Wang previously served as a supervisor of our Company from June 2016 to April 2020.

Ms. Wang successively served as a staff member of the finance division of Xiangtan Electrochemical Plant (湘潭電化廠) and a deputy head of the finance department of Electrochem Group from July 1989 to December 1997. Ms. Wang worked at Hunan Xiangjin Electrochemical Co., Ltd. (湖南湘進電化有限公司) from January 1998 to February 2015, with her last position being the head of finance department. She served as the head of the supervision and audit department of Xiangtan Electrochem from February 2015 to March 2019, and an external investment manager of the investment development department of Electrochem Group from March 2019 to October 2020.

Ms. Wang obtained her college diploma in business administration from Hunan Textile College (湖南紡織高等專科學校), currently known as Hunan Institute of Engineering (湖南工程學院), in July 1999. She was qualified as an intermediate accountant by the Ministry of Personnel of the PRC (中華人民共和國人事部) in May 2002.

Mr. Zhou Zhihui (周智慧), aged 48, has been our deputy general manager since October 2023. Mr. Zhou joined our Group in November 2020. He previously served as our deputy chief engineer from November 2020 to October 2023.

Mr. Zhou served at Electrochem Group from July 1998 to February 2006. Mr. Zhou successively served at Xiangtan Electrochem as a supervisor and deputy head of the technology development department from March 2006 to November 2016, the deputy head of the engineering department from December 2016 to October 2020.

Mr. Zhou obtained his bachelor's degree in architecture from Huazhong University of Science and Technology (華中科技大學) in January 2008.

Mr. Hu Debo (胡德波), age 35, joined our Group in June 2026 and has been our secretary of the Board since July 2026. He was appointed as one of our joint company secretaries in July 2026 with effect from the date on which our Company passes the hearing of the Hong Kong Stock Exchange.

Mr. Hu served as an auditor at PricewaterhouseCoopers Zhong Tian LLP Shenzhen Branch (普華永道中天會計師事務所(特殊普通合夥)深圳分所) from October 2013 to July 2015. Mr. Hu served at China Securities Co., Ltd. (中信建投證券股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601066) and the Stock Exchange (stock code: 6066)) from July 2015 to June 2026, with his last position being a director of its investment banking business management committee.

Mr. Hu obtained his bachelor's degree in packaging engineering from Wuhan University (武漢大學) in June 2010, and his master's degree in national economics from Zhongnan University of Economics and Law (中南財經政法大學) in June 2013.

JOINT COMPANY SECRETARIES

Mr. Hu Debo (胡德波), our secretary of the Board, was appointed as one of our joint company secretaries in July 2026 with effect from the date on which our Company passes the hearing of the Hong Kong Stock Exchange. For the biography of Mr. Hu, see "— Senior Management" in this section.

Ms. Hau Hei Man Sonya (侯琋文), was appointed as one of our joint company secretaries in July 2026 with effect from the date on which our Company passes the hearing of the Hong Kong Stock Exchange.

Ms. Hau is currently a vice president of SWCS Corporate Services Group (Hong Kong) Limited. She has extensive experience in corporate secretarial, corporate governance and compliance matters for companies listed on the Stock Exchange, and has previously served as the company secretary of a number of Hong Kong-listed companies.

Ms. Hau is an associate of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute, holding chartered secretary and chartered governance professional designations. She holds a bachelor's degree in laws (honors) from Manchester Metropolitan University in United Kingdom and a master's degree in professional accounting and corporate governance from City University of Hong Kong.

OTHER INFORMATION

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in July 2026; and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of the independent non-executive Directors confirms (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of our Company; and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

Each of our Directors confirms that he or she does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Except as disclosed above, none of our Directors or members of senior management held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date. Except as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

Our Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee comprises Mr. Xia Yunfeng, Mr. Zhong Chaofan, Ms. Dai Jing, and Mr. Wang Fuguo, with Mr. Xia Yunfeng as the chairperson. Taking into consideration of Mr. Wang Fuguo's extensive experience in accounting, financial management and financial reporting across several companies, the Board considers that Mr. Wang Fuguo possesses the appropriate accounting and financial management expertise required under Rule 3.10(2) of the Listing Rules.

Remuneration and Appraisal Committee

Our Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The Remuneration and Appraisal Committee comprises Mr. Zhong Chaofan, Mr. Tan Xinqiao and Ms. Dai Jing, with Mr. Zhong Chaofan as the chairperson.

Nomination Committee

Our Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Ms. Dai Jing, Mr. Tan Xinqiao and Mr. Zhong Chaofan, with Ms. Dai Jing as the chairperson.

Strategy Committee

Our Board has established the Strategy Committee with written terms of reference. The primary duties of the Strategy Committee are to conduct research and provide recommendations on the company's long-term development strategy, major investment decision-related matters. The Strategy Committee comprises Mr. Tan Xinqiao, Mr. Liu Ganjiang, Mr. Lu Yihao, Mr. Zhao Huaiqiu and Ms. Wang Yongmei, with Mr. Tan Xinqiao as the chairperson.

Corporate Governance

We recognize the importance of incorporating elements of good corporate governance in our management structure and internal control procedures so as to achieve effective accountability. Our Company intends to comply with all code provisions in the Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the [**REDACTED**] apart from code provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual.

The roles of chairman of the Board and general manager of our Company are currently performed by Mr. Tan Xinqiao ("**Mr. Tan**"). In view of Mr. Tan's substantial contribution to our Group and his extensive experience, we consider that having Mr. Tan acting as both our chairman of the Board and general manager will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development

and prospects that Mr. Tan continues to act as both our chairman of the Board and general manager after the [**REDACTED**], and therefore currently do not propose to separate the functions of chairman of the Board and general manager. While this would constitute a deviation from code provision C.2.1 of Part 2 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (a) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises four independent non-executive Directors (including the proposed Director whose appointment will take effect upon the [**REDACTED**]), which is in compliance with the requirement under the Listing Rules; (b) Mr. Tan and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (c) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether the separation of the roles of chairman of the Board and general manager is necessary.

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. We recognize and embrace the benefits of having a diverse Board and see increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

Our Board currently consists of two female Directors and eight male Directors ranging from 43 to 62 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance. They obtained degrees in various majors including applied chemistry, accounting, law, public administration, and business administration. Taking into account our existing business model and specific needs, as well as the diverse background of our Directors, the composition of our Board satisfies the board diversity policy.

Our Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

REMUNERATION OF OUR DIRECTORS AND SENIOR MANAGEMENT

Our Company provides remuneration to our Directors and senior management in the form of salaries, allowances and benefits in kind, as well as performance bonuses and contributions to pension schemes. The remuneration of our Directors and senior management is determined with reference to industry salary levels, the responsibilities and performance of their respective roles, as well as the annual operating results of our Company. Our independent non-executive Directors receive remuneration based on their respective positions and responsibilities.

For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, the total remuneration paid to Directors amounted to RMB7.6 million, RMB4.5 million, RMB6.9 million and RMB0.6 million, respectively. Under the arrangements currently in effect, our Company estimates that the total pre-tax remuneration payable to our Directors for the year ending December 31, 2026 will be approximately RMB6.9 million.

For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, the five highest paid individuals included three, three, two and two Directors. For the same periods, the total remuneration paid to the remaining individuals (excluding Directors) amounted to RMB3.9 million, RMB6.1 million, RMB14.6 million and RMB2.7 million, respectively.

During the Track Record Period, no remuneration was paid to any Director or any of the five highest-paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, any Director or any of the five highest-paid individuals for the loss of office as a director of any member of our Group or for the loss of any other office in connection with the management of the affairs of any member of our Group. During the Track Record Period, no Director waived any remuneration. Save as disclosed above and Appendix I to this document, during the Track Record Period, no other amounts were paid or payable by our Group to any Director or any of the five highest-paid individuals.

COMPLIANCE ADVISOR

Our Company has appointed China Securities (International) Corporate Finance Company Limited as its Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide guidance and advice to our Company on compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will provide advice to our Company in the following circumstances (among others):

(a) prior to the publication of any regulated announcement, circular or financial report;

(b) where a transaction (which may be a notifiable transaction or a connected transaction) is contemplated, including the issuance of shares, the sale or transfer of treasury shares, and the repurchase of shares;

(c) where our Company proposes to use the [**REDACTED**] from the [**REDACTED**] in a manner different from that detailed in this document, or where the business activities, developments or performance of our Group differ from any forecast, estimate or other information contained in this document; and

(d) when the Stock Exchange makes an enquiry pursuant to Rule 13.10 of the Listing Rules regarding unusual movements in the price or [**REDACTED**] volume of our [**REDACTED**] securities or any other matters.

The term of appointment of the Compliance Advisor shall commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [**REDACTED**]. Such appointment may be extended by mutual agreement.

FUTURE PLANS

Please see "Business — Our Strategies" for a detailed description of our future plans.

[**REDACTED**]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses in connection with the [**REDACTED**] (assuming the [**REDACTED**] is not exercised). We intend to use our [**REDACTED**] for the purposes and in the amounts set forth below.

- Approximately [**REDACTED**]% (or approximately HK$[**REDACTED**]) of the net [**REDACTED**] will be used for the construction of an Integrated Mining-Chemistry Project for New Battery Materials in Guizhou. We believe the project will support our planned capacity expansion to meet the anticipated long-term growth in demand for new energy battery materials. According to the Frost & Sullivan Report, the sales volume of phosphate-based cathode materials in the global market is expected to increase from approximately 4.0 million tons in 2025 to approximately 13.5 million tons in 2030, representing a CAGR of approximately 27.3%, primarily driven by the continued growth of the NEV and ESS markets, as well as the increasing adoption of new energy batteries in emerging applications, including embodied artificial intelligence, electric vessels and construction machinery. Guizhou possesses abundant mineral and energy resources, including phosphate ore, pyrite and electricity, which provide favorable conditions for the development of an integrated phosphate-based new energy battery materials industry chain. We expect the project to further strengthen our vertically integrated operation by improving our access to upstream resources and our manufacturing capabilities, thereby enhancing our supply chain resilience and our cost competitiveness.

  The project is intended to establish a vertically integrated industry chain for phosphate-based new energy battery materials and is expected to encompass phosphate-based cathode material production and its upstream industry chain, including iron phosphate production; phosphorus-related operations, such as phosphate mining, ore beneficiation, phosphochemical processing and sulfuric acid production for phosphoric acid manufacturing; iron source processing (including pyrite); lithium carbonate processing; and lithium-ion battery recycling. The project is expected to take five years to complete construction. Upon completion, the project is expected to increase our annual designed production capacities for phosphate-based cathode materials and iron phosphate by 800,000 tons and 1,000,000 tons, respectively. The total planned investment for the project is expected to be approximately RMB24.0 billion; and

- Approximately [**REDACTED**]% (or approximately HK$[**REDACTED**]) of the net [**REDACTED**] will be used for working capital and general corporate purposes.

If we set the final [**REDACTED**] below the maximum [**REDACTED**], we will reduce the allocation of the net [**REDACTED**] to the above purposes on a pro rata basis.

The additional net [**REDACTED**] that we would receive if the [**REDACTED**] were exercised in full would be HK$[**REDACTED**]. We intend to apply the additional net [**REDACTED**] to the above uses on a pro rata basis.

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the applicable disclosure requirements under the Listing Rules.

If any part of our future development plans does not proceed as intended for reasons such as changes in government policies that would hinder the development of any of our projects, or the occurrence of force majeure events, the Directors will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].

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The following is the text of a report, prepared for the purpose of incorporation in this document, received from the Company's reporting accountants, Forvis Mazars CPA Limited, Certified Public Accountants, Hong Kong.

[Forvis Mazars Letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HUNAN YUNENG NEW ENERGY BATTERY MATERIAL CO., LTD. AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED AND HSBC CORPORATE FINANCE (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Hunan Yuneng New Energy Battery Material Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group at 31 December 2023, 2024 and 2025, the statements of financial position of the Company at 31 December 2023, 2024 and 2025 and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depended on reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, reporting accountants consider internal control relevant to the Group's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2023, 2024 and 2025, the Company's financial position as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for the years ended 31 December 2023, 2024 and 2025 in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period financial information

We have reviewed the stub period financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended 31 March 2026 and other explanatory information (the "Stub Period Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

REPORT ON OTHER MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-4] have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about the dividends declared by the Company during the years ended 31 December 2023, 2024 and 2025 and three months ended 31 March 2026.

Preparation or audit of financial statements

No audited financial statements have been prepared in accordance with IFRS Accounting Standards or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to 31 March 2026.

Note 1 to the Historical Financial Information contains information about whether the financial statements of the members of the Group for the years ended 31 December 2023, 2024 and 2025 and three months ended 31 March 2026 have been audited and, if applicable, the name of the auditors.

Forvis Mazars CPA Limited
Certified Public Accountants

Hong Kong, [●]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the years ended 31 December 2023, 2024, 2025 and three months ended 31 March 2026 (the "Track Record Period"), on which the Historical Financial Information is based, were prepared by the directors of the Company in accordance with the accounting policies that conform with IFRS Accounting Standards as issued by the International Accounting Standards Board and were audited by Forvis Mazars CPA Limited, Certified Public Accountants, in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December			Three months ended 31 March	
		2023	2024	2025	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Revenue	*5*	41,357,671	22,598,527	34,624,768	6,762,141	14,965,444
Cost of sales		(38,528,226)	(20,857,291)	(31,472,441)	(6,388,852)	(12,547,451)
Gross profit		2,829,445	1,741,236	3,152,327	373,289	2,417,993
Selling and marketing expenses		(45,486)	(46,160)	(49,826)	(10,223)	(10,997)
Research and development expenses	*7*	(358,167)	(291,542)	(380,853)	(67,023)	(180,493)
General and administrative expenses		(474,153)	(499,011)	(642,668)	(143,948)	(219,682)
Other income and other gains and (losses), net	*6*	74,742	57,023	(183,062)	11,532	(169,692)
Reversal of expected credit losses (expected credit losses) on financial assets	*8*	52,220	(61,240)	(127,116)	(10,985)	(129,095)
Finance income (costs), net	*11*	(196,098)	(153,554)	(201,572)	(46,095)	(61,733)
Impairment loss on non-financial assets	*8*	–	(29,248)	(86,825)	–	–
Share of results of associates	*21*	(7,816)	(11,674)	(7,973)	(1,517)	420
Profit before tax	*8*	1,874,687	705,830	1,472,432	105,030	1,646,721
Income tax expense	*12*	(294,178)	(115,875)	(205,378)	(11,444)	(287,259)
Profit for the year/period		1,580,509	589,955	1,267,054	93,586	1,359,462
Attributable to:						
Owners of the Company		1,580,629	593,552	1,277,183	94,316	1,356,057
Non-controlling interests		(120)	(3,597)	(10,129)	(730)	3,405
		1,580,509	589,955	1,267,054	93,586	1,359,462
Earnings per share	*15*					
Basic (RMB)		2.18	0.78	1.68	0.12	1.78
Diluted (RMB)		2.18	0.78	1.67	0.12	1.77

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Three months ended 31 March	
		2023	2024	2025	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Profit for the year/period		1,580,509	589,955	1,267,054	93,586	1,359,462
Other comprehensive income						
Other comprehensive income (loss) that are or will be reclassified to profit or loss in subsequent periods						
Exchange differences on translation of foreign operations		–	(442)	2,676	877	(13,730)
Cash flow hedging reserves (effective part of profit or loss of cash flow hedging)	*24(c)*	137	(7,814)	(39,509)	7,677	47,186
Total other comprehensive income (loss) for the year/period		137	(8,256)	(36,833)	8,554	33,456
Total comprehensive income for the year/period		1,580,646	581,699	1,230,221	102,140	1,392,918
Attributable to:						
Owners of the Company		1,580,766	585,296	1,240,350	102,870	1,389,513
Non-controlling interests		(120)	(3,597)	(10,129)	(730)	3,405
		1,580,646	581,699	1,230,221	102,140	1,392,918

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 31 March
		2023	2024	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Non-current assets					
Property, plant and equipment	*16*	11,392,268	13,511,235	16,380,751	16,942,005
Right-of-use assets	*17*	856,612	968,304	1,126,910	1,122,072
Intangible assets	*18*	39,565	42,584	54,344	52,737
Goodwill	*19*	180,235	180,235	180,235	180,235
Interests in associates	*21*	41,433	29,759	31,786	32,206
Pledged deposits	*29*	–	–	155,277	149,521
Prepayment for acquisition of property, plant and equipment		5,425	25,393	48,019	62,012
Financial assets at FVTOCI	*28*	–	–	–	150,000
Deferred tax assets	*22*	103,331	129,995	257,656	281,992
		12,618,869	14,887,505	18,234,978	18,972,780
Current assets					
Inventories	*23*	1,324,853	2,798,355	3,628,717	5,112,106
Derivative financial instruments	*24*	161	–	–	21,612
Trade and bills receivables	*25*	4,999,738	6,051,727	9,303,197	12,094,799
Prepayments, deposits and other receivables	*26*	299,425	585,739	1,024,516	1,353,273
Prepaid income tax		28,882	9,704	4,187	206
Other current assets	*27*	1,380,132	1,339,348	1,314,906	1,104,711
Financial assets at FVTOCI	*28*	4,253,684	3,178,314	3,244,816	3,878,832
Pledged deposits	*29*	1,225,616	948,730	1,298,353	1,028,297
Bank balances and cash	*29*	663,285	542,649	1,038,484	5,704,470
		14,175,776	15,454,566	20,857,176	30,298,306
Current liabilities					
Trade and bills payables	*30*	6,096,154	6,241,655	7,117,423	9,756,585
Other payables and accruals	*31*	3,585,118	4,068,678	4,924,356	4,948,540
Contract liabilities	*32*	453,386	19,407	18,672	31,730
Interest-bearing borrowings	*33*	2,011,080	3,774,995	6,606,479	6,593,113
Derivative financial instruments	*24*	–	9,032	132,696	53,862
Other current liabilities	*35*	290,958	543,378	1,462,251	1,805,653
Income tax payables		32,275	29,996	156,290	316,538
		12,468,971	14,687,141	20,418,167	23,506,021
Net current assets		1,706,805	767,425	439,009	6,792,285
Total assets less current liabilities		14,325,674	15,654,930	18,673,987	25,765,065
Non-current liabilities					
Interest-bearing borrowings	*33*	2,600,779	3,755,833	5,339,347	6,230,069
Lease liabilities	*34*	–	3,020	3,116	3,141
Contract liabilities	*32*	150,089	–	–	–
Deferred income	*36*	255,306	232,814	379,299	386,406
Deferred tax liabilities	*22*	3,717	2,720	8,791	10,501
Provision for mine site environmental rehabilitation	*39*	–	–	–	31,705
		3,009,891	3,994,387	5,730,553	6,661,822
NET ASSETS		11,315,783	11,660,543	12,943,434	19,103,243
Capital and reserves					
Share capital	*37*	757,253	757,253	760,803	843,340
Reserves	*38*	10,525,170	10,848,927	12,122,000	18,194,717
		11,282,423	11,606,180	12,882,803	19,038,057
Non-controlling interests		33,360	54,363	60,631	65,186
TOTAL EQUITY		11,315,783	11,660,543	12,943,434	19,103,243

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December			At 31 March
		2023	2024	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Non-current assets					
Investments in subsidiaries	*20*	2,503,710	2,603,897	4,511,768	4,675,433
Interests in associates	*21*	41,433	29,759	31,786	32,206
Property, plant and equipment	*16*	1,097,334	1,071,865	957,152	969,490
Right-of-use assets	*17*	76,180	74,612	73,109	72,688
Intangible assets		23,845	17,472	10,855	10,615
Prepayment for acquisition of property, plant and equipment		–	649	–	–
Financial assets at FVTOCI	*28*	–	–	–	150,000
Deferred tax assets		68,304	92,333	114,863	126,401
		3,810,806	3,890,587	5,699,533	6,036,833
Current assets					
Inventories	*23*	252,369	460,074	292,112	413,098
Derivative financial instruments		161	–	–	–
Trade and bills receivables	*25*	4,995,316	6,048,940	4,449,810	5,637,836
Prepayments, deposits and other receivables	*26*	2,292,647	4,043,910	7,921,164	8,628,665
Other current assets		561,297	296,893	182,278	84,520
Financial assets at FVTOCI	*28*	4,100,262	3,166,289	2,500,753	2,791,886
Pledged deposits	*29*	1,211,016	856,570	1,134,830	911,119
Bank balances and cash	*29*	542,251	299,541	442,466	4,893,987
		13,955,319	15,172,217	16,923,413	23,361,111
Current liabilities					
Trade and bills payables	*30*	4,117,285	4,938,038	6,918,401	8,442,678
Other payables and accruals	*31*	1,405,189	724,675	696,693	821,614
Contract liabilities	*32*	446,050	9,704	118	5,440
Interest-bearing borrowings	*33*	1,537,031	1,748,335	2,135,006	2,464,150
Derivative financial instruments		–	9,032	–	–
Other current liabilities	*35*	288,883	540,581	828,795	654,357
		7,794,438	7,970,365	10,579,013	12,388,239
Net current assets		6,160,881	7,201,852	6,344,400	10,972,872
Total assets less current liabilities		9,971,687	11,092,439	12,043,933	17,009,705
Non-current liabilities					
Interest-bearing borrowings	*33*	1,593,796	2,273,507	3,182,465	3,305,833
Contract liabilities	*32*	150,089	–	–	–
Deferred income		115,464	88,551	61,997	55,459
Deferred tax liabilities		24	133	–	–
		1,859,373	2,362,191	3,244,462	3,361,292
NET ASSETS		8,112,314	8,730,248	8,799,471	13,648,413
Capital and reserves					
Share capital	*37*	757,253	757,253	760,803	843,340
Reserves	*38*	7,355,061	7,972,995	8,038,668	12,805,073
TOTAL EQUITY		8,112,314	8,730,248	8,799,471	13,648,413

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
		Reserves							
	Share capital	Capital reserve	Statutory reserve	Specific reserve	Other comprehensive income	Accumulated profits	Total	Non-controlling interests	Total
	RMB'000 (Note 37)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023									
At 1 January 2023	567,940	926,355	234,270	–	–	3,985,419	5,713,984	480	5,714,464
Profit for the year	–	–	–	–	–	1,580,629	1,580,629	(120)	1,580,509
Other comprehensive income									
- Cash flow hedging reserves (effective part of profit or loss of cash flow hedging)	–	–	–	–	137	–	137	–	137
Total other comprehensive income	–	–	–	–	137	–	137	–	137
Total comprehensive income (loss)	–	–	–	–	137	1,580,629	1,580,766	(120)	1,580,646
Transactions with owners:									
Contributions and distributions									
Issue of shares	189,313	4,099,179	–	–	–	–	4,288,492	–	4,288,492
Contribution from non-controlling interests	–	–	–	–	–	–	–	33,000	33,000
Dividend declared *(Note 14)*	–	–	–	–	–	(301,386)	(301,386)	–	(301,386)
	189,313	4,099,179	–	–	–	(301,386)	3,987,106	33,000	4,020,106
Transfer of statutory reserve	–	–	28,999	–	–	(28,999)	–	–	–
Specific reserve									
Provision	–	–	–	1,375	–	–	1,375	–	1,375
Utilisation	–	–	–	(808)	–	–	(808)	–	(808)
	–	–	–	567	–	–	567	–	567
At 31 December 2023	757,253	5,025,534	263,269	567	137	5,235,663	11,282,423	33,360	11,315,783

	Attributable to owners of the Company								
		Reserves							
	Share capital	Capital reserve	Statutory reserve	Specific reserve	Other comprehensive income	Accumulated profits	Total	Non-controlling interests	Total
	RMB'000 (Note 37)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024									
At 1 January 2024	757,253	5,025,534	263,269	567	137	5,235,663	11,282,423	33,360	11,315,783
Profit for the year	–	–	–	–	–	593,552	593,552	(3,597)	589,955
Other comprehensive income									
- Cash flow hedging reserves (effective part of profit or loss of cash flow hedging)	–	–	–	–	(7,814)	–	(7,814)	–	(7,814)
- Exchange differences on translation of foreign operations	–	–	–	–	(442)	–	(442)	–	(442)
Total other comprehensive income (loss)	–	–	–	–	(8,256)	–	(8,256)	–	(8,256)

	Attributable to owners of the Company								
		Reserves							
	Share capital	Capital reserve	Statutory reserve	Specific reserve	Other comprehensive income	Accumulated profits	Total	Non-controlling interests	Total
	RMB'000 (Note 37)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total comprehensive income (loss)	–	–	–	–	(8,256)	593,552	585,296	(3,597)	581,699
Transactions with owners:									
Contributions and distributions									
Contribution from non-controlling interests	–	–	–	–	–	–	–	24,600	24,600
Dividend declared *(Note 14)*	–	–	–	–	–	(316,532)	(316,532)	–	(316,532)
Share-based payments	–	54,425	–	–	–	–	54,425	–	54,425
	–	54,425	–	–	–	(316,532)	(262,107)	24,600	(237,507)
Transfer of statutory reserve	–	–	89,240	–	–	(89,240)	–	–	–
Specific reserve									
Provision	–	–	–	1,375	–	–	1,375	–	1,375
Utilisation	–	–	–	(807)	–	–	(807)	–	(807)
	–	–	–	568	–	–	568	–	568
At 31 December 2024	757,253	5,079,959	352,509	1,135	(8,119)	5,423,443	11,606,180	54,363	11,660,543

	Attributable to owners of the Company								
		Reserves							
	Share capital	Capital reserve	Statutory reserve	Specific reserve	Other comprehensive income	Accumulated profits	Total	Non-controlling interests	Total
	RMB'000 (Note 37)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025									
At 1 January 2025	757,253	5,079,959	352,509	1,135	(8,119)	5,423,443	11,606,180	54,363	11,660,543
Profit for the year	–	–	–	–	–	1,277,183	1,277,183	(10,129)	1,267,054
Other comprehensive income									
- Cash flow hedging reserves (effective part of profit or loss of cash flow hedging)	–	–	–	–	(39,509)	–	(39,509)	–	(39,509)
- Exchange differences on translation of foreign operations	–	–	–	–	2,676	–	2,676	–	2,676
Total other comprehensive income (loss)	–	–	–	–	(36,833)	–	(36,833)	–	(36,833)
Total comprehensive income (loss)	–	–	–	–	(36,833)	1,277,183	1,240,350	(10,129)	1,230,221
Transactions with owners:									
Contributions and distributions									
Issue of shares	3,550	56,279	–	–	–	–	59,829	–	59,829
Contribution from non-controlling interests	–	–	–	–	–	–	–	18,225	18,225
Dividend declared (Note 14)	–	–	–	–	–	(118,889)	(118,889)	–	(118,889)
Refund to non-controlling shareholders upon deregistration of a subsidiary	–	–	–	–	–	–	–	(1,828)	(1,828)
Share-based payments	–	94,050	–	–	–	–	94,050	–	94,050

	Attributable to owners of the Company								
		Reserves							
	Share capital	Capital reserve	Statutory reserve	Specific reserve	Other comprehensive income	Accumulated profits	Total	Non-controlling interests	Total
	RMB'000 (Note 37)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	3,550	150,329	–	–	–	(118,889)	34,990	16,397	51,387
Transfer of statutory reserve	–	–	3,161	–	–	(3,161)	–	–	–
Specific reserve									
Appropriation	–	–	–	3,259	–	–	3,259	–	3,259
Utilisation	–	–	–	(1,976)	–	–	(1,976)	–	(1,976)
	–	–	–	1,283	–	–	1,283	–	1,283
At 31 December 2025	760,803	5,230,288	355,670	2,418	(44,952)	6,578,576	12,882,803	60,631	12,943,434

	Attributable to owners of the Company								
		Reserves							
	Share capital	Capital reserve	Statutory reserve	Specific reserve	Other comprehensive income	Accumulated profits	Total	Non-controlling interests	Total
	RMB'000 (Note 37)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Period ended 31 March 2025 (unaudited)									
At 1 January 2025	757,253	5,079,959	352,509	1,135	(8,119)	5,423,443	11,606,180	54,363	11,660,543
Profit for the period	–	–	–	–	–	94,316	94,316	(730)	93,586
Other comprehensive income									
- Cash flow hedging reserves (effective part of profit or loss of cash flow hedging)	–	–	–	–	7,677	–	7,677	–	7,677
- Exchange differences on translation of foreign operations	–	–	–	–	877	–	877	–	877
Total other comprehensive income	–	–	–	–	8,554	–	8,554	–	8,554
Total comprehensive income (loss)	–	–	–	–	8,554	94,316	102,870	(730)	102,140
Transactions with owners:									
Contributions and distributions									
Contribution from non-controlling interests	–	–	–	–	–	–	–	5,000	5,000
Share-based payments	–	18,921	–	–	–	–	18,921	–	18,921
	–	18,921	–	–	–	–	18,921	5,000	23,921
Specific reserve									
Provision	–	–	–	1,747	–	–	1,747	–	1,747
Utilisation	–	–	–	(38)	–	–	(38)	–	(38)
	–	–	–	1,709	–	–	1,709	–	1,709
At 31 March 2025	757,253	5,098,880	352,509	2,844	435	5,517,759	11,729,680	58,633	11,788,313

	Attributable to owners of the Company								
		Reserves							
	Share capital	Capital reserve	Statutory reserve	Specific reserve	Other comprehensive income	Accumulated profits	Total	Non-controlling interests	Total
	RMB'000 (*Note 37*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Period ended 31 March 2026 (unaudited)									
At 1 January 2026	760,803	5,230,288	355,670	2,418	(44,952)	6,578,576	12,882,803	60,631	12,943,434
Profit for the period	–	–	–	–	–	1,356,057	1,356,057	3,405	1,359,462
Other comprehensive income									
- Cash flow hedging reserves (effective part of profit or loss of cash flow hedging)	–	–	–	–	47,186	–	47,186	–	47,186
- Exchange differences on translation of foreign operations	–	–	–	–	(13,730)	–	(13,730)	–	(13,730)
Total other comprehensive income	–	–	–	–	33,456	–	33,456	–	33,456
Total comprehensive income	–	–	–	–	33,456	1,356,057	1,389,513	3,405	1,392,918
Transactions with owners:									
Contributions and distributions									
Issue of shares	82,537	4,649,652	–	–	–	–	4,732,189	–	4,732,189
Contribution from non-controlling interests	–	–	–	–	–	–	–	1,150	1,150
Share-based payments	–	30,793	–	–	–	–	30,793	–	30,793
	82,537	4,680,445	–	–	–	–	4,762,982	1,150	4,764,132
Specific reserve									
Provision	–	–	–	3,456	–	–	3,456	–	3,456
Utilisation	–	–	–	(697)	–	–	(697)	–	(697)
	–	–	–	2,759	–	–	2,759	–	2,759
At 31 March 2026	843,340	9,910,733	355,670	5,177	(11,496)	7,934,633	19,038,057	65,186	19,103,243

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
OPERATING ACTIVITIES					
Profit before tax	1,874,687	705,830	1,472,432	105,030	1,646,721
Adjustments for:					
(Reversal of expected credit losses)/Expected credit losses on financial assets	(52,220)	61,240	127,116	10,985	129,095
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
Amortisation on intangible assets	12,571	13,237	12,533	3,263	3,142
Gain on disposal of a subsidiary	–	(233)	–	–	–
Loss on disposal of property, plant and equipment, intangible assets and other non-current assets	3,429	8,470	2,975	1,081	195
Impairment loss on property, plant and equipment	–	29,248	80,561	–	–
Impairment loss on right-of-use assets	–	–	6,264	–	–
Share of results of associates	7,816	11,674	7,973	1,517	(420)
Share-based payments	–	46,102	77,133	22,765	16,029
Unpaid specific reserve	567	964	1,447	1,709	2,759
(Reversal of write-down)/Write-down on inventories, net	(126,493)	(5,435)	12,457	(1,007)	(40)
Interest income	(47,803)	(22,465)	(14,815)	(2,980)	(4,347)
Investment income from wealth management products	(1,021)	–	–	–	–
Interest expense	191,138	158,080	211,956	47,634	59,950
Changes in working capital:					
Inventories	3,773,054	(1,468,068)	(842,819)	(427,031)	(1,483,349)
Trade and bills receivables	(493,436)	(3,631,656)	(6,362,165)	(1,155,353)	(4,394,280)
Financial assets at FVTOCI	(883,758)	1,075,370	(66,503)	28,639	(634,015)
Prepayments, deposits and other receivables	203,687	(292,499)	(469,217)	(22,869)	(328,051)
Derivative financial instruments, net	–	–	69,782	–	(37,531)
Other current assets	(395,913)	40,741	24,442	127,169	210,196
Deferred income	217,101	(22,492)	146,485	(8,978)	13,830
Pledged deposits	(577,395)	533,276	(569,646)	160,762	142,852
Trade and bills payables	(2,881,303)	189,107	1,060,125	(85,018)	2,540,843
Contract liabilities	(1,151,624)	(584,068)	(735)	(8,665)	13,058
Other payables and accruals	396,306	360,906	565,554	65,381	211,984
Other current liabilities	(163,004)	252,420	918,873	140,406	343,402
Cash generated from (used in) operations	984,565	(947,747)	(1,397,297)	(503,540)	(902,605)
Interest received	47,803	22,465	14,815	2,980	4,347
Income tax paid	(531,124)	(116,933)	(163,867)	(30,198)	(146,622)
Net cash from (used in) operating activities	501,244	(1,042,215)	(1,546,349)	(530,758)	(1,044,880)

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
INVESTING ACTIVITIES					
Interest received from wealth management products	1,021	–	–	–	–
Sale proceeds of disposal of property, plant and equipment, intangible assets and other non-current assets	11	183	–	–	–
Proceeds of redemption of wealth management products	185,000	–	–	–	–
Refund of security deposits for bills	1,510	39,610	95,585	45,605	71,385
Refund of security deposits for construction and equipment	117,594	24,882	54,279	6,380	8,579
Payment of purchase of property, plant and equipment, intangible assets and right-of-use assets	(2,676,869)	(1,300,799)	(2,225,655)	(459,915)	(311,025)
Investment in an associate	(12,600)	–	(10,000)	–	–
Investment in an unlisted equity investment	–	–	–	–	(150,000)
Payment for wealth management products	(185,000)	–	–	–	–
Payment for security deposits for bills	(39,610)	(95,585)	(100,150)	(66,146)	(44,181)
Payment for leasehold land and security deposits for construction and equipment	(12,920)	(414)	(10,494)	–	–
Net cash received from disposal of subsidiaries	–	1,236	–	–	–
Net cash used in investing activities	(2,621,863)	(1,330,887)	(2,196,435)	(474,076)	(425,242)
FINANCING ACTIVITIES					
Issue of shares, net of cost	4,275,868	–	59,829	–	4,734,960
Capital injection from non-controlling interests	33,000	24,600	18,225	5,000	1,150
Proceeds from bank borrowings	2,459,200	4,006,421	4,702,327	1,025,432	2,515,353
Payment for bank borrowings	(4,022,905)	(2,344,234)	(2,535,585)	(290,923)	(725,415)
Proceeds from discounted bills	99,568	2,095,243	3,979,726	551,637	327,730
Dividend paid	(301,386)	(316,532)	(118,889)	–	–
Interest paid	(193,610)	(153,670)	(187,668)	(42,785)	(52,577)
Payment for settlement of bills	(1,000)	(850,000)	(1,760,000)	(400,000)	(750,000)
Payment for security deposits for bills/borrowings	–	(200,000)	(120,194)	(60,440)	–
Refund of security deposits for bills/borrowings	–	–	200,000	120,000	100,000
Payment of lease liabilities	–	(8,920)	–	–	–
Refund interests in a deregistered subsidiary to non-controlling interests	–	–	(1,828)	–	–
Net cash from financing activities	2,348,735	2,252,908	4,235,943	907,921	6,151,201

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
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 reporting period	435,169	663,285	542,649	542,649	1,038,484
Cash and cash equivalents at end of the reporting period	663,285	542,649	1,038,484	446,613	5,704,470

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Hunan Yuneng New Energy Battery Material Co., Ltd. (the "Company"), a company incorporated in the People's Republic of China (the "PRC"), was established on 23 June 2016. On 9 February 2023, the shares of the Company were listed on Shenzhen Stock Exchange in the PRC. The Company's registered office is located at No.18, Rili Road, Heling Town, Yuhu District, Xiangtan City, Hunan Province, the PRC.

The Company and its subsidiaries (the "Group") is principally engaged in the research and development, production, and sales of phosphate-based cathode materials.

At the date of this report, in the opinion of the directors of the Company, the Company did not have ultimate holding company/controlling party.

In this Historical Financial Information, certain English names of the companies referred herein represent management's best effort to translate the Chinese names of the companies as no English names have been registered.

At the date of this Historical Financial Information, the particulars of the Company's principal subsidiaries are as follows:

Name	Notes	Type of entity	Place of operation/ incorporation/ establishment	Registered/Issued paid-up capital	Attributable equity interests held by the Company		Principal activities
					Directly	Indirectly	
Sichuan Yuneng New Energy Battery Materials Co., Ltd.* 四川裕能新能源電池材料有限公司	i	Limited liability company	Chinese Mainland	RMB350,000,000	100.0%	–	Research and development, production and sale of lithium-ion battery materials
Sichuan Yuning New Energy Materials Co., Ltd.* 四川裕寧新能源材料有限公司	i	Limited liability company	Chinese Mainland	RMB210,000,000	–	100.0%	Research and development, production and sale of lithium-ion battery materials
Yunnan Yuneng New Energy Battery Materials Co., Ltd.* 雲南裕能新能源電池材料有限公司	i	Limited liability company	Chinese Mainland	RMB900,000,000	100.0%	–	Research and development, production and sale of lithium-ion battery materials
Guizhou Yuneng New Energy Battery Materials Co., Ltd.* 貴州裕能新能源電池材料有限公司	i	Limited liability company	Chinese Mainland	RMB1,200,000,000	100.0%	–	Research and development, production and sale of lithium-ion battery materials
Guizhou Yuneng Mining Co., Ltd.* 貴州裕能礦業有限公司	i	Limited liability company	Chinese Mainland	RMB100,000,000	–	67.0%	Mining of mineral resources and mineral processing
Hunan Yuneng Recycling Technology Co., Ltd.* 湖南裕能循環科技有限公司	i	Limited liability company	Chinese Mainland	RMB500,000,000	100.0%	–	Processing, recycling and production of lithium carbonate resources
Yuneng International (Spain) New Energy Battery Material, S.L.	ii	Limited liability company	Spain	EUR40,500,000	–	100.0%	Research and development, production and sale of lithium-ion battery materials

Notes:

i. The statutory financial statements for the years ended 31 December 2023, 2024 and 2025 were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and were audited by Pan-China Certified Public Accountants LLP.

ii. No statutory audited financial statements were prepared for the years ended 2024 and 2025 as there was no statutory requirement to conduct a statutory audit.

** The official names are in Chinese and the English names are translated for identification purpose only.*

2. BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards and Interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period beginning on 1 January 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period. The early adoption of the IFRS Accounting Standards do not have any significant impact on the financial positions or results of the Group during the Track Record Period.

The material accounting policies that have been used in the preparation of this Historical Financial Information are summarised below. These policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

3.1 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

IFRS 18	Presentation and Disclosure in Financial Statements[1]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[1]
IFRS 20	Regulatory Assets and Regulatory Liabilities[2]
Amendments to IAS 21	Translation to Hyperinflationary Presentation Currency[1]
Amendments to IAS 28	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures[1]
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2027

[2] Effective for annual periods beginning on or after 1 January 2029

[3] Effective date not yet determined

The Group has already commenced an assessment of the impact of these new and amended IFRS Accounting Standards, certain of which are relevant to the Group's operations. According to the preliminary assessment made by management, no significant impact on the financial performance and positions of the Group is expected when they become effective.

3.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries for the Track Record Period. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the Historical Financial Information from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statements of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRS Accounting Standards.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's investments in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained profits). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statements of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee's profits or not, are recognised in the Company's profit or loss.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

Where the consideration the Group transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not subsequently remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is subsequently remeasured at each reporting date at fair value with changes in fair value recognised in profit or loss.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Associates

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the Historical Financial Information, investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associates recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's investments in associates are carried at cost and adjusted for the post-acquisition changes in the Group's share of the associates' net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the year includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on the investment in associates recognised for the year. The Group's other comprehensive income for the year includes its share of the associates' other comprehensive income for the year, if any.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates. Where unrealised losses on assets sales between the Group and its associates are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate equals or exceeds its investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's investment in the associate is the carrying amount of the investment under the equity method together with the Group's other long-term investments that in substance form part of the Group's net investment in the associate.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. At the end of each reporting period, the Group determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value-in-use and fair value less costs of disposal) of the associate and its carrying amount. In determining the value-in-use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including cash flows arising from the operations of the associate and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate. If the retained interest in that former associate is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between (i) the fair value of any retained interest and any proceeds from disposing of partial investment in the associate; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

In the Company's statements of financial position, investments in associates are accounted for using the equity method.

Foreign currency translation

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company and its major subsidiaries.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation of monetary assets and liabilities at the end of the reporting period are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the other comprehensive income reserve in equity.

Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values using the straight-line basis over their estimated useful lives as follows:

Categories	Estimated useful lives	Residual values
Buildings	20-30 years	5%
Machinery	5-10 years	5%
Electronic equipment	5 years	5%
Transportation equipment	5 years	5%
Other equipment	5 years	5%
Leasehold improvements	Shorter of 5 years or remaining lease terms	0%

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Right-of-use assets

Accounting policies of right-of-use assets (other than land use rights) are set out in "Leases" below.

Land use rights (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the term of the lease/right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

Goodwill

Set out below are the accounting policies on goodwill arising on business combination. Accounting for goodwill arising on acquisition of investments in associates is set out in "Associates" above.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is tested annually for impairment (see "Impairment of non-financial assets" below).

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

Intangible assets

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line or unit production basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The useful lives are as follows:

Patent technology and non-patent technology	Shorter of 10 years and period during which it can bring economic benefits to the company.
Software	Shorter of 5 years and period during which it can bring economic benefits to the company.
Mining rights	Period during which it can bring economic benefits to the company.
Production quota	Period during which it can bring economic benefits to the company.

Mining rights are stated at cost less accumulated amortisation and any impairment losses.

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are tested for impairment as described in "Impairment of non-financial assets" below.

Research and development

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet all of the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 "Revenue from Contracts with Customers", all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

– amortised cost;

– FVTPL; or

– fair value through other comprehensive income ("FVTOCI").

The classification is determined by both:

– the Group's business model for managing the financial asset; and

– the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, interest income or other financial items, except for expected credit losses ("ECL") on financial assets which is presented as a separate item in consolidated statements of profit or loss.

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in "other gains and losses" in profit or loss. Discounting is ignored where the effect of discounting is immaterial. The Group's bank balances and cash, pledged deposits, trade and bills receivables, deposits and other receivables fall into this category of financial instruments.

Financial assets at FVTOCI — recycling

If the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

Equity instruments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in "revaluation reserve" in equity. Such elections are made on an instrument-by- instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in "revaluation reserve" will not be reclassified to profit or loss upon disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in "other gains and losses" in profit or loss.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and bills payables, other payables and accruals, derivative financial instruments, borrowings and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in "Leases" below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Trade and bills payables, other payables and accruals.

They are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Details of accounting policy of derivative financial instruments are set out in "Derivative financial instruments" below.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and FVTOCI and trade and bills receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

– financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and

– financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the end of the reporting period.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at the end of each reporting period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, except for trade receivables with significant outstanding balances which are assessed individually, the remaining trade receivables have been grouped based on shared credit risk characteristics.

Other financial assets measured at amortised cost and financial assets measured at FVTOCI

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of each reporting period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;

– existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

– an actual or expected significant deterioration in the operating results of the debtor.

Despite the foregoing, the Group assumes that the credit risk on bank acceptance notes and electronic debt claims certificates measured at FVTOCI not increased significantly since initial recognition if the bank acceptance notes and electronic debt claims certificates measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Financial assets measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of trade and bills receivables and other financial assets measured are set out in Note 48.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 42.

Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration in advance of performance. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under IFRS 9 as set out in "Impairment of financial assets" above and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to commodity price risks, including commodity futures contracts. Further details of derivative financial instruments are set out in Note 24.

Derivative financial instruments are recognised at fair value at the end of each reporting period with gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for hedged accounting under IFRS 9. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined) on an ongoing basis. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in commodity price.

Cash flow hedges

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in other comprehensive income reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in other gains and losses line item. Amounts previously recognised in other comprehensive income and accumulated in other comprehensive income reserve are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statements of profit or loss as the recognised hedged item.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments changes due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

On the consolidated statements of financial position, land use rights and leased properties have been included in "right-of-use-assets" under non-current assets.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract (which includes both incremental costs and an allocation of other costs that relate directly to fulfilling that contract).

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered as contingent assets.

Share capital

Share capital is classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issue of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Revenue recognition and other contract costs

(a) Revenue from contracts with customers

Revenue mainly arises from the sales of phosphate-based cathode materials related products.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising 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 amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Further details of the Group's revenue and other income recognition policies are as follows:

Revenue from sale of goods

Revenue from sale of goods between the Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognised when the performance obligation has been satisfied at a point in time.

For customers whose products require acknowledgement of receipt, the Company will deliver the goods to the place of delivery designated by the purchasers according to the delivery dates as stipulated in the sales contracts or orders signed with the customers, and transfer the goods to the customers with revenue recognized upon customers' acknowledgement of receipt.

For customers whose products require acknowledgement of receipt and warehousing confirmation, the Company will deliver the goods to the place of delivery designated by the purchasers according to the delivery dates as stipulated in the sales contracts or orders signed with the customers, and transfer the goods to the customers for acknowledgement of receipt with revenue recognized upon warehousing.

For customers whose products require acknowledgement of receipt and usage confirmation, the Company will deliver the goods to the place of delivery designated by the purchasers according to the delivery dates as stipulated in the sales contracts or orders signed with the customers, and transfer the goods to the customers for acknowledgement of receipt with revenue recognized upon usage.

Revenue for export sale of goods is recognised when the Group has declared the goods for customs clearance in accordance with the contract terms, and has obtained a customs declaration or received acceptance and other proof of receipt from the customers.

No significant warranties, rights of return, financing components, or variable consideration arrangements are typically provided in the ordinary course of the Group's cathode materials business, unless specifically stated in the relevant customer contracts.

(b) Other contract costs

Contract costs are either the costs to fulfil a contract or the incremental costs of obtaining a contract.

Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer which are not capitalised as inventories, property, plant and equipment and intangible assets, the Group capitalises the costs incurred to fulfil a contract with a customer as an asset (included in "inventories" in the consolidated statements of financial position) if all of the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(iii) the costs are expected to be recovered.

An asset is amortised and charged to the profit or loss on a systematic basis (i.e. over the period of sales contracts that is consistent with the transfer to the customer of the goods or services to which the asset relates). The asset is subject to impairment review. Other costs of fulfilling a contract, which are not capitalised, are expensed as incurred.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e., gross carrying amount net of ECL allowance) of the asset.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets.

Impairment of non-financial assets

The following assets are subject to impairment testing:

- Goodwill arising on acquisition of subsidiaries;
- Intangible assets;
- Property, plant and equipment;
- Right-of-use assets;
- Investment properties; and
- The Company's investments in subsidiaries, associates and joint ventures.

Goodwill and intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value-in-use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised as an expense in profit or loss in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Retirement benefits

Pension scheme

Retirement benefits to employees are provided through defined contribution plans. The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees including restricted share incentive plan.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the "capital reserve" in equity. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested shares ultimately exercised by holders does not impact the expense recorded in any period.

Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each reporting period.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

– income or loss excluding reversals of temporary differences; and

– reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker (the "CODM") for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the CODM are determined by the Group's major product and service lines.

The CODM has been identified as the executive directors of the Company, who determine the operating segments of the Group and review the Group's internal reporting in order to assess performance and allocate resources. All of the Group's business operations relate to the research, development, production, and sales of phosphate-based cathode materials with similar economic characteristics. Accordingly, the executive directors review the performance of the Group as a single business segment. No separate analysis of the segment results by reportable segment is necessary.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

  (i) the entity and the Group are members of the same group.

  (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) the entity and the Group are joint ventures of the same third party.

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

  (vi) the entity is controlled or jointly controlled by a person identified in (a).

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of fair value of financial instruments not traded in an active market

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets and liabilities at level 3 fair value hierarchy are detailed in Note 47.

Impairment of property, plant and equipment, intangible assets with finite useful lives and right-of-use assets

Property, plant and equipment, intangible assets with finite useful lives and right-of-use assets are stated at costs less accumulated depreciation or amortisation and impairment loss, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying amount of an asset can be supported by the recoverable amount, in the case of value-in-use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the asset belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

Valuation and Depreciation of long-term assets

The Group makes estimates and judgments regarding the useful lives, residual values, and timing of transfers from construction in progress to other property, plant and equipment items. These judgments are based on historical experience, actual operating conditions of similar assets, and the future anticipated economic benefits.

Construction in progress is transferred to other property, plant and equipment items when the asset is deployed and reaches the condition intended by management for use. Management must assess the actual readiness, testing outcomes, and physical condition of the assets to determine the exact cut-off date. Incorrect timing of this transfer could result in misstatements of both asset values and the corresponding depreciation expenses for the period.

Property, plant and equipment are depreciated over their estimated useful lives after taking into account their estimated residual values. Management reviews the estimated useful lives, residual values, and depreciation methods at least at each financial year-end. If expectations differ from previous estimates due to technological obsolescence, physical wear and tear, or changes in business strategy, adjustments are made prospectively as changes in accounting estimates.

As of 31 December 2023, 2024 and 2025, and 31 March 2026, the carrying amounts of construction in progress were RMB659,232,000, RMB1,224,803,000, RMB1,457,247,000, and RMB1,360,477,000, respectively. If actual future outcomes differ from management's current estimates, there could be a material impact on the Group's financial position and operating results.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period. If the actual net realisable values of inventories are more or less than expected as a result of change in market conditions, material reversal of write-down or write-down may result.

Estimation of impairment of trade and bills receivables

The Group makes allowances on trade and bills receivables based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The provision of ECL is sensitive to changes in estimates. When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and bills receivables and credit losses in the periods in which such estimate has been changed.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amounts of unrecognised tax losses at 31 December 2023, 2024 and 2025 and 31 March 2026 are detailed in Note 22 to the Historical Financial Information.

Research and development expenses

All research costs are charged to profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) its intention to complete and its ability to use or sell the asset, (iii) how the asset will generate future economic benefits, (iv) the availability of resources to complete the project and (v) the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

5. REVENUE AND SEGMENT INFORMATION

a. Revenue

The Group's principal activities are disclosed in Note 1 to the Historical Financial Information.

The Group derives revenue from the transfer of goods and services at a point in time or services over time are analysed as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Type of goods and services					
– Phosphate-based cathode material	41,105,774	22,214,955	33,909,853	6,653,351	14,705,738
– Others	251,897	383,572	714,915	108,790	259,706
	41,357,671	22,598,527	34,624,768	6,762,141	14,965,444
Timing of revenue recognised					
– At a point in time	41,357,671	22,598,527	34,624,768	6,762,141	14,965,444

b. Segment information

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Management reviews the performance of the Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. No separate analysis of the segment results by reportable segment is necessary.

Geographical information

The following table sets out the information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services are provided or the goods are delivered.

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Revenue from external customers					
Chinese Mainland	41,351,015	22,586,193	34,340,238	6,759,877	14,465,239
Others	6,656	12,334	284,530	2,264	500,205
	41,357,671	22,598,527	34,624,768	6,762,141	14,965,444

The geographical location of non-current assets (other than financial instruments, interests in associates and deferred tax assets) is based on the physical location of the assets, in the case of property, plant and equipment, prepayments in relation to property, plant and equipment, right-of-use assets and intangible assets, and the location of the operation, in the case of goodwill. 100%, 100%, 99.8%, and 99.6% of these Group's assets are located in Chinese Mainland for the years ended 31 December 2023, 2024, 2025 and 31 March 2026, respectively.

Information about major customers

Revenue from external customers which individually contributed over 10% of the Group's revenue during the Track Record Period is as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Revenue from external customers					
Customer A	16,947,263	7,023,576	5,981,264	1,647,629	1,604,127
Customer B	15,647,797	6,183,540	10,294,697	2,349,050	4,125,270
Customer C	N/A*	N/A*	3,743,840	N/A*	N/A*

Note: The revenue contributed from the above customers is derived from sales of phosphate-based cathode materials.

* The corresponding revenue did not exceed 10% of the Group's total revenue.

6. OTHER INCOME AND OTHER GAINS AND (LOSSES), NET

	Year ended 31 December			Three months ended 31 March	
	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
	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	–	–	(159,641)	–	(178,581)
Loss on discounting of 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
	71,196	55,069	(199,977)	11,139	(171,350)
	74,742	57,023	(183,062)	11,532	(169,692)

7. RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Direct materials	273,591	176,148	257,942	40,711	145,008
Depreciation and amortisation	36,061	42,934	48,531	11,453	13,549
Fuel and power	26,736	37,374	39,231	8,756	11,288
Direct labour	19,357	24,172	25,568	3,819	8,120
Share-based payments	–	3,200	4,511	1,140	1,216
Others	2,422	7,714	5,070	1,144	1,312
	358,167	291,542	380,853	67,023	180,493

8. EXPENSES BY NATURE

This is stated after charging (crediting):

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Depreciation on property, plant and equipment (charged to "cost of sales", "selling and marketing expenses", "research and development expenses" and "general and administrative expenses", as appropriate)	1,064,726	1,575,044	2,108,154	486,767	638,725
Depreciation on right-of-use asset (charged to "selling and marketing expenses" and "general and administrative expenses", as appropriate)	13,453	17,460	22,341	5,253	6,647
Amortisation on intangible assets (charged to "cost of sales", "selling and marketing expenses", "research and development expenses" and "general and administrative expenses", as appropriate)	12,571	13,237	12,533	3,263	3,142
Loss on disposal of property, plant and equipment, intangible assets and other non-current assets	3,429	8,470	2,975	1,081	195
Impairment loss on non-financial assets					
- Right-of-use assets	–	–	6,264	–	–
- Property, plant and equipment	–	29,248	80,561	–	–
	–	29,248	86,825	–	–
(Reversal of expected credit losses)/Expected credit losses on financial assets					
- Trade receivables	(92,023)	55,358	71,720	10,683	154,757
- Bills receivables	–	–	24,956	–	(24,956)
- Other receivables	39,803	5,882	30,440	302	(706)
	(52,220)	61,240	127,116	10,985	129,095
Write-down on inventories	332,770	32,270	17,532	–	–
Reversal of write-down on inventories	(459,263)	(37,705)	(5,075)	(1,007)	(40)
Direct cost of inventories recognised as an expense					
- Cost of sales	34,068,274	15,614,712	23,281,488	4,670,563	10,213,184
- Research and development expenses	273,591	176,148	257,942	40,711	145,008
	34,341,865	15,790,860	23,539,430	4,711,274	10,358,192
Auditors' remuneration	1,280	1,400	1,400	–	–
Short-term lease charges	17,737	40,197	67,538	16,481	16,810

9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses (including directors' remuneration) are analysed as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Fees, salaries, allowances, discretionary bonuses, benefits in kind	611,741	627,298	889,976	200,133	293,777
Retirement scheme contributions	90,945	99,858	134,474	30,738	38,728
Share-based compensation expenses	–	46,102	77,133	22,765	16,029
	702,686	773,258	1,101,583	253,636	348,534

(b) Directors' emoluments

	Note	Fees, salaries, allowances, discretionary bonuses, benefits in kind	Retirement scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2023				
Directors				
Tan Xin Qiao (譚新喬)		2,680	71	2,751
Zhao Huai Qiu (趙懷球)		2,287	71	2,358
Wang Yong Mei (汪詠梅)		2,094	71	2,165
Liu Gan Jiang (劉干江)		–	–	–
Lu Yi Hao (陸怡皓)		–	–	–
Long Shao Fei (龍紹飛)		–	–	–
Independent directors				
Zhong Chao Fan (鍾超凡)		100	–	100
Xia Yun Feng (夏雲峰)		100	–	100
Dai Jing (戴靜)		100	–	100
Supervisors				
Xie Jun Heng (謝軍恒)		1,471	71	1,542
Peng Jian Gui (彭建規)		–	–	–
Li Xin (李昕)		–	–	–
	(i)	8,832	284	9,116

	Fees, salaries, allowances, discretionary bonuses, benefits in kind	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2024			
Directors			
Tan Xin Qiao (譚新喬)	1,680	72	1,752
Zhao Huai Qiu (趙懷球)	1,234	72	1,306
Wang Yong Mei (汪詠梅)	1,109	72	1,181
Liu Gan Jiang (劉干江)	–	–	–
Lu Yi Hao (陸怡皓)	–	–	–
Long Shao Fei (龍紹飛)	–	–	–
Independent directors			
Zhong Chao Fan (鍾超凡)	100	–	100
Xia Yun Feng (夏雲峰)	100	–	100
Dai Jing (戴靜)	100	–	100
Supervisors			
Xie Jun Heng (謝軍恒)	891	72	963
Peng Jian Gui (彭建規)	–	–	–
Li Xin (李昕)	–	–	–
(i)	5,214	288	5,502

	Note	Fees, salaries, allowances, discretionary bonuses, benefits in kind	Retirement scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2025				
Directors				
Tan Xin Qiao (譚新喬)		2,680	72	2,752
Zhao Huai Qiu (趙懷球)		2,267	72	2,339
Wang Yong Mei (汪詠梅)		1,474	72	1,546
Liu Gan Jiang (劉干江)		–	–	–
Lu Yi Hao (陸怡皓)		–	–	–
Long Shao Fei (龍紹飛)		–	–	–
Independent directors				
Zhong Chao Fan (鍾超凡)		100	–	100
Xia Yun Feng (夏雲峰)		100	–	100
Dai Jing (戴靜)		100	–	100
Supervisors				
Xie Jun Heng (謝軍恒) *(note (ii))*		1,231	72	1,303
Peng Jian Gui (彭建規) *(note (ii))*		–	–	–
Li Xin (李昕) *(note (ii))*		–	–	–
	(i)	7,952	288	8,240

	Fees, salaries, allowances, discretionary bonuses, benefits in kind	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*
Three months ended 31 March 2025			
Directors			
Tan Xin Qiao (譚新喬)	157	18	175
Zhao Huai Qiu (趙懷球)	131	18	149
Wang Yong Mei (汪詠梅)	107	18	125
Liu Gan Jiang (劉干江)	–	–	–
Lu Yi Hao (陸怡皓)	–	–	–
Long Shao Fei (龍紹飛)	–	–	–
Independent directors			
Xia Yun Feng (夏雲峰)	25	–	25
Dai Jing (戴靜)	25	–	25
Zhong Chao Fan (鍾超凡)	25	–	25
Supervisors			
Xie Jun Heng (謝軍恒) *(note (ii))*	88	18	106
Peng Jian Gui (彭建規) *(note (ii))*	–	–	–
Li Xin (李昕) *(note (ii))*	–	–	–
(i)	558	72	630

	Fees, salaries, allowances, discretionary bonuses, benefits in kind	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*
Three months ended 31 March 2026			
Directors			
Tan Xin Qiao (譚新喬)	168	18	186
Zhao Huai Qiu (趙懷球)	204	18	222
Wang Yong Mei (汪詠梅)	118	18	136
Liu Gan Jiang (劉干江)	–	–	–
Lu Yi Hao (陸怡皓)	–	–	–
Long Shao Fei (龍紹飛)	–	–	–
Independent directors			
Zhong Chao Fan (鍾超凡)	25	–	25
Xia Yun Feng (夏雲峰)	25	–	25
Dai Jing (戴靜)	25	–	25
(i)	565	54	619

Note:

(i) The share-based payment expense recognised in the years ended 31 December 2023, 2024 and 2025 and the three months ended 31 March 2025 and 2026 granted to the executive director, non-executive director and supervisors above of the Group was nil, RMB7,509,000, RMB12,545,000, RMB3,754,000 and RMB2,636,000, respectively, which is not included in the above remuneration.

(ii) Subsequent to the end of the Track Record Period, the Company dissolved its committee of supervisors, pursuant to a resolution approved by the shareholders at the shareholders' meeting on 12 December 2025.

10. FIVE HIGHEST PAID INDIVIDUALS

During the years ended 31 December 2023, 2024 and 2025 and three months ended 31 March 2025 and 2026 the five highest paid individuals included three, three, two, three and two directors, respectively, whose emoluments are reflected in Note 9(b) above. The aggregate emoluments payable to the remaining two, two, three, two and three individuals during the years ended 31 December 2023, 2024 and 2025 and three months ended 31 March 2025 and 2026 are as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Salaries, allowances, discretionary bonuses, benefits in kind	3,800	4,018	7,084	206	302
Retirement scheme contributions	143	129	215	36	54
Share-based compensation expenses	–	1,907	7,268	1,430	2,378
	3,943	6,054	14,567	1,672	2,734
The emoluments fell within the following bands:					
HK$0 – HK$1,000,000	–	–	–	1	2
HK$1,000,001 – HK$1,500,000	–	–	–	1	1
HK$2,000,001 – HK$2,500,000	2	–	–	–	–
HK$2,500,001 – HK$3,000,000	–	1	–	–	–
HK$3,500,001 – HK$4,000,000	–	1	–	–	–
HK$5,000,001 – HK$5,500,000	–	–	2	–	–
HK$5,500,001 – HK$6,000,000	–	–	1	–	–

11. FINANCE (INCOME) COSTS, NET

	Year ended 31 December			Three months ended 31 March	
	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 capitalised 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 (gains)/loss	(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

12. INCOME TAX EXPENSE

PRC Enterprise Income Tax ("EIT")

The income tax provision of PRC entities of the Group has been calculated at the statutory tax rate of 25%, except for the Company and certain subsidiaries which qualify for preferential income tax rates ranging from 12% to 20% (2023: 9% to 20%), on the estimated assessable profits for the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof.

Corporate income tax in other jurisdictions

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.

The major components of income tax expense are as follows:

	Year ended 31 December			Three months ended 31 March	
	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 *(Note 22)*	3,185	(17,959)	(90,299)	(18,240)	(23,591)
Income tax expense	294,178	115,875	205,378	11,444	287,259

Reconciliation between tax expense and accounting profit at applicable tax rates is as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Profit before income tax	1,874,687	705,830	1,472,432	105,030	1,646,721
Tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	281,203	105,874	220,865	15,842	251,348
Tax effects of:					
– different tax rates	18,406	(4,133)	(34,265)	(2,375)	35,631
– underprovision in respect of prior years	3,080	14,013	4,512	–	–
– share of results of an associate	1,172	1,751	1,196	228	(63)
– non-deductible expenses	2,322	565	5,476	318	12,880
– deductible temporary differences not recognised	18,371	18,605	38,572	7,744	3,104
– utilisation of tax losses previously not recognised	(6)	–	(2,116)	(5,039)	–
– additional deduction on research and development expenses	(30,159)	(23,780)	(28,862)	(5,274)	(15,641)
– others	(211)	2,980	–	–	–
	294,178	115,875	205,378	11,444	287,259

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the years ended 31 December 2023, 2024 and 2025, the profit for the year attributable to owners of the Company amounted to RMB1,580,629,000, RMB593,552,000 and RMB1,277,183,000, respectively.

For the three months ended 31 March 2025 and 2026, the profit for the period attributable to owners of the Company amounted to RMB94,316,000 (unaudited) and RMB1,356,057,000 (unaudited), respectively.

14. DIVIDENDS

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Dividends attributable to the year/period					
Final dividends for year ended					
2022	301,386	–	–	–	–
2023	–	316,532	–	–	–
2024	–	–	118,889	–	–
	301,386	316,532	118,889	–	–

Year ended 31 December 2022

The profit distribution proposal was approved in the Company's 2022 Annual General Meeting held on 4 May 2023 as follows:

Based on the Company's existing total share capital of 757,253,070 shares, a cash dividend of RMB3.98 (inclusive of tax) will be distributed for every 10 shares to all shareholders, amounting to a total cash dividend of RMB301,386,689 (inclusive of tax).

Year ended 31 December 2023

The profit distribution proposal was approved in the Company's 2023 Annual General Meeting held on 15 May 2024 as follows:

Based on the Company's existing total share capital of 757,253,070 shares, a cash dividend of RMB4.18 (inclusive of tax) will be distributed for every 10 shares to all shareholders, amounting to a total cash dividend of RMB316,531,781 (inclusive of tax).

Year ended 31 December 2024

The profit distribution proposal was approved in the Company's 2024 Annual General Meeting held on 18 April 2025 as follows:

Based on the Company's existing total share capital of 757,253,070 shares, a cash dividend of RMB1.57 (inclusive of tax) will be distributed for every 10 shares to all shareholders, amounting to a total cash dividend of RMB118,888,730 (inclusive of tax).

Year ended 31 December 2025

The profit distribution proposal was approved in the Company's 2025 Annual General Meeting held on 19 May 2026 as follows:

Based on the Company's existing total share capital of 843,340,214 shares, a cash dividend of RMB3.56 (inclusive of tax) will be distributed for every 10 shares to all shareholders, amounting to a total cash dividend of RMB300,229,113 (inclusive of tax).

Three months ended 31 March 2025 and 2026

No dividends have been declared by the Company for the three months ended 31 March 2025 and 2026.

15. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period, excluding treasury shares held for share schemes as these shares are not considered outstanding for earnings per share calculation purposes.

The following table illustrates the earnings and share information used in the calculation of basic earnings per share:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
				(unaudited)	*(unaudited)*
Profit attributable to owners of the Company used in calculating basic earnings per share (RMB'000)	1,580,629	593,552	1,277,183	94,316	1,356,057
Weighted average number of ordinary shares in issue	725,700,870	757,253,070	759,027,895	757,253,070	760,802,721
Basic earnings per share (RMB)	2.18	0.78	1.68	0.12	1.78

(b) Diluted earnings per share

The share schemes granted by the Company have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding, by the assumption of the conversion of all potential dilutive ordinary shares arising from share schemes (collectively forming the denominator for computing the diluted earnings per share).

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
				(unaudited)	*(unaudited)*
Profit attributable to owners of the Company used in calculating basic earnings per share (RMB'000)	1,580,629	593,552	1,277,183	94,316	1,356,057
Weighted average number of ordinary shares in issue	725,700,870	757,253,070	759,027,895	757,253,070	760,802,721
Adjustments for potential shares arising from share schemes	–	1,426,912	4,803,290	2,160,798	6,831,629
Weighted average number of ordinary shares used in calculating diluted earnings per share	725,700,870	758,679,982	763,831,185	759,413,868	767,634,350
Diluted earnings per share (RMB)	2.18	0.78	1.67	0.12	1.77

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Electronic equipment	Transportation equipment	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023							
Cost	2,139,154	5,000,192	78,099	21,844	63,276	1,034,583	8,337,148
Accumulated depreciation	(88,473)	(737,290)	(20,540)	(4,381)	(9,179)	–	(859,863)
Net carrying amount	2,050,681	4,262,902	57,559	17,463	54,097	1,034,583	7,477,285
Year ended 31 December 2023							
Opening net carrying amount	2,050,681	4,262,902	57,559	17,463	54,097	1,034,583	7,477,285
Additions	108,342	40,906	14,383	2,337	3,216	4,814,589	4,983,773
Transferred from construction in progress	1,582,302	3,541,412	33,066	5,090	28,070	(5,189,940)	–
Depreciation	(125,047)	(904,240)	(17,659)	(4,606)	(13,798)	–	(1,065,350)
Disposal	(209)	(2,903)	(159)	(33)	(136)	–	(3,440)
Net carrying amount	3,616,069	6,938,077	87,190	20,251	71,449	659,232	11,392,268
As at 31 December 2023 and 1 January 2024							
Cost	3,829,565	8,566,578	125,205	29,222	94,313	659,232	13,304,115
Accumulated depreciation	(213,496)	(1,628,501)	(38,015)	(8,971)	(22,864)	–	(1,911,847)
Net carrying amount	3,616,069	6,938,077	87,190	20,251	71,449	659,232	11,392,268

	Buildings	Machinery	Electronic equipment	Transportation equipment	Other equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024								
Opening net carrying amount	3,616,069	6,938,077	87,190	20,251	71,449	–	659,232	11,392,268
Additions	124,220	20,315	5,947	2,645	4,733	3,872	3,578,777	3,740,509
Transferred from construction in progress	944,760	1,993,463	6,913	1,931	65,136	–	(3,012,203)	–
Depreciation	(186,178)	(1,339,844)	(22,975)	(5,926)	(20,545)	(194)	–	(1,575,662)
Disposal	–	(8,257)	(101)	(196)	(99)	–	–	(8,653)
Disposal of subsidiaries	–	–	–	–	(6,976)	–	(1,003)	(7,979)
Impairment	–	(24,535)	(122)	–	(4,591)	–	–	(29,248)
Net carrying amount	4,498,871	7,579,219	76,852	18,705	109,107	3,678	1,224,803	13,511,235
As at 31 December 2024 and 1 January 2025								
Cost	4,898,443	10,551,338	137,599	33,338	156,945	3,872	1,224,803	17,006,338
Accumulated depreciation	(399,572)	(2,947,584)	(60,625)	(14,633)	(43,247)	(194)	–	(3,465,855)
Accumulated impairment	–	(24,535)	(122)	–	(4,591)	–	–	(29,248)
Net carrying amount	4,498,871	7,579,219	76,852	18,705	109,107	3,678	1,224,803	13,511,235
Year ended 31 December 2025								
Opening net carrying amount	4,498,871	7,579,219	76,852	18,705	109,107	3,678	1,224,803	13,511,235
Additions	–	61,182	11,903	7,513	200	–	5,074,779	5,155,577
Transferred from construction in progress	1,544,677	3,132,243	65,156	15,292	(5,886)	–	(4,751,482)	–
Transferred to right of use assets	–	–	–	–	–	–	(90,853)	(90,853)
Depreciation	(243,688)	(1,801,672)	(29,097)	(7,534)	(27,234)	(774)	–	(2,109,999)
Disposal	(540)	(3,612)	(158)	(223)	(115)	–	–	(4,648)
Impairment	(32,661)	(45,851)	(34)	(21)	(1,994)	–	–	(80,561)
Net carrying amount	5,766,659	8,921,509	124,622	33,732	74,078	2,904	1,457,247	16,380,751
As at 31 December 2025 and 1 January 2026								
Cost	6,446,348	13,727,098	220,130	57,525	143,147	3,872	1,457,247	22,055,367
Accumulated depreciation	(647,028)	(4,736,367)	(95,352)	(23,772)	(62,484)	(968)	–	(5,565,971)
Accumulated impairment	(32,661)	(69,222)	(156)	(21)	(6,585)	–	–	(108,645)
Net carrying amount	5,766,659	8,921,509	124,622	33,732	74,078	2,904	1,457,247	16,380,751

	Buildings	Machinery	Electronic equipment	Transportation equipment	Other equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Three months ended 31 March 2026 (unaudited)								
Opening net carrying amount	5,766,659	8,921,509	124,622	33,732	74,078	2,904	1,457,247	16,380,751
Additions	–	5,856	3,816	1,413	31,920	695	1,156,495	1,200,195
Transferred from construction in progress	376,466	877,639	5,504	13	(6,357)	–	(1,253,265)	–
Disposals	–	(98)	(56)	(31)	(31)	–	–	(216)
Depreciation	(75,555)	(546,362)	(9,998)	(2,675)	(3,895)	(240)	–	(638,725)
Net carrying amount	6,067,570	9,258,544	123,888	32,452	95,715	3,359	1,360,477	16,942,005
As at 31 March 2026 (unaudited)								
Cost	6,822,814	14,610,407	229,317	58,862	168,652	4,567	1,360,477	23,255,096
Accumulated depreciation	(722,583)	(5,282,641)	(105,273)	(26,389)	(66,352)	(1,208)	–	(6,204,446)
Accumulated impairment	(32,661)	(69,222)	(156)	(21)	(6,585)	–	–	(108,645)
Net carrying amount	6,067,570	9,258,544	123,888	32,452	95,715	3,359	1,360,477	16,942,005

Notes:

(a) The management of the Group considered that there were indications of impairment in certain groups of assets and therefore conducted an impairment test. As a result, impairments of RMB29,248,000 and RMB80,561,000 were recognised for property, plant and equipment for the years ended 31 December 2024 and 2025, respectively.

Based on the assessment report, the management conducted an impairment assessment by determining the recoverable amount of the relevant asset groups based on their fair value less cost of disposal. The fair value and cost of disposal were valued by the management using the market approach with reference to transaction prices for similar property, plant and equipment and other factors such as the characteristics of the assets and transaction methods.

(b) As at 31 December 2023, 2024, 2025 and 31 March 2026, certain property ownership certificates had not yet been obtained for the properties. The Group had obtained written confirmations issued by the competent authorities in the PRC stating that there are no legal impediments to obtaining the ownership certificates for the relevant properties. The directors of the Company are of the opinion that the relevant certificates would be obtained in the near future, the Group is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Group's consolidated statements of financial position as at the following dates.

(c) The Group has pledged certain buildings and construction in progress to secure borrowings granted to the Group. Details of the Group's assets pledged for the Group's borrowings are disclosed in Note 42 to the Historical Financial Information.

(d) As at 31 December 2023, 2024, 2025 and 31 March 2026, the depreciation charges on property, plant and equipment of the Group were capitalised to construction in progress or offset against specific reserves, amount to RMB624,000, RMB 618,000, RMB1,845,000 and nil respectively.

The Company

	Buildings	Machinery	Electronic equipment	Transportation equipment	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023							
Cost	166,755	528,308	32,585	3,498	6,989	252,043	990,178
Accumulated depreciation	(16,148)	(119,195)	(7,694)	(1,135)	(709)	–	(144,881)
Net carrying amount	150,607	409,113	24,891	2,363	6,280	252,043	845,297
Year ended 31 December 2023							
Opening net carrying amount	150,607	409,113	24,891	2,363	6,280	252,043	845,297
Additions	36,489	3,037	5,046	26	756	334,957	380,311
Transferred from construction in progress	137,695	376,062	12,066	1,726	13,000	(540,549)	–
Disposal	–	(546)	(4)	–	–	–	(550)
Depreciation	(12,923)	(103,549)	(7,365)	(812)	(3,075)	–	(127,724)
Net carrying amount	311,868	684,117	34,634	3,303	16,961	46,451	1,097,334

	Buildings	Machinery	Electronic equipment	Transportation equipment	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023 and 1 January 2024							
Cost	340,939	906,218	49,013	5,250	20,745	46,451	1,368,616
Accumulated depreciation	(29,071)	(222,101)	(14,379)	(1,947)	(3,784)	–	(271,282)
Net carrying amount	311,868	684,117	34,634	3,303	16,961	46,451	1,097,334
Year ended 31 December 2024							
Opening net carrying amount	311,868	684,117	34,634	3,303	16,961	46,451	1,097,334
Additions	9,560	6,188	1,763	589	2,666	127,291	148,057
Transferred from construction in progress	49,810	100,649	5,425	–	11,197	(167,081)	–
Depreciation	(17,246)	(135,687)	(9,528)	(915)	(5,765)	–	(169,141)
Disposal	–	(4,363)	(12)	(10)	–	–	(4,385)
Net carrying amount	353,992	650,904	32,282	2,967	25,059	6,661	1,071,865
As at 31 December 2024 and 1 January 2025							
Cost	400,309	996,270	56,157	5,822	34,594	6,661	1,499,813
Accumulated depreciation	(46,317)	(345,366)	(23,875)	(2,855)	(9,535)	–	(427,948)
Net carrying amount	353,992	650,904	32,282	2,967	25,059	6,661	1,071,865

	Buildings	Machinery	Electronic equipment	Transportation equipment	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025							
Opening net carrying amount	353,992	650,904	32,282	2,967	25,059	6,661	1,071,865
Additions	16,411	4,814	3,348	999	254	62,639	88,465
Transferred from construction in progress	(2,567)	52,452	10,615	–	3,293	(63,793)	–
Depreciation	(18,605)	(150,866)	(12,023)	(1,060)	(6,635)	–	(189,189)
Disposal	–	(85)	(14)	–	(9,076)	–	(9,175)
Impairment	(124)	(4,685)	(5)	–	–	–	(4,814)
Net carrying amount	349,107	552,534	34,203	2,906	12,895	5,507	957,152
As at 31 December 2025 and 1 January 2026							
Cost	417,528	1,053,179	69,574	6,822	25,691	5,507	1,578,301
Accumulated depreciation	(68,297)	(495,960)	(35,366)	(3,916)	(12,796)	–	(616,335)
Accumulated impairment	(124)	(4,685)	(5)	–	–	–	(4,814)
Net carrying amount	349,107	552,534	34,203	2,906	12,895	5,507	957,152
Three months ended 31 March 2026 (unaudited)							
Opening net carrying amount	349,107	552,534	34,203	2,906	12,895	5,507	957,152
Additions	–	505	2,261	31	–	57,689	60,486
Transferred from construction in progress	–	607	–	–	–	(607)	–
Depreciation	(4,723)	(38,796)	(3,194)	(271)	(1,162)	–	(48,146)
Disposal	–	–	(2)	–	–	–	(2)
Net carrying amount	344,384	514,850	33,268	2,666	11,733	62,589	969,490
As at 31 March 2026 (unaudited)							
Cost	417,527	1,054,261	71,819	6,852	25,690	62,589	1,638,738
Accumulated depreciation	(73,019)	(534,726)	(38,546)	(4,186)	(13,957)	–	(664,434)
Accumulated impairment	(124)	(4,685)	(5)	–	–	–	(4,814)
Net carrying amount	344,384	514,850	33,268	2,666	11,733	62,589	969,490

17. RIGHT-OF-USE ASSETS

The Group

The movements in the net carrying amount of the Group's right-of-use assets are analysed as follows:

	Land use rights	Leasehold land	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	499,216	–	–	499,216
Additions	370,849	–	–	370,849
Depreciation	(13,453)	–	–	(13,453)
As at 31 December 2023 and 1 January 2024	856,612	–	–	856,612
Additions	118,198	7,920	3,949	130,067
Depreciation	(18,147)	(79)	(149)	(18,375)
As at 31 December 2024 and 1 January 2025	956,663	7,841	3,800	968,304
Additions	100,427	–	–	100,427
Transferred from construction in progress	90,853	–	–	90,853
Depreciation	(26,055)	(158)	(197)	(26,410)
Impairment	(6,264)	–	–	(6,264)
As at 31 December 2025 and 1 January 2026	1,115,624	7,683	3,603	1,126,910
Additions	2,455	–	–	2,455
Depreciation	(7,204)	(40)	(49)	(7,293)
As at 31 March 2026 (unaudited)	1,110,875	7,643	3,554	1,122,072

	Land use rights	Leasehold land	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
Cost	878,200	–	–	878,200
Accumulated depreciation	(21,588)	–	–	(21,588)
	856,612	–	–	856,612
31 December 2024				
Cost	996,398	7,920	3,949	1,008,267
Accumulated depreciation	(39,735)	(79)	(149)	(39,963)
	956,663	7,841	3,800	968,304
31 December 2025				
Cost	1,187,678	7,920	3,949	1,199,547
Accumulated depreciation	(65,790)	(237)	(346)	(66,373)
Accumulated impairment	(6,264)	–	–	(6,264)
	1,115,624	7,683	3,603	1,126,910
31 March 2026 (unaudited)				
Cost	1,190,133	7,920	3,949	1,202,002
Accumulated depreciation	(72,994)	(277)	(395)	(73,666)
Accumulated impairment	(6,264)	–	–	(6,264)
	1,110,875	7,643	3,554	1,122,072

Notes:

1. As at 31 December 2023, 2024, 2025 and 31 March 2026, land use rights represented the upfront payment for the land use rights which with remaining lease terms ranging from 35 to 50 years, 34 to 49 years, 33 to 65 years and 33 to 64 years, respectively and are situated in the PRC.

2. The Group has pledged certain land use rights to secure borrowings granted to the Group. Details of the Group's assets pledged for the Group's borrowings are disclosed in Note 42 to the Historical Financial Information.

3. As at 31 December 2023, 2024, 2025 and 31 March 2026, the depreciation charges on right-of-use assets of the Group were capitalised to construction in progress, amounting to nil, RMB915,000, RMB4,069,000 and RMB646,000, respectively.

The Company

The movements in the net carrying amount of the Company's right-of-use assets are analysed as follows:

	Land use rights	Total
	RMB'000	*RMB'000*
As at 1 January 2023	77,858	77,858
Depreciation	(1,678)	(1,678)
As at 31 December 2023 and 1 January 2024	76,180	76,180
Additions	112	112
Depreciation	(1,680)	(1,680)
As at 31 December 2024 and 1 January 2025	74,612	74,612
Additions	182	182
Depreciation	(1,685)	(1,685)
As at 31 December 2025 and 1 January 2026	73,109	73,109
Depreciation	(421)	(421)
As at 31 March 2026 (unaudited)	72,688	72,688

18. INTANGIBLE ASSETS

	Patent technology	Non-patent technology	Software	Mining rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023					
Cost	178	93,149	5,491	–	98,818
Accumulated amortisation	(82)	(45,409)	(1,960)	–	(47,451)
Net carrying amount	96	47,740	3,531	–	51,367
Year ended 31 December 2023					
Opening net carrying amount	96	47,740	3,531	–	51,367
Additions	30	–	739	–	769
Amortisation	(22)	(11,364)	(1,185)	–	(12,571)
Closing net carrying amount	104	36,376	3,085	–	39,565
As at 31 December 2023 and 1 January 2024					
Cost	208	93,149	6,230	–	99,587
Accumulated amortisation	(104)	(56,773)	(3,145)	–	(60,022)
Net carrying amount	104	36,376	3,085	–	39,565
Year ended 31 December 2024					
Opening net carrying amount	104	36,376	3,085	–	39,565
Additions	–	–	1,483	14,773	16,256
Amortisation	(24)	(11,365)	(1,848)	–	(13,237)
Closing net carrying amount	80	25,011	2,720	14,773	42,584
As at 31 December 2024 and 1 January 2025					
Cost	208	93,149	7,713	14,773	115,843
Accumulated amortisation	(128)	(68,138)	(4,993)	–	(73,259)
Net carrying amount	80	25,011	2,720	14,773	42,584

	Patent technology	Non-patent technology	Software	Mining rights	Production quota	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025						
Opening net carrying amount	80	25,011	2,720	14,773	–	42,584
Additions	–	–	1,087	–	23,206	24,293
Amortisation	(18)	(11,364)	(1,151)	–	–	(12,533)

	Patent technology	Non-patent technology	Software	Mining rights	Production quota	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Closing net carrying amount	62	13,647	2,656	14,773	23,206	54,344
As at 31 December 2025 and 1 January 2026						
Cost	208	93,149	8,800	14,773	23,206	140,136
Accumulated amortisation	(146)	(79,502)	(6,144)	–	–	(85,792)
Net carrying amount	62	13,647	2,656	14,773	23,206	54,344
Three months ended 31 March 2026 (unaudited)						
Opening net carrying amount	62	13,647	2,656	14,773	23,206	54,344
Additions	–	–	1,535	–	–	1,535
Amortisation	(4)	(2,841)	(297)	–	–	(3,142)
Closing net carrying amount	58	10,806	3,894	14,773	23,206	52,737
As at 31 March 2026 (unaudited)						
Cost	208	93,149	10,336	14,773	23,206	141,672
Accumulated amortisation	(150)	(82,343)	(6,442)	–	–	(88,935)
Net carrying amount	58	10,806	3,894	14,773	23,206	52,737

Note: The Group has pledged mining rights to secure borrowings granted to the Group. Details of the Group's assets pledged for the Group's borrowings are disclosed in Note 42 to the Historical Financial Information.

19. GOODWILL

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Net carrying amount of goodwill can be analysed as follows:				
Gross carrying amount	180,235	180,235	180,235	180,235
Accumulated impairment	–	–	–	–
Net carrying amount at the end of the year/period	180,235	180,235	180,235	180,235

Impairment tests for a cash-generating unit containing goodwill

Goodwill acquired through business combination is allocated to the cash-generating unit ("CGU") of Guangxi Yuning New Energy Materials Co., Ltd. ("Guangxi Yuning")

Notes:

(a) At the end of each reporting period, the recoverable amount of the Guangxi Yuning CGU has been assessed by management, which was determined based on value-in-use calculations covering a detailed five-year budget plan followed by an extrapolation of expected cash flows.

The following describes each key assumption on which management has based its expected cash flows to undertake the impairment of the CGU:

(i) Average revenue growth rate and long-term revenue growth rate

Based on past performance and management's expectations for market development and prudence's sake.

The average revenue growth rate is considered to be slightly negative at approximately -1%, -3%, -1% and -1% for the years ended 31 December 2023, 2024, 2025, and period ended 31 March 2026, respectively.

The long-term revenue growth rate is considered to be zero for the years ended 31 December 2023, 2024, 2025, and period ended 31 March 2026, respectively.

(ii) Discount rate

The discount rate applied to the cash flow projections are approximately 12%, 12%, 13% and 13% for the years ended 31 December 2023, 2024, 2025, and period ended 31 March 2026, respectively, which reflects specific risk relating to Guangxi Yuning CGU.

(b) No impairment losses have been recognised for the years ended 31 December 2023, 2024, 2025, and period ended 31 March 2026 in respect of the goodwill. Apart from the considerations described in determining the value-in-use of Guangxi Yuning CGU, management is not currently aware of any other probable changes that would necessitate changes in its key estimates and could cause the CGU's carrying amounts to exceed their recoverable amounts.

20. INVESTMENTS IN SUBSIDIARIES

The Company

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Cost	2,503,710	2,603,897	4,511,768	4,675,433
Impairment loss	–	–	–	–
	2,503,710	2,603,897	4,511,768	4,675,433

Details of the Company's principal subsidiaries are set out in Note 1 to the Historical Financial Information.

21. INTERESTS IN ASSOCIATES

(a) The Group

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Unlisted investments, at cost	42,000	42,000	52,000	52,000
Share of net assets	(567)	(12,241)	(20,214)	(19,794)
	41,433	29,759	31,786	32,206

(i) Details of associates at the end of the reporting period are as follows:

Name of associates	Place of operation/ incorporation/ establishment	Class of shares held	Proportion of value of issued capital directly held by the Company, as at 31 December 2023	2024	2025	31 March 2026	Principal activities
						(unaudited)	
Tongling Anweining New Energy Technology Co.,* Ltd. 銅陵安偉寧新能源科技有限公司	Chinese Mainland	Ordinary share capital	35%	35%	35%	35%	Production and sale of iron phosphate
Hunan New Energy Materials Research Institute Co., Ltd.* 湖南省新能源材料研究院有限公司	Chinese Mainland	Ordinary share capital	–	–	25%	25%	Research and development of specialised materials for the electronics industry

* English names are translated for identification purpose only.

(ii) The following table illustrates the aggregated financial information of associates that are not individually material:

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Aggregate carrying amount	41,433	29,759	31,786	32,206
Share of results, net	(7,816)	(11,674)	(7,973)	420
Share of total comprehensive (loss) income	(7,816)	(11,674)	(7,973)	420

(b) The Company

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Unlisted investments, at cost	42,000	42,000	52,000	52,000
Share of net assets	(567)	(12,241)	(20,214)	(19,794)
	41,433	29,759	31,786	32,206

22. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same taxable entity.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Deferred tax assets	103,331	129,995	257,656	281,992
Deferred tax liabilities	(3,717)	(2,720)	(8,791)	(10,501)
	99,614	127,275	248,865	271,491
At the beginning of the year/period	102,824	99,614	127,275	248,865
(Charged)/Credited to profit or loss *(Note 12)*	(3,185)	17,959	90,299	23,591
(Charged)/Credited in other comprehensive income	(25)	1,379	14,374	(15,728)
Credited to capital reserve	–	8,323	16,917	14,763
At the end of the year/period	99,614	127,275	248,865	271,491

Recognised deferred tax assets and liabilities

	At 31 December			At 31 March
	2023	2024	2025	2026
Recognised deferred tax assets	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Asset impairment provisions	42,366	49,625	86,378	114,156
Unrealised profits from internal transactions	1,284	6,599	13,419	44,078
Tax losses	–	10,769	68,064	37,818
Government grant	39,723	35,713	30,384	32,751
Staff benefit payable	19,958	10,178	4,331	4,331
Accrued share-based payments	–	15,618	35,126	52,018
Cash flows hedge	–	1,488	15,728	–
Lease liabilities	–	575	552	910
Changes in fair value of derivative financial instrument	–	–	17,445	8,063
	103,331	130,565	271,427	294,125
Offset with deferred tax liabilities	–	(570)	(13,771)	(12,133)
Balance	103,331	129,995	257,656	281,992

	At 31 December			At 31 March
	2023	2024	2025	2026
Recognised deferred tax liabilities	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Fair value gain on business combination	3,693	2,587	1,481	1,204
Cash flows hedge	24	133	–	–
Right-of-use assets	–	570	540	889
Government grant	–	–	20,541	20,541
	3,717	3,290	22,562	22,634
Offset with deferred tax assets	–	(570)	(13,771)	(12,133)
Balance	3,717	2,720	8,791	10,501

(a) Deferred tax assets not recognised

Deferred tax assets should be recognised when it is probable that taxable profits or taxable temporary differences will be available against which the deferred tax asset can be utilised. Temporary differences will not be recognised as deferred tax assets if management estimates that they will not be recovered from taxable profits generated from continuing operations in the foreseeable future. The following table sets forth the tax losses and deductible temporary differences which were not recognised as deferred tax assets at the end of each reporting period:

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Deductible temporary differences	167,416	205,261	319,605	318,952
Tax losses	117,448	187,485	236,219	257,568
	284,864	392,746	555,824	576,520

The Group has unused tax losses of RMB117,448,000, RMB187,485,000, RMB236,219,000 and RMB257,568,000 as at 31 December 2023, 2024, 2025 and 31 March 2026, respectively, available for offset against future profits. No deferred tax asset has been recognised for these tax losses due to the unpredictability of future profit streams.

At the end of the reporting period, the Group has the following tax losses that can be offset against future taxable profits of the respective subsidiaries:

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
2026	–	14,306	15,045	15,045
2027	3,018	2,969	–	–
2028	46,520	90,091	85,896	85,896
2029	9,130	78,819	57,404	57,404
2030	–	–	73,417	79,794
2031	14,306	–	–	14,291
2033	44,474	–	–	–
Do not expire	–	1,300	4,457	5,138
	117,448	187,485	236,219	257,568

23. INVENTORIES

The Group

At 31 December 2023

	Cost	Provision	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	410,958	9,800	401,158
Work in progress	271,004	–	271,004
Finished goods	675,930	23,239	652,691
	1,357,892	33,039	1,324,853

At 31 December 2024

	Cost	Provision	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	766,632	7,453	759,179
Work in progress	900,676	5,365	895,311
Finished goods	1,158,651	14,786	1,143,865
	2,825,959	27,604	2,798,355

At 31 December 2025

	Cost	Provision	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	1,214,599	7,527	1,207,072
Work in progress	1,436,790	9,319	1,427,471
Finished goods	1,017,389	23,215	994,174
	3,668,778	40,061	3,628,717

At 31 March 2026

	Cost	Provision	Carrying amount
	RMB'000 (unaudited)	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Raw materials	1,891,576	7,516	1,884,060
Work in progress	1,726,894	9,319	1,717,575
Finished goods	1,533,657	23,186	1,510,471
	5,152,127	40,021	5,112,106

Note: The Group reviews the condition of inventories and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review at the end of each reporting period and makes allowance by reference to the latest market prices and current market conditions.

Inventories are stated at the lower of cost and net realisable value.

The allowances for inventories recognised for the years ended 31 December 2023, 2024, 2025 and period ended 31 March 2026 were RMB332,770,000, RMB32,270,000, RMB17,532,000, and nil, respectively.

At the end of the above reporting period, the management expected most of the balance to be recovered within 12 months.

The Company

At 31 December 2023

	Cost	Provision	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	55,076	9,800	45,276
Work in progress	36,992	–	36,992
Finished goods	181,214	11,113	170,101
	273,282	20,913	252,369

At 31 December 2024

	Cost	Provision	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	78,188	7,147	71,041
Work in progress	143,375	2,330	141,045
Finished goods	262,719	14,731	247,988
	484,282	24,208	460,074

At 31 December 2025

	Cost	Provision	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	68,243	7,150	61,093
Work in progress	29,565	7,371	22,194
Finished goods	231,713	22,888	208,825
	329,521	37,409	292,112

At 31 March 2026

	Cost	Provision	Carrying amount
	RMB'000 (unaudited)	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Raw materials	114,415	7,150	107,265
Work in progress	54,384	7,371	47,013
Finished goods	281,681	22,861	258,820
	450,480	37,382	413,098

24. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments are measured at fair value and are summarised below:

		At 31 December			At 31 March
		2023	2024	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Derivative financial instruments					
Current asset					
– Commodity futures contracts					
Cash flow hedge	*(a)(i)*	161	–	–	–
– Embedded derivatives					
Deferred pricing arrangements from purchases	*(a)(ii)*	–	–	–	21,612
		161	–	–	21,612
Current liabilities					
– Commodity futures contracts					
Cash flow hedge	*(a)(i)*	–	9,032	62,914	–
– Embedded derivatives					
Deferred pricing arrangements from purchases	*(a)(ii)*	–	–	69,782	53,862
		–	9,032	132,696	53,862

(a) ***(i) Commodity futures contracts — cash flow hedge***

The Group uses futures contracts to hedge a portion of the lithium carbonate price exposure arising from its expected future sales and procurement activities. The hedging ineffectiveness for commodity price risk contracts during the Track Record Period were insignificant.

The hedge relationships relate to the commodity price risk arising from the highly probable sales and purchase transactions and the resulting receivables, payables and inventories. Reclassification to profit or loss occurs at the time of the associated transactions being recognised and then further movements to profit or loss to match the retranslation of the associated receivable, payable and inventory.

(ii) Embedded derivatives

The Group holds embedded derivatives in relation to the deferred pricing arrangements from purchases with certain suppliers. They are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Embedded derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss.

(b) Hedging relationships

The potential sources of ineffectiveness result from either (i) differences between the timing of the cash flows of the hedged item and hedging instrument and potential credit risk or (ii) over-hedging when the volumes of highly probable transactions fall below hedged amounts. The likelihood of the above factors is low. At the current time, no significant ineffectiveness has arisen from the above factors.

(c) Hedging reserves

The movement of the hedging reserves recognised as other comprehensive income in the consolidated statements of comprehensive income are as below:

	Year ended 31 December			Three months ended 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
At the beginning of the year/period	–	137	(7,677)	(47,186)
Add: change in fair value of hedging instrument recognised in other comprehensive income	161	(9,032)	(62,914)	–
Add: deferred tax impact	(24)	1,355	15,728	–
Add: reclassified from other comprehensive income to profit or loss	–	(137)	7,677	47,186
At the end of the year/period	137	(7,677)	(47,186)	–

25. TRADE AND BILLS RECEIVABLES

The Group

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Trade receivables	4,828,693	5,665,152	7,015,200	10,113,303
Less: Allowances for expected credit loss	(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	421,631	692,519	2,690,617	2,513,917
Less: Allowances for expected credit loss	–	–	(24,956)	–
Bills receivable, net	421,631	692,519	2,665,661	2,513,917
	4,999,738	6,051,727	9,303,197	12,094,799

Certain bills receivable are pledged as security for the Group's borrowings, details are disclosed in Note 42 to the Historical Financial Information.

The Company

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Trade receivables	4,825,405	5,664,245	3,016,353	5,093,129
Less: Allowances for expected credit loss	(250,386)	(305,868)	(176,409)	(247,887)
Trade receivables, net	4,575,019	5,358,377	2,839,944	4,845,242
Bills receivable	420,297	690,563	1,634,822	792,594
Less: Allowances for expected credit loss	–	–	(24,956)	–
Bills receivable, net	420,297	690,563	1,609,866	792,594
	4,995,316	6,048,940	4,449,810	5,637,836

The credit period granted to customers is generally within 60 days during the Track Record Period.

Bills receivable held by the Company and the Group are primarily bank acceptance bills with maturity periods within 6 months.

The aging analysis of trade receivables (based on date of revenue recognition) and before ECL allowance is as follows:

The Group

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
1 year	4,822,287	5,630,128	6,985,996	10,085,097
1-2 years	49	28,912	54	44
2-3 years	245	–	23,038	22,050
Over 3 years	6,112	6,112	6,112	6,112
	4,828,693	5,665,152	7,015,200	10,113,303

The Company

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
1 year	4,819,244	5,629,827	2,987,176	5,064,950
1-2 years	49	28,306	27	17
2-3 years	–	–	23,038	22,050
Over 3 years	6,112	6,112	6,112	6,112
	4,825,405	5,664,245	3,016,353	5,093,129

Movements in ECL allowance on trade receivables are as follows:

The Group

	Year ended 31 December			Three months ended 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
At the beginning of the year/period	342,609	250,586	305,944	377,664
(Reversal of ECL)/ECL allowance recognised, net	(92,023)	55,358	71,720	154,757
At the end of the year/period	250,586	305,944	377,664	532,421

The Company

	Year ended 31 December			Three months ended 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
At the beginning of the year/period	342,174	250,386	305,868	176,409
(Reversal of ECL)/ECL allowance recognised, net	(91,788)	55,482	(129,459)	71,478
At the end of the year/period	250,386	305,868	176,409	247,887

As at 31 December 2023, 2024 and 2025 and 31 March 2026, all the Group's and the Company's bills receivable were not past due. The directors do not expect that there will be any significant credit losses from non-performance by these counterparties.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
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
	466,841	759,037	1,228,218	1,556,269
Allowances on other receivables	(167,416)	(173,298)	(203,702)	(202,996)
	299,425	585,739	1,024,516	1,353,273

The movements on the ECL allowance of deposits and other receivables are as follows:

	Year ended 31 December			Three months ended 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
At the beginning of the year/period	127,614	167,416	173,298	203,702
Provision/(reversal)	39,803	5,882	30,440	(706)
Written off	(1)	–	(36)	–
At the end of the year/period	167,416	173,298	203,702	202,996

The Company

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Prepayment for inventories	7,527	14,479	11,568	12,465
Amount due from subsidiaries	2,280,998	3,981,056	7,908,883	8,615,182
Security deposits	3,681	47,655	5	305
Others	469	758	746	767
	2,292,675	4,043,948	7,921,202	8,628,719
Allowances on other receivables	(28)	(38)	(38)	(54)
	2,292,647	4,043,910	7,921,164	8,628,665

The movements on the ECL allowance of deposits and other receivables are as follows:

	Year ended 31 December			Three months ended 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
At the beginning of the year/period	119	28	38	38
(Reversal)/Provision	(91)	10	–	16
At the end of the year/period	28	38	38	54

27. OTHER CURRENT ASSETS

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
VAT – input	1,376,042	1,251,948	1,214,242	1,037,757
Prepaid expenses	4,090	87,400	100,664	66,954
	1,380,132	1,339,348	1,314,906	1,104,711

28. FINANCIAL ASSETS AT FVTOCI

The Group

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Non-current				
Unlisted equity investment *(note (a))*	–	–	–	150,000
Current				
Bank acceptance notes and electronic debt claims certificates measured at FVTOCI *(note (b))*	4,253,684	3,178,314	3,244,816	3,878,832
	4,253,684	3,178,314	3,244,816	4,028,832

Transfer of all derecognised financial assets

As large commercial banks and listed joint-stock commercial banks generally have high credit ratings, bank acceptance notes accepted by such banks are derecognised upon endorsement or discounting. Where the holders of the receivables have no right of recourse against the Company, electronic debt claims certificates endorsed or discounted by the Company are derecognised upon endorsement or discounting. As at 31 December 2023, 2024, 2025 and 31 March 2026, the outstanding endorsed and discounted bills receivable of the Group amounted to RMB10,651,812,000, RMB6,618,769,000, RMB13,087,395,000 and RMB16,846,290,000, respectively.

The Company

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Non-current				
Unlisted equity investment *(note (a))*	–	–	–	150,000
Current				
Bank acceptance notes and electronic debt claims certificates measured at FVTOCI *(note (b))*	4,100,262	3,166,289	2,500,753	2,791,886
	4,100,262	3,166,289	2,500,753	2,941,886

Notes:

(a) The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group and the Company considers this investment to be strategic investments.

(b) Certain bills and electronic debt claims certificates held by the Group and the Company for the practice of discounting to financial institutions/endorsing to the suppliers before their maturity date were classified as "bank acceptance notes and electronic debt claims certificates measured at FVTOCI" under financial assets at FVTOCI in the consolidated statements of financial position. At the end of each reporting period, all the bills are with a maturity period of less than 12 months. The Group and the Company consider the credit risk is limited because counterparties are financial institutions with good credit standing and are highly likely to be paid, and the ECL are considered as insignificant.

29. BANK BALANCES AND CASH/PLEDGED DEPOSITS

The Group

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current				
Bank balances and cash	663,285	542,649	1,038,484	5,704,470
Pledged deposits	1,225,616	948,730	1,298,353	1,028,297
	1,888,901	1,491,379	2,336,837	6,732,767
Non-current				
Pledged deposits	–	–	155,277	149,521

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Details of the Group's pledged deposits are disclosed in Note 42 to the Historical Financial Information.

The Company

The Company's bank balances and cash/pledged deposits mainly comprise cash and cash equivalents and pledged deposits.

30. TRADE AND BILLS PAYABLES

The Group

	At 31 December			At 31 March
	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 payable	4,096,337	4,131,873	4,422,008	6,370,825
	6,096,154	6,241,655	7,117,423	9,756,585

The Company

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Trade payables	65,770	89,663	73,704	421,959
Bills payable	4,051,515	4,848,375	6,844,697	8,020,719
	4,117,285	4,938,038	6,918,401	8,442,678

The credit period granted by suppliers is generally within 60 days. At the end of each reporting period, there were no significant trade payables aged over 1 year (on goods arrival and acceptance date basis).

At the end of each reporting period, no matured bills payable were unpaid.

Details of the Group's assets pledged for the Group's bills payable are disclosed in Note 42 to the Historical Financial Information.

31. OTHER PAYABLES AND ACCRUALS

The Group

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

The Company

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Accrued charges	4,605	4,256	3,221	5,512
Payables on construction and equipment	314,312	242,275	108,323	93,614
Amount due to subsidiaries	967,243	349,772	481,850	638,949
Accrued staff benefits	106,559	107,762	75,436	51,426
Security deposits	7,749	15,960	23,320	25,839
Other taxes payable	4,721	4,650	4,543	6,274
	1,405,189	724,675	696,693	821,614

32. CONTRACT LIABILITIES

Contract liabilities represent the obligation to transfer goods to customers in consideration of payments received from customers. Contract liabilities are incurred when the payment schedule agreed under the contract is ahead of the performance of contract obligations.

The Group

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Contract liabilities				
Current	453,386	19,407	18,672	31,730
Non-current	150,089	–	–	–
	603,475	19,407	18,672	31,730

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within IFRS 15 during the year are as follows:

	Year ended 31 December			Three months ended 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
At 1 January	1,755,098	603,475	19,407	18,672
Recognised as revenue	(1,159,069)	(603,087)	(19,297)	(17,011)
Receipt of advances or recognition of receivables	7,446	19,019	18,562	30,069
	603,475	19,407	18,672	31,730

The Group receives payments of the contract from customers based on billing schedule as set out in the contracts for providing sales of phosphate-based cathode materials and related products.

For the years ended 31 December 2023 and 2024, the decrease in contract liabilities was primarily due to a major customer utilising advance payments made under a guaranteed supply arrangement to offset the purchase of products following the completion of the relevant arrangement in 2024.

Unsatisfied long-term contracts

The amount of transaction price allocated to the remaining performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2023 is RMB579 million, of which RMB446 million and RMB133 million are expected to be recognised as revenue within 12 months and 13-24 months respectively. During the year ended 31 December 2024, at the request of the customer, the Group fulfilled its contractual obligations ahead of the agreed schedule. The amounts disclosed do not include variable consideration that is constrained.

All other contracts have a term of one year or less. Given that the Group applies the practical expedient in paragraph 121(a) of IFRS 15, the transaction price allocated to these performance obligations is not disclosed.

The Company

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Contract liabilities				
Current	446,050	9,704	118	5,440
Non-current	150,089	–	–	–
	596,139	9,704	118	5,440

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within IFRS 15 during the year are as follows:

	Year ended 31 December			Three months ended 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
At 1 January	1,754,130	596,139	9,704	118
Performance obligations satisfied	(1,158,118)	(596,139)	(9,704)	(118)
Receipt of advances or recognition of receivables	127	9,704	118	5,440
	596,139	9,704	118	5,440

33. INTEREST-BEARING BORROWINGS

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Interest-bearing borrowings				
– Secured loans	–	20,650	351,649	428,452
– Guaranteed loans	1,076,365	1,158,674	1,319,731	1,308,385
– Secured and guaranteed loans	614,840	498,340	367,140	367,140
– Unsecured and unguaranteed loans	2,816,590	4,492,318	6,298,205	8,020,796
	4,507,795	6,169,982	8,336,725	10,124,773
Discounted bills	100,000	1,354,221	3,602,613	2,690,916
Accrued interests	4,064	6,625	6,488	7,493
	4,611,859	7,530,828	11,945,826	12,823,182
Current portion	2,011,080	3,774,995	6,606,479	6,593,113
Non-current portion	2,600,779	3,755,833	5,339,347	6,230,069
	4,611,859	7,530,828	11,945,826	12,823,182

As at 31 December 2023, 2024, 2025 and 31 March 2026, the borrowings bear effective interest rates from 2.30% to 4.6%, 1.9% to 4.05%, 1.80% to 4.05% and 1.80% to 4.05% per annum, respectively.

Notes:

(a) Bank's credit facilities amounted to RMB16,370,773,000, RMB12,126,626,000, RMB15,526,284,000 and RMB17,737,685,000 had not been utilised as at 31 December 2023, 2024, 2025 and 31 March 2026 respectively.

(b) Details of the Group's assets pledged for the Group's borrowings are disclosed in Note 42 to the Historical Financial Information.

(c) Guaranteed loans were guaranteed by the Company, the Company's subsidiary and a shareholder of the Company. Subsequently, the guarantee provided by such shareholder has been released in June 2026.

During the Track Record Period, the Group did not violate any financial covenants under the agreements of borrowings. The Group's and the Company's borrowings were repayable as follows:

The Group

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Analysed as:				
Bank borrowings				
– Within 1 year	1,909,734	2,417,674	3,001,375	3,899,550
– Over 1 year but within 2 years	1,442,788	1,350,920	2,251,542	2,907,632
– Over 2 years but within 5 years	1,020,511	2,222,868	2,787,910	3,048,404
– Over 5 years	134,762	178,520	295,898	269,187
	4,507,795	6,169,982	8,336,725	10,124,773

The Company

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Interest-bearing borrowings				
– Guaranteed loans	46,600	39,900	33,200	33,200
– Secured and guaranteed loans	308,000	262,700	214,900	214,900
– Unsecured and unguaranteed loans	2,673,490	3,715,729	4,568,006	5,517,845
	3,028,090	4,018,329	4,816,106	5,765,945
Discounted bills	100,000	–	497,949	–
Accrued interests	2,736	3,513	3,416	4,038
	3,130,826	4,021,842	5,317,471	5,769,983
Current portion	1,537,031	1,748,335	2,135,006	2,464,150
Non-current portion	1,593,796	2,273,507	3,182,465	3,305,833
	3,130,827	4,021,842	5,317,471	5,769,983

As at 31 December 2023, 2024, 2025 and 31 March 2026, the borrowings bear effective interest rates from 2.30% to 4.45%, 1.90% to 4.05%, 1.80% to 4.05% and 1.80% to 4.05% per annum, respectively.

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Analysed as:				
Bank borrowings				
– Within 1 year	1,435,761	1,747,023	1,635,923	2,462,523
– Over 1 year but within 2 years	1,084,323	745,722	1,532,422	1,782,622
– Over 2 years but within 5 years	465,106	1,525,584	1,647,761	1,520,800
– Over 5 years	42,900	–	–	–
	3,028,090	4,018,329	4,816,106	5,765,945

34. LEASE LIABILITIES

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Total minimum lease payments:				
– Within 1 year	–	–	–	–
– Over 1 year but within 5 years	–	4,000	4,000	4,000
	–	4,000	4,000	4,000
Future interest expense on lease liabilities	–	(980)	(884)	(859)
Present value of lease liabilities	–	3,020	3,116	3,141

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Present value of minimum lease payments:				
– Within 1 year	–	–	–	–
– Over 1 year but within 5 years	–	3,020	3,116	3,141
	–	3,020	3,116	3,141
Less: portion due within one year included under current liabilities	–	–	–	–
Portion due after one year included under non-current liabilities	–	3,020	3,116	3,141

The total cash outflows for the leases including short-term leases for the years ended 31 December 2023, 2024, 2025 and period ended 31 March 2026 were RMB17,737,000, RMB49,117,000, RMB67,538,000 and RMB16,810,000 respectively.

35. OTHER CURRENT LIABILITIES

The Group

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Endorsed bills*(Note)*	232,230	541,134	1,460,131	1,802,242
Output VAT	58,728	2,244	2,120	3,411
	290,958	543,378	1,462,251	1,805,653

The Company

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Endorsed bills*(Note)*	230,896	539,321	828,780	653,650
Output VAT	57,987	1,260	15	707
	288,883	540,581	828,795	654,357

Note:

Endorsed bills represent bank acceptance notes received from customers that have been endorsed to suppliers for settlement of trade and other payables. As these bank acceptance notes are issued by banks with ordinary credit quality, the Group considers that it retains substantially all of the risks and rewards associated with such notes after endorsement. Therefore, these notes continue to be recognised as bills receivable, and a corresponding financial liability is recognised in other current liabilities.

36. DEFERRED INCOME

	Year ended 31 December			Three months ended 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Government grant				
At beginning of the year/period	38,205	255,306	232,814	379,299
Addition	239,375	19,250	191,983	19,135
Amortisation	(22,274)	(41,742)	(45,498)	(12,028)
At the end of the year/period	255,306	232,814	379,299	386,406

37. SHARE CAPITAL

		Share Capital	
	Note	Number of shares	RMB'000
Issued and fully paid			
As at 1 January 2023		567,939,870	567,940
New shares issued	*1*	189,313,200	189,313
As at 31 December 2023 and 1 January 2024, 31 December 2024 and 1 January 2025		757,253,070	757,253
New shares issued	*2*	3,549,651	3,550
As at 31 December 2025 and 1 January 2026		760,802,721	760,803
New shares issued	*3*	82,537,493	82,537
As at 31 March 2026 (unaudited)		843,340,214	843,340

Notes:

1. According to the "Approval for the Registration of the Initial Public Offering of Hunan Yuneng New Energy Battery Material Co., Ltd." issued by the China Securities Regulatory Commission (CSRC Approval No. [2022] 2321), the Company conducted an initial public offering of 189,313,200 ordinary shares (A shares) in Renminbi at an offer price of RMB23.77 per share, underwritten by CSC Financial Co., Ltd., the lead underwriter. The total proceeds amounted to RMB4,499,974,764, and after deducting underwriting and sponsorship fees (excluding VAT) of RMB178,300,887, the proceeds amounted to RMB4,321,673,877, which were remitted by CSC Financial Co., Ltd., the underwriter, into the Company's supervision account for the proceeds on 3 February 2023. After further deducting other issuance expenses (excluding VAT), including audit and capital verification fees and legal fees, totaling RMB33,181,348, the net proceeds of the Company amounted to RMB4,288,492,530. Of which, RMB189,313,200 was recorded as share capital, and RMB4,099,179,330 was recorded as capital reserve (share premium).

2. During the year ended 31 December 2025, share capital increased by RMB3,549,651 which attributable to the issuance of 3,549,651 new shares upon the vesting of restricted shares granted under the first vesting period of the Company's equity incentive plan.

3. Pursuant to the "Approval for the Registration of the Non-public Issuance of Shares by Hunan Yuneng New Energy Battery Material Co., Ltd." (CSRC Approval (2026) No. 81) issued by the China Securities Regulatory Commission, the Company issued 82,537,493 ordinary shares (A shares) to specific investors, with a par value of RMB1.00 per share and an issue price of RMB58.01 per share. The total proceeds raised amounted to RMB4,787,999,969. After deducting issuance expenses (excluding VAT) of RMB55,810,265, the net proceeds were RMB4,732,189,704, which were deposited into the Company's designated account on 16 March 2026. The newly issued shares were listed on 9 April 2026.

38. RESERVES

The Group

During the Track Record Period, the amounts of the Group's reserves and the changes therein are presented in the consolidated statements of changes in equity.

Capital reserve

The capital reserve has been set up and is dealt with the following:

– the excess of the consideration received for subscription of the registered capital/shares of the Company;

– the effect of repurchase of the Company's shares;

– the effect of granting/exercising the restricted stock incentive plan; and

– the difference between the consideration paid and net assets acquired by the Group for acquisition of non-controlling interests in subsidiaries.

Translation reserve (under other comprehensive income reserve)

Translation reserve has been set up and is dealt with in accordance with accounting policies adopted for the foreign exchange differences arising from the translation of the financial statements of the Group's foreign operations.

Statutory reserve

The Group is required to transfer 10% of profits after tax calculated in accordance with the PRC accounting regulations to statutory reserve funds until they reach 50% of registered capital, upon which any further appropriation is at the directors' recommendation. These reserve funds may be used either to offset losses, or to be converted to increase share capital.

The Company

		Reserves				
	Share capital	Capital reserve	Other comprehensive income	Statutory reserve	Accumulated profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023						
At 1 January 2023	567,940	926,355	–	234,270	2,106,518	3,835,083
Profit for the year	–	–	–	–	289,988	289,988
Other comprehensive income						
Cash flow hedging reserves (effective part of profit or loss of cash flow hedging)	–	–	137	–	–	137
Total comprehensive income	–	–	137	–	289,988	290,125
Transactions with owners:						
Contributions and distributions						
Issue of shares	189,313	4,099,179	–	–	–	4,288,492
Dividends declared	–	–	–	–	(301,386)	(301,386)
	189,313	4,099,179	–	–	(301,386)	3,987,106
Transfer of statutory reserve	–	–	–	28,999	(28,999)	–
At 31 December 2023	757,253	5,025,534	137	263,269	2,066,121	8,112,314

		Reserves				
	Share capital	Capital reserve	Other comprehensive income	Statutory reserve	Accumulated profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024						
At 1 January 2024	757,253	5,025,534	137	263,269	2,066,121	8,112,314
Profit for the year	–	–	–	–	892,398	892,398
Other comprehensive income						
Cash flow hedging reserves (effective part of profit or loss of cash flow hedging)	–	–	(7,814)	–	–	(7,814)
Total comprehensive income	–	–	(7,814)	–	892,398	884,584
Transactions with owners:						
Contributions and distributions						
Dividends declared	–	–	–	–	(316,532)	(316,532)
Share-based payments	–	49,882	–	–	–	49,882
	–	49,882	–	–	(316,532)	(266,650)
Transfer of statutory reserve	–	–	–	89,240	(89,240)	–
At 31 December 2024	757,253	5,075,416	(7,677)	352,509	2,552,747	8,730,248

		Reserves				
	Share capital	Capital reserve	Other comprehensive income	Statutory reserve	Accumulated profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025						
At 1 January 2025	757,253	5,075,416	(7,677)	352,509	2,552,747	8,730,248
Profit for the year	–	–	–	–	31,609	31,609
Other comprehensive income						
Cash flow hedging reserves (effective part of profit or loss of cash flow hedging)	–	–	7,677	–	–	7,677
Total comprehensive income	–	–	7,677	–	31,609	39,286
Transactions with owners:						
Contributions and distributions						
Issue of shares	3,550	56,279	–	–	–	59,829
Dividends declared	–	–	–	–	(118,889)	(118,889)
Share-based payments	–	88,997	–	–	–	88,997
	3,550	145,276	–	–	(118,889)	29,937
Transfer of statutory reserve	–	–	–	3,161	(3,161)	–
At 31 December 2025	760,803	5,220,692	–	355,670	2,462,306	8,799,471

		Reserves				
	Share capital	Capital reserve	Other comprehensive income	Statutory reserve	Accumulated profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Period ended 31 March 2025 (unaudited)						
At 1 January 2025	757,253	5,075,416	(7,677)	352,509	2,552,747	8,730,248
Loss for the period	–	–	–	–	(26,849)	(26,849)
Other comprehensive income – Cash flow hedging reserves (effective part of profit or loss of cash flow hedging)	–	–	7,677	–	–	7,677
Total comprehensive income	–	–	7,677	–	(26,849)	(19,172)
Transactions with owners:						
Contributions and distributions						
Share-based payments	–	21,206	–	–	–	21,206
	–	21,206	–	–	–	21,206
At 31 March 2025	757,253	5,096,622	–	352,509	2,525,898	8,732,282

		Reserves				
	Share capital	Capital reserve	Other comprehensive income	Statutory reserve	Accumulated profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Period ended 31 March 2026 (unaudited)						
At 1 January 2026	760,803	5,220,692	–	355,670	2,462,306	8,799,471
Profit for the period	–	–	–	–	91,009	91,009
Total comprehensive income	–	–	–	–	91,009	91,009
Transactions with owners:						
Contributions and distributions						
Issue of shares	82,537	4,649,652	–	–	–	4,732,189
Share-based payments	–	25,744	–	–	–	25,744
	82,537	4,675,396	–	–	–	4,757,933
At 31 March 2026	843,340	9,896,088	–	355,670	2,553,315	13,648,413

39. PROVISION FOR MINE SITE ENVIRONMENTAL REHABILITATION

Pursuant to the regulations of the governmental authorities of the places where the mines are located, the Group recognises provision for environmental rehabilitation and restoration of mines. The amount of provision is an estimate based upon the life of mining tenements, timing of mine closure and cost of such rehabilitation. The management will update the estimation basis annually.

40. SHARE-BASED EMPLOYEE COMPENSATIONS

Restricted Stock Incentive Plan

The Company operates "2024 Restricted Stock Incentive Plan" (the "Scheme"), a restricted share incentive scheme approved by the Board of Directors and general meeting in 2024. The Scheme is accounted for as an equity-settled share-based payment transaction.

Grant and modification

On 18 April 2024, the Board approved the draft of the Scheme, which was subsequently revised and approved on 30 April 2024. The Scheme was approved by shareholders at the annual general meeting held on 15 May 2024.

On 3 July 2024, the Board approved the initial grant of restricted shares and certain modifications to the Scheme. The key terms of the initial grant, are as follows:

- Grant date: 3 July 2024
- Number of shares granted: 11,952,080
- Number of grantees: 280
- Grant price: RMB17.012 per share

On 28 April 2025, the Board approved the grant of reserved restricted shares to eligible participants.

On 20 June 2025, the Board approved an adjustment of the grant price from RMB17.012 to RMB16.855 per share following the completion of the 2024 profit distribution.

Vesting conditions

The restricted shares are subject to both service conditions and performance conditions. Vesting is contingent upon:

- The continued employment of the grantees during the vesting period; and
- The achievement of specified corporate and individual performance targets.

The vesting period of the initial grant was assessed during the year of 2025, and the Board resolved that the grantees who satisfied the relevant vesting conditions qualified as eligible participants and were subsequently be granted the restricted shares.

Lapsed

During the year ended 31 December 2025, 1,089,547 unvested restricted shares were lapsed.

After excluding shares that lapsed or were unlocked during the year, 9,914,282 restricted shares remained outstanding under the initial and reserved grant.

	Number of shares
As at 1 January 2024	–
Initial grant	11,796,540
As at 31 December 2024	11,796,540
Unit exercise price in respect of equity instruments outstanding at the end of the year	RMB17.012
Remaining contract terms of equity instruments outstanding at the end of the year	6-30 months
As at 1 January 2025	11,796,540
Reserved grant	2,756,940
Unlocked	(3,549,651)
Lapsed	(1,089,547)
As at 31 December 2025 and 1 January 2026	9,914,282
Unit exercise price in respect of equity instruments outstanding at the end of the year	RMB16.855
Remaining contract terms of equity instruments outstanding at the end of the year	5-18 months
As at 1 January 2026	9,914,282
Lapsed	(13,450)
As at 31 March 2026 (unaudited)	9,900,832
Unit exercise price in respect of equity instruments outstanding at the end of the period	RMB16.855
Remaining contract terms of equity instruments outstanding at the end of the period	2-15 months
Method for determining the fair value as at the grant date	Black-Scholes

	Number of shares
Basis for determining the number of equity instruments with exercisable rights	Estimate the vesting conditions for each vesting period, and revise the estimated number of equity instruments expected to vest on the basis of the best estimate, taking into account subsequent information such as changes in the number of employees expected to satisfy the vesting conditions.

	Year ended 31 December			Three months ended 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Cumulative amount of equity settled share-based payment recognised into capital reserves	–	46,102	123,235	139,264
Total recognised fees of share-based payments settled in equity in the current year	–	46,102	77,133	16,029

Determination method of fair value of equity instruments: The fair value at the grant date was independently determined using an unadjusted form of Black-Scholes Model taking into account the terms and conditions upon which the restricted shares were granted. The following table lists the inputs to the model used:

	2024 Restricted Stock Incentive Plan (initial grant)	2024 Restricted Stock Incentive Plan (reserved grant)
Reference share price at the date of grant	RMB30.05/share	RMB30.92/share
Expiry date	Year 2027	Year 2027
Grant price per share	RMB17.012	RMB17.012
Expected volatility of the Company's shares	22.2%-24.9%	32.7%-39.7%
Expected dividend yield	1.02%	1.02%
Risk-free interest rate	1.5%-2.8%	1.5%-2.1%

No shares under 2024 Restricted Stock Incentive Plan were granted subsequent to the end of the reporting period.

41. FINANCIAL GUARANTEE CONTRACTS

At the end of each reporting period, certain banking facilities of the Group were secured by joint corporate guarantees provided by the Company's subsidiary and a shareholder of the Company, as credit enhancement for the Group to obtain the relevant banking facilities. The guarantee amounts of the contracts are as follows:

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
The Group				
Guarantees from a shareholder *(note)*	150,000	150,000	150,000	150,000
The Company				
Guarantees from a shareholder *(note)*	150,000	150,000	150,000	150,000
Guarantees from a subsidiary	300,000	300,000	300,000	300,000
Guarantees to subsidiaries	4,620,000	4,150,000	6,350,000	6,350,000

Note: The guarantees from a shareholder to the Group and the Company were released in June 2026.

42. RESTRICTED ASSETS

At the end of each reporting period, the Group's certain assets have been pledged to secure borrowings and banking facilities granted to the Group. Certain bills receivable are restricted from use due to having been endorsed or discounted without qualifying for derecognition. The carrying amounts of the restricted assets of the Group at the end of each reporting period are as follows:

		At 31 December			At 31 March
		2023	2024	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	*(i)*	579,078	557,489	547,843	548,730
Right-of-use assets	*(i)*	73,355	72,018	86,518	86,052
Intangible assets	*(i)*	–	3,579	3,579	3,579
Bills receivables	*(ii)*	415,598	555,503	2,232,191	2,183,869
Financial assets at FVTOCI	*(ii)*	1,354,166	139,436	58,239	135,611
Pledged deposits	*(iii)*	1,225,616	948,730	1,453,630	1,177,818
		3,647,813	2,276,755	4,382,000	4,135,659

Notes:

(i) The property, plant and equipment, land use rights, and mining rights were pledged to secure the certain amount of bank borrowings (Note 33).

(ii) Certain bills receivable and financial assets at FVTOCI were pledged to secure the banking financing. Certain bills receivable are restricted from use due to having been endorsed or discounted without derecognition.

(iii) Pledged deposits represent security deposits for bank borrowings and government subsidies.

43. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the Track Record Period is as follows:

2023

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	6,322,313	–	6,322,313
Net cash flows	(1,658,747)	–	(1,658,747)
Interest expenses	191,170	–	191,170
Other changes	(242,877)	–	(242,877)
At end of the year	4,611,859	–	4,611,859

2024

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	4,611,859	–	4,611,859
Net cash flows	2,753,760	(8,920)	2,744,840
New leases	–	11,870	11,870
Interest expenses	165,209	70	165,279
At end of the year	7,530,828	3,020	7,533,848

2025

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	7,530,828	3,020	7,533,848
Net cash flows	4,198,800	–	4,198,800
Interest expenses	216,198	96	216,294
At end of the year	11,945,826	3,116	11,948,942

31 March 2026 (unaudited)

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the period	11,945,826	3,116	11,948,942
Net cash flows	1,315,091	–	1,315,091
Changes in exchanges rates	(725)	–	(725)
Interest expenses	62,104	25	62,129
Other changes	(499,114)	–	(499,114)
At end of the period	12,823,182	3,141	12,826,323

(b) Major non-cash transaction

Property, plant and equipment settled by bills

The Group recognised the addition of property, plant and equipment, right-of-use assets, intangible assets and related prepayments, amounted to approximately of RMB5,360.8 million, RMB3,906.8 million, RMB5,302.9 million and RMB1,218.2 million during the year/period ended 31 December 2023, 2024, 2025, and 31 March 2026 respectively, of which RMB2,407 million, RMB2,524 million, RMB3,014 million and RMB973 million settled through the bills.

Trade payables settled by bills

The Group settled outstanding trade payables amounting to RMB17,387 million, RMB9,641 million, RMB15,574 million and RMB6,555 million during the year/period ended 31 December 2023, 2024, 2025, and 31 March 2026 respectively, via the bills to suppliers.

44. COMMITMENTS

a. Capital commitments

At the end of each reporting period, capital commitments contracted but not provided for in the Historical Financial Information are as follows:

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Contracted, but not provided for, net of deposits				
– Property, plant and equipment and intangible assets	433,784	1,974,862	2,010,487	1,992,017

b. As lessee

At the end of each reporting period, the Group's lease commitments for short-term leases are as follows:

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Within one year	14,660	24,925	29,876	12,318

45. RELATED PARTY TRANSACTIONS

Other than as disclosed in elsewhere to the Historical Financial Information, the Group entered into the following material related party transactions during the Track Record Period.

a. Relationships with related parties

Name of related party	Relationship with the Group
Tongling Anweining New Energy Technology Co., Ltd.* 銅陵安偉寧新能源科技有限公司	Associate

b. Material Transactions with related parties

		Year ended 31 December			Three months ended 31 March	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Purchase goods						
Tongling Anweining New Energy Technology Co., Ltd.* (銅陵安偉寧新能源科技有限公司)	Purchases	36,922	–	–	–	–

* English name is translated for identification purpose only.

46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each financial instrument at the end of each reporting period are as follows:

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Financial assets				
Financial assets at fair value				
– Financial assets at FVTOCI	4,253,684	3,178,314	3,244,816	4,028,832
– Derivative financial instruments	161	–	–	21,612
Financial assets at amortised cost				
– Trade and bills receivables	4,999,738	6,051,727	9,303,197	12,094,799
– Deposits and other receivables	213,773	280,879	299,776	192,114
– Pledged deposits	1,225,616	948,730	1,453,630	1,177,818
– Bank balances and cash	663,285	542,649	1,038,484	5,704,470
	11,356,257	11,002,299	15,339,903	23,219,645
Financial liabilities				
Financial liabilities at fair value				
Derivative financial instruments	–	9,032	132,696	53,862
Financial liabilities measured at amortised cost				
– Trade and bills payables	6,096,154	6,241,655	7,117,423	9,756,585
– Other payables and accruals	3,341,299	3,844,157	4,668,058	4,623,424
– Interest-bearing borrowings	4,611,859	7,530,828	11,945,826	12,823,182
– Lease liabilities	–	3,020	3,116	3,141
– Other current liabilities	232,230	541,134	1,460,131	1,802,242
	14,281,542	18,169,826	25,327,250	29,062,436

47. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

a. Fair value hierarchy

As at 31 December 2023, 2024 and 2025 and 31 March 2026, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023				
Financial assets				
Financial assets at FVTOCI	–	–	4,253,684	4,253,684
Derivative financial instruments	161	–	–	161
As at 31 December 2024				
Financial assets				
Financial assets at FVTOCI	–	–	3,178,314	3,178,314
Financial liabilities				
Derivative financial instruments	9,032	–	–	9,032
As at 31 December 2025				
Financial assets				
Financial assets at FVTOCI	–	–	3,244,816	3,244,816
Financial liabilities				
Derivative financial instruments	132,696	–	–	132,696
As at 31 March 2026 (unaudited)				
Financial assets				
Financial assets at FVTOCI	–	–	4,028,832	4,028,832
Derivative financial instruments	21,612	–	–	21,612
Financial liabilities				
Derivative financial instruments	53,862	–	–	53,862

During the Track Record Period, there was no transfer between Level 1 and Level 2 and between Level 2 and Level 3.

The following table presents the movement of Level 3 fair value hierarchy for the Track Record Period:

	Bank acceptance notes and electronic debt claims certificates measured at FVTOCI	Unlisted equity investment measured at FVTOCI	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	3,369,926	–	3,369,926
Addition	883,758	–	883,758
As at 31 December 2023 and 1 January 2024	4,253,684	–	4,253,684
Disposal	(1,075,370)	–	(1,075,370)
As at 31 December 2024 and 1 January 2025	3,178,314	–	3,178,314
Additions	66,502	–	66,502
As at 31 December 2025 and 1 January 2026	3,244,816	–	3,244,816
Additions	634,016	150,000	784,016
As at 31 March 2026 (unaudited)	3,878,832	150,000	4,028,832

b. Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise market approach, adjusted net assets approach and recent transaction price approach. The inputs of the valuation technique mainly include volatility, financial data of target companies, market multiple of comparable companies and discount for lack of marketability.

Assets subject to Level 3 fair value measurement were mainly included bank acceptance notes and electronic debt claims certificates measured at FVTOCI and unlisted equity investment measured at FVTOCI. These assets were measured mainly using market approach, adjusted net assets approach and recent transaction price approach. The judgment of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

The information of fair value measurements for Level 3 as at 31 December 2023, 2024 and 2025 and 31 March 2026 is as follows:

	At 31 December			At 31 March	Valuation technique	Significant unobservable input	Sensitivity relationship to unobservable input to fair value
	2023	2024	2025	2026			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)			
Bank acceptance notes and electronic debt claims certificates measured at FVTOCI	4,253,684	3,178,314	3,244,816	3,878,832	Discounted cash flow	Discount for lack of marketability, Counterparty risk	Assuming other factors remain unchanged, the higher discount rate, the lower the fair value
Unlisted equity investment measured at FVTOCI	–	–	–	150,000	Recent transaction price	N/A	N/A

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial instruments of the Group comprise cash and cash equivalent, interest-bearing borrowings, and derivative financial instruments the main purpose of which is to support for the operations of the Group. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade and bills payables and other payables, which arise directly from its operations.

The risks of the Group's financial instruments are mainly arising from commodity price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Commodity price risk

The Group is exposed to commodity price risk mainly arising from lithium carbonate, the price volatility of which could affect the results of operations. The Group manages the commodity price risk of lithium carbonate mainly through the sales pricing mechanism linked to the price of lithium carbonate, supply chain management and commodity future contracts.

Interest rate risk

The Group's interest rate risk primarily arises from interest-bearing borrowings. Interest-bearing borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group has been monitoring the level of interest rates. The increase in interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Group.

The following tables list out the interest rate profiles of the Group's variable interest-bearing financial instruments as at 31 December 2023, 2024 and 2025 and 31 March 2026:

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Interest-bearing borrowings with floating rates	2,834,730	4,255,589	6,517,709	8,447,467

If interest rates of floating rate instruments had been 50 basis points higher/lower with all other variables held constant, the profit before income tax would be lower/higher RMB14,174,000, RMB21,278,000, RMB32,589,000 and RMB42,237,000 as at 31 December 2023, 2024 and 2025 and 31 March 2026, respectively.

Foreign currency risk

The Group operates internationally and is 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 recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity.

As of 31 December 2023, 2024, 2025 and 31 March 2026, the Group's financial assets and liabilities denominated in foreign currencies were minimal, as the majority of the Company's and the Chinese Mainland subsidiaries' transactions and balances were denominated in its functional currency, RMB. The functional currency of the subsidiary incorporated in Spain is Euro.

Consequently, management assesses that the Group's exposure to foreign currency risk is immaterial. A reasonably possible change in the exchange rates of foreign currencies against the functional currency would not have a material impact on the Group's profit after tax or equity. Therefore, no detailed sensitivity analysis has been presented.

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 a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset measured at amortised cost as disclosed in the Historical Financial Information.

Trade receivables

The Group's policy is to deal only with credit worthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment by the management. When considered appropriate, customers may be requested to provide proof as to their financial position. Where available at reasonable cost, external credit ratings and/or reports on customers are obtained and used. Customers who are not considered creditworthy are required to pay in advance or on delivery of goods. Payment record of customers is closely monitored.

The Group has applied the IFRS 9 simplified approach to measuring ECL which uses a lifetime ECL for all trade receivables. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is assessed individually or based on provision matrix, as appropriate, and the expected loss rates are based on the historical settlement experience as well as the corresponding historical credit losses.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

A default on trade receivables is when the counterparty fails to make contractual payments when they fall due.

Trade receivables is written off when there is no reasonable expectation of recovery.

On that basis, the ECL allowance as at 31 December 2023, 2024 and 2025 and 31 March 2026 was determined as follows for trade receivables:

	Expected loss rate	Gross carrying amount	ECL allowance	Credit-impaired
	%	*RMB'000*	*RMB'000*	
As at 31 December 2023				
Under 1 year	5%	4,822,288	244,422	No
1 to 2 years	10%	49	5	No
2 to 3 years	20%	245	48	No
3 to 4 years	50%	–	–	No
4 to 5 years	80%	169	169	Yes
Over 5 years	100%	5,942	5,942	Yes
		4,828,693	250,586	
As at 31 December 2024				
Under 1 year	5%	5,630,128	281,506	No
1 to 2 years	10%	28,912	18,326	Yes
2 to 3 years	20%	–	–	No
3 to 4 years	50%	–	–	No
4 to 5 years	80%	–	–	No
Over 5 years	100%	6,112	6,112	Yes
		5,665,152	305,944	

	Expected loss rate	Gross carrying amount	ECL allowance	Credit-impaired
	%	*RMB'000*	*RMB'000*	
As at 31 December 2025				
Under 1 year	5%	6,985,996	349,300	No
1 to 2 years	10%	54	5	No
2 to 3 years	20%	23,038	22,247	Yes
3 to 4 years	50%	–	–	No
4 to 5 years	80%	–	–	No
Over 5 years	100%	6,112	6,112	Yes
		7,015,200	377,664	
As at 31 March 2026 (unaudited)				
Under 1 year	5%	10,085,097	504,255	No
1 to 2 years	10%	44	4	No
2 to 3 years	20%	22,050	22,050	Yes
3 to 4 years	50%	–	–	No
4 to 5 years	80%	–	–	No
Over 5 years	100%	6,112	6,112	Yes
		10,113,303	532,421	

Other than the loss allowance using the provision matrix, included in the above allowance for impairment of trade receivables is a provision for individually impaired trade receivables of RMB10,522,000, RMB23,751,000, RMB28,161,000 and RMB28,161,000 as at 31 December 2023, 2024, 2025 and 31 March 2026, respectively with a carrying amount before provision of RMB28,161,000, RMB28,161,000, RMB28,161,000 and RMB28,161,000, respectively.

Bills receivable

Credit risk for bills receivable is considered to be immaterial, as almost all bills receivables are bank acceptance notes, and the Group did not expect that there would be any significant losses from non-performance by these banks.

Deposits and other receivables

Over the term of deposits and other receivables, the Group accounts for its credit risk by appropriately providing for ECL on a timely basis. To assess whether there is a significant increase in credit risk in deposits and other receivables, the Group compares the risk of a default occurring on the financial assets at the end of each reporting period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

As stated in Note 26 to the Historical Financial Information, impairment on deposits and other receivables accounted as amortised cost is measured as either 12-month ECL or lifetime ECL. On such basis, the following table sets forth the ECL allowance for deposits and other receivables as at 31 December 2023, 2024 and 2025 and 31 March 2026:

	Gross carrying amount	ECL allowance	Expected loss rate
	RMB'000	*RMB'000*	
As at 31 December 2023			
Assessed based on grouping	381,189	167,416	44%
As at 31 December 2024			
Assessed based on grouping	454,177	173,298	38%
As at 31 December 2025			
Assessed based on grouping	503,478	203,702	40%
As at 31 March 2026 (unaudited)			
Assessed based on grouping	395,110	202,996	51%

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost include pledged deposits and bank balances and cash.

Credit risk for bank balances and cash is considered to be immaterial, as the counterparts are banks/financial institutions with high credit ratings by international credit rating agencies.

Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such. The table below analyses the Group's financial liabilities by relevant maturity groupings based on the remaining period since the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Within 1 year	1-3 years	Over 3 years	Total undiscounted amount	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023					
Trade and bills payables	6,096,154	–	–	6,096,154	6,096,154
Other payables and accruals	3,341,299	–	–	3,341,299	3,341,299
Interest-bearing borrowings	2,124,931	2,156,475	584,759	4,866,165	4,611,859
Other current liabilities	232,230	–	–	232,230	232,230
	11,794,614	2,156,475	584,759	14,535,848	14,281,542
As at 31 December 2024					
Trade and bills payables	6,241,655	–	–	6,241,655	6,241,655
Other payables and accruals	3,844,157	–	–	3,844,157	3,844,157
Interest-bearing borrowings	3,925,372	3,230,290	683,844	7,839,506	7,530,828
Lease liabilities	–	–	4,000	4,000	3,020
Other current liabilities	541,134	–	–	541,134	541,134
Derivative financial instruments – liabilities	9,032	–	–	9,032	9,032
	14,561,350	3,230,290	687,844	18,479,484	18,169,826
As at 31 December 2025					
Trade and bills payables	7,117,423	–	–	7,117,423	7,117,423
Other payables and accruals	4,668,058	–	–	4,668,058	4,668,058
Interest-bearing borrowings	6,797,810	4,510,547	1,038,615	12,346,972	11,945,826
Lease liabilities	–	1,000	3,000	4,000	3,116
Other current liabilities	1,460,131	–	–	1,460,131	1,460,131
Derivative financial instruments – liabilities	132,696	–	–	132,696	132,696
	20,176,118	4,511,547	1,041,615	25,729,280	25,327,250
As at 31 March 2026 (unaudited)					
Trade and bills payables	9,756,585	–	–	9,756,585	9,756,585
Other payables and accruals	4,623,424	–	–	4,623,424	4,623,424
Interest-bearing borrowings	6,822,552	5,437,258	1,014,911	13,274,721	12,823,182
Lease liabilities	–	1,000	3,000	4,000	3,141
Other current liabilities	1,802,242	–	–	1,802,242	1,802,242
Derivative financial instruments – liabilities	53,862	–	–	53,862	53,862
	23,058,665	5,438,258	1,017,911	29,514,834	29,062,436

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Group is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

	At 31 December			At 31 March
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Total assets	26,794,645	30,342,071	39,092,154	49,271,086
Total liabilities	15,478,862	18,681,528	26,148,720	30,167,843
Asset-liability ratio	57.8%	61.6%	66.9%	61.2%

49. SUBSEQUENT EVENTS

There were no material events taken place subsequent to 31 March 2026.

50. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2026.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Issuance of Shares

The shares of the Company shall be issued under the principles of openness, fairness and justice. Each share of the same class shall carry the same rights. Shares of the same class in each issuance shall be issued under the same terms and at the same price. Subscribers shall pay the same price for each share subscribed for.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

According to the operation and development needs of the Company, subject to the provisions of laws and regulations, the Company may increase the share capital in the following ways upon approval of a resolution at a general meeting:

(1) issuing shares to non-specific targets;

(2) issuing shares to specific targets;

(3) distributing bonus shares to existing Shareholders;

(4) converting reserve funds into share capital;

(5) other methods permitted by laws, administrative regulations, and approved by the securities regulatory authorities and the stock exchanges of the place where the shares of the Company are listed.

The Company may reduce its registered capital. Such reduction shall be made in accordance with the procedures stipulated by the Company Law, the Hong Kong Listing Rules, other relevant regulations and the Articles of Association.

The Company shall not repurchase its own shares, except in any of the following circumstances:

(1) reducing the registered capital of the Company;

(2) merging with another company holding shares in the Company;

(3) using the shares for employee share ownership plans or equity incentive plans;

(4) Shareholders objecting to a resolution of the general meeting on the merger or division of the Company and requesting the Company to repurchase their shares;

(5) using the shares for the conversion of corporate bonds convertible into shares issued by the Company;

(6) as is necessary to maintain the value of the Company and the interests of the Shareholders.

The repurchase of the Company's shares by the Company may be conducted through public centralized trading, or by other methods stipulated by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, and approved by the CSRC and the Hong Kong Stock Exchange, and shall be conducted in compliance with applicable laws, regulations, and the securities regulatory rules of the place where the shares of the Company are listed.

Where the Company repurchases its own shares under the circumstances prescribed in items (3), (5) and (6) above, such repurchase shall be conducted through public centralized trading.

Where the Company repurchases its own shares under the circumstances prescribed in items (1) and (2) above, it shall be subject to a resolution of the general meeting; where the Company repurchases its own shares under the circumstances prescribed in items (3), (5) and (6) above, it shall be resolved by a meeting of the Board with the attendance of more than two-thirds of the Directors, in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

On the premise of complying with the securities regulatory rules of the place where the shares of the Company are listed, after the Company has repurchased its own shares pursuant to the aforementioned circumstances, the shares repurchased under the circumstance of item (1) shall be cancelled within 10 days from the date of repurchase; the shares repurchased under the circumstances of items (2) and (4) shall be transferred or cancelled within 6 months; for shares repurchased under the circumstances of items (3), (5) and (6), the aggregate number of shares held by the Company shall not exceed 10% of the total number of its issued shares, and such shares shall be transferred or cancelled within 3 years.

TRANSFER OF SHARES

The shares issued prior to the initial public offering of A shares of the Company shall not be transferred within one year from the date on which the A shares of the Company are listed and traded on the stock exchange.

The Directors and senior management of the Company shall declare to the Company their holdings of shares of the Company and any changes thereto. During each year of their tenures as determined upon their appointment, the shares transferred by them each year shall not exceed 25% of the total number of the shares of the same class of the Company held by them; the shares of the Company held by them shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The aforementioned persons shall not transfer their shares in the Company within 6 months from their departure from the Company. Where the listing rules of the place where the shares of the Company are listed provide otherwise on the restriction on transfer of the Company's shares, such provisions shall prevail.

Where a Shareholder holding 5% or more of the shares of the Company (except for recognized clearing houses and their nominees), a Director or a member of senior management of the Company, sells the shares of the Company or other securities with the nature of equity held by them within 6 months after purchasing them, or purchases them again within 6 months after selling them, the gains generated therefrom shall belong to the Company, and the Board of the Company will recover such gains from the above-mentioned parties. However, this shall not apply to a securities company holding more than 5% of the shares as a result of purchasing unsold shares after an underwriting offering, or in other circumstances prescribed by the CSRC. Where the listing rules of the place where the shares of the Company are listed provide otherwise on the restriction on transfer of the Company's shares, such provisions shall prevail.

The shares or other securities with the nature of equity held by a Director, senior management member or natural-person Shareholder as referred to in the preceding paragraph shall include those held by their spouses, parents and children, and those held using the accounts of others.

If the Board of the Company fails to comply with the aforementioned provisions, the Shareholders shall have the right to request the Board to execute the same within 30 days. If the Board of the Company fails to execute within the aforesaid time limit, the Shareholders shall have the right to initiate litigation directly in a People's Court in their own names for the interests of the Company. If the Board of the Company fails to comply with the aforementioned provisions, the responsible Directors shall bear joint and several liability in accordance with the law.

FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES OF THE COMPANY

The Company or its subsidiaries (including the affiliated enterprises of the Company) shall not provide financial assistance in the form of gifts, advance of funds, guarantees, loans, etc., to any person for the acquisition of the shares of the Company or its parent company, except where the Company implements an employee share ownership plan.

For the benefit of the Company, subject to a resolution of the general meeting, or a resolution made by the Board in accordance with the Articles of Association or the authorization of the general meeting, the Company may provide financial assistance to others for acquiring the shares of the Company or its parent company, provided that the cumulative total amount of such financial assistance shall not exceed 10% of the total issued share capital. The resolution of the Board shall be passed by two-thirds or more of all the Directors. Where the Company or its subsidiaries (including the affiliated enterprises of the Company) engages in any action under this provision, it shall comply with the provisions of laws, administrative regulations, the CSRC, and the securities regulatory authorities and stock exchanges of the place where the shares of the Company are listed.

SHAREHOLDERS

The Company shall establish a register of Shareholders based on the certificates provided by the securities depository and clearing institutions of the place where the shares of the Company are listed. The register of Shareholders shall be sufficient evidence that the Shareholders hold the Company's shares. The original register of Shareholders of H shares listed in Hong Kong shall be maintained in Hong Kong and available for inspection by the Shareholders; provided that the Company may suspend the registration of Shareholders in accordance with applicable laws, regulations and the securities regulatory rules of the place where the shares of the Company are listed. The Shareholders shall enjoy rights and assume obligations in accordance with the class of shares held by them; Shareholders holding the same class of shares shall enjoy equal rights and assume equal obligations. For the purpose of this provision, the A shares and H shares of the Company are deemed as shares of the same class.

The Shareholders of the Company shall enjoy the following rights:

(1) receiving dividends and other forms of profit distribution in proportion to the shares held by them;

(2) lawfully requesting to hold, convening, presiding over, attending or appointing a Shareholder proxy to attend the general meeting, and exercising the corresponding voting rights;

(3) supervising the Company's operations, providing suggestions or raising enquiries;

(4) transferring, gifting or pledging the shares held by them in accordance with laws, administrative regulations, and the Articles of Association;

(5) inspecting and copying the Articles of Association, register of Shareholders, minutes of the general meetings, resolutions of the meetings of the Board, and financial accounting reports, and eligible Shareholders may inspect the accounting books and accounting vouchers of the Company;

(6) participating in the distribution of the Company's residual assets in proportion to the shares held by them upon the termination or liquidation of the Company;

(7) requesting the Company to acquire the shares from Shareholders who vote against a resolution of the general meeting on the merger or division of the Company;

(8) other rights stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association.

Where Shareholders request to inspect or copy relevant materials of the Company, they shall comply with the provisions of laws and administrative regulations such as the Company Law and the Securities Law, and the securities regulatory rules of the place where the shares of the Company are listed.

Where a Shareholder request access to or reproduction of the relevant information or request for materials referred to in the preceding provision, they shall provide the Company with written documents certifying the class and number of shares of the Company held by them. Upon verification of their status as shareholders, the Company shall provide the same in accordance with the Shareholder's request.

Where the content of a resolution of the general meeting or the Board of the Company violates laws, administrative regulations, or the securities regulatory rules of the place where the shares of the Company are listed, the Shareholders are entitled to request the People's Court to declare it invalid. If the convening procedures or voting methods of a general meeting or a meeting of the Board violate laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association, or where the content of a resolution violates the Articles of Association, the Shareholders shall be entitled to request the People's Court to revoke the resolution within 60 days from the date on which the resolution is made. However, this shall not apply if the convening procedure or voting method of the general meeting or the meeting of the Board only has a minor flaw which does not materially affect the resolution.

If a Director or a senior management member (other than a member of the Audit Committee) violates the provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association while performing their duties for the Company, thereby causing losses to the Company, a Shareholder holding, individually or jointly, 1% or more of the Company's shares for 180 or more consecutive days is entitled to request the Audit Committee in writing to file an action with a People's Court; if a member of the Audit Committee violates the provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association while performing their duties for the Company, thereby causing losses to the Company, the aforementioned Shareholder may request the Board in writing to file an action with a People's Court.

If the Audit Committee or the Board refuses to file an action upon receiving a written request from the Shareholder as described in the preceding paragraph, or fails to file an action within 30 days of receiving such request, or under emergency circumstances where failure to immediately file an action would cause irreparable damage to the Company's interests, the Shareholder as described in the preceding paragraph shall be entitled to file an action directly in a People's Court in their own name in the interests of the Company.

The Shareholders of the Company shall assume the following obligations:

(1) abiding by laws, administrative regulations, and the Articles of Association;

(2) paying share capital according to the shares subscribed for and the subscription methods;

(3) not withdrawing their share capital except under the circumstances prescribed by laws and regulations;

(4) not abusing their Shareholder rights to damage the interests of the Company or other Shareholders; not abusing the independent legal person status of the Company or the limited liability of Shareholders to damage the interests of the creditors of the Company;

(5) other obligations prescribed by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association.

If a Shareholder of the Company abuses their Shareholder rights, thereby causing loss to the Company or other Shareholders, they shall be held liable for compensation in accordance with the law. If a Shareholder of the Company abuses the independent legal person status of the Company and the limited liability of Shareholders to evade debts, thereby severely damaging the interests of the creditors of the Company, they shall bear joint and several liability for the debts of the Company.

The Controlling Shareholder and actual controller of the Company shall exercise their rights and perform their obligations in accordance with the provisions of laws, administrative regulations, and the securities regulatory rules of the place where the shares of the Company are listed, and safeguard the interests of the listed company.

Where the Company does not have a Controlling Shareholder or actual controller, the aforementioned provisions shall apply to the relevant parties as prescribed by laws, administrative regulations, the CSRC and the stock exchange.

Where the Controlling Shareholder or the actual controller transfers any shares held by them in the Company, they shall comply with the restrictive provisions on share transfer set forth in laws, administrative regulations, and the provisions of the securities regulatory authorities and the stock exchange of the place where the shares of the Company are listed, as well as the undertakings made by them regarding the restriction on share transfer.

GENERAL MEETING

a) General Provisions of the General Meeting

The general meeting of the Company is composed of all Shareholders. The general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:

(1) to elect and replace Directors, and to decide on matters concerning the remuneration of Directors;

(2) to examine and approve the reports of the Board;

(3) to examine and approve the profit distribution plans and loss recovery plans of the Company;

(4) to pass resolutions on the increase or reduction of the registered capital of the Company;

(5) to pass resolutions on the issuance of corporate bonds;

(6) to pass resolutions on the merger, division, dissolution, liquidation, or change in the corporate form of the Company;

(7) to amend the Articles of Association;

(8) to pass resolutions on the engagement or dismissal of accounting firms undertaking the auditing business of the Company;

(9) to examine and approve the guarantee matters stipulated in the Articles of Association;

(10) to examine matters where the Company purchases or disposes of material assets within one year exceeding 30% of the latest audited total assets of the Company;

(11) to examine and approve matters relating to changes in the use of proceeds;

(12) to examine the equity incentive plans and employee share ownership plans;

(13) to examine other matters that shall be decided by the general meeting as prescribed by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association.

The general meeting may authorize the Board to pass resolutions on the issuance of corporate bonds.

Transactions entered into by the Company (excluding the provision of guarantees and financial assistance) that meet one of the following criteria shall be subject to the deliberation and approval by the general meeting:

(1) the total assets involved in the transaction account for 50% or more of the latest audited total assets of the Company. If the total assets involved in the transaction have both book value and appraised value, the higher value shall be used as the basis of calculation;

(2) the operating revenue related to the subject matter of the transaction (such as equity interest) for the latest financial year accounts for 50% or more of the audited operating revenue of the Company for the latest financial year, and the absolute amount exceeds RMB50 million;

(3) the net profit related to the subject matter of the transaction (such as equity interest) for the latest financial year accounts for 50% or more of the audited net profit of the Company for the latest financial year, and the absolute amount exceeds RMB5 million;

(4) the transaction consideration (including assumed liabilities and expenses) accounts for 50% or more of the latest audited net assets of the Company, and the absolute amount exceeds RMB50 million;

(5) the profit generated from the transaction accounts for 50% or more of the audited net profit of the Company for the latest financial year, and the absolute amount exceeds RMB5 million.

If any data involved in the calculation of the above indicators is a negative value, its absolute value shall be taken for the calculation.

The following external guarantees provided by the Company shall be submitted to the general meeting for consideration after being considered and approved by the Board:

(1) any single guarantee with an amount exceeding 10% of the latest audited net assets of the Company;

(2) any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has 50% of the latest audited net assets of the Company;

(3) any guarantee to be provided to a guaranteed party whose gearing ratio exceeds 70%;

(4) guarantees where the guarantee amount provided within twelve consecutive months exceeds 50% of the latest audited net assets of the Company and the absolute amount exceeds RMB50 million;

(5) any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has exceeded 30% of the latest audited total assets of the Company;

(6) guarantees where the guarantee amount provided within twelve consecutive months exceeds 30% of the latest audited total assets of the Company;

(7) any guarantee to be provided to Shareholders, the actual controller and their related persons or connected persons, except for transactions exempt from compliance with shareholder approval requirements under the Hong Kong Listing Rules;

(8) other guarantee matters subject to approval by the general meeting as prescribed by laws, administrative regulations, and the securities regulatory rules of the place where the shares of the Company are listed.

When considering guarantee matters, the Board must obtain the approval of more than two-thirds of the Directors attending the Board meeting. When the general meeting considers the guarantee matter set out in item (6) above, it shall be passed by more than two-thirds of the voting rights held by the Shareholders attending the meeting.

When the general meeting considers a proposal to provide a guarantee to a Shareholder, an actual controller and their related persons, such Shareholder, or the Shareholder controlled by such actual controller, shall not participate in the voting on such proposal, and such proposal shall be passed by more than half of the voting rights held by the other Shareholders attending the general meeting.

Where the Company provides guarantees to its wholly-owned subsidiaries, or provides guarantees to its controlled subsidiaries provided that other shareholders of such controlled subsidiaries offer proportionate guarantees in accordance with their entitled equity interests, if falling under items (1) to (4) above, they may be exempted from submission for review by the general meeting.

If the Company provides guarantees to the Controlling Shareholder, actual controller and their related parties, the Controlling Shareholder, actual controller and their related parties shall provide counter-guarantees.

General meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and shall be held within 6 months following the end of the previous fiscal year.

The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

(1) the number of Directors falls short of the quorum prescribed in the Company Law or is less than two-thirds of the number prescribed in the Articles of Association;

(2) the uncovered losses of the Company reach one-third of its total share capital;

(3) upon the request by Shareholders individually or collectively holding 10% or more of the shares of the Company (excluding treasury shares);

(4) the Board deems it necessary;

(5) the Audit Committee proposes to convene such meeting;

(6) other circumstances stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association.

b) Convening of the General Meeting

The Board shall convene the general meeting on time within the prescribed time limit.

With the consent of more than half of all independent Directors, the independent Directors have the right to propose to the Board to convene an extraordinary general meeting. Regarding the proposal of independent Directors to convene an extraordinary general meeting, the Board shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association, provide written feedback of its agreement or disagreement to convene the extraordinary general meeting within 10 days of receiving such proposal. If the Board agrees to convene the extraordinary general meeting, it shall issue a notice convening the general meeting within 5 days after the resolution of the Board is passed; if the Board does not agree to convene the extraordinary general meeting, it shall state the reasons and make an announcement.

If the Audit Committee proposes to the Board to convene an extraordinary general meeting, such proposal shall be submitted to the Board in writing. The Board shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association, provide written feedback of its agreement or disagreement to convene the extraordinary general meeting within 10 days of receiving the proposal.

If the Board agrees to convene the extraordinary general meeting, it shall issue a notice convening the general meeting within 5 days after the resolution of the Board is passed; any alteration to the original proposal in the notice shall be subject to the consent of the Audit Committee.

If the Board does not agree to convene the extraordinary general meeting or fails to provide feedback within 10 days of receiving the proposal, the Board shall be deemed to be unable or to have failed to perform its duty to convene the general meeting, and the Audit Committee may convene and preside over the meeting on its own.

If Shareholders individually or collectively holding 10% or more of the Company's shares (excluding treasury shares) request the Board to convene an extraordinary general meeting, such request shall be submitted in writing to the Board. The Board shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association, provide written feedback of its agreement or disagreement to convene the extraordinary general meeting within 10 days of receiving the request.

If the Board agrees to convene the extraordinary general meeting, it shall issue a notice convening the general meeting within 5 days after the resolution of the Board is passed; any alteration to the original request in the notice shall be subject to the consent of the relevant Shareholders.

If the Board does not agree to convene the extraordinary general meeting or fails to provide feedback within 10 days of receiving the request, Shareholders individually or collectively holding 10% or more of the Company's shares (excluding treasury shares) shall submit a written request to the Audit Committee to propose the convening of an extraordinary general meeting.

If the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice convening the general meeting within 5 days of receiving the request; any alteration to the original request in the notice shall be subject to the consent of the relevant Shareholders.

If the Audit Committee fails to issue the notice of the general meeting within the prescribed period, it shall be deemed that the Audit Committee will not convene and preside over the general meeting, and Shareholders individually or collectively holding 10% or more of the Company's shares (excluding treasury shares) for 90 consecutive days or more may convene and preside over the meeting on their own.

c) Proposals and Notices of the General Meeting

Where the Company convenes a general meeting, the Board, the Audit Committee, and Shareholders individually or collectively holding 1% or more of the Company's shares shall have the right to submit proposals to the Company.

Shareholders individually or collectively holding 1% or more of the Company's shares may submit temporary proposals in writing to the convener 10 days before the general meeting is convened. The convener shall issue a supplementary notice of the general meeting within 2 days after receiving the proposals to make an announcement on the content of the temporary proposals, and submit such temporary proposals to the general meeting for consideration. However, this does not apply if the temporary proposals violate the provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association, or if they are not within the scope of the general meeting's authority. If the general meeting is required to be postponed due to the

publication of the supplementary notice in accordance with the provisions of the securities regulatory rules of the place where the shares of the Company are listed, the convening of the general meeting shall be postponed in accordance with such securities regulatory rules.

Except for the circumstances set out in the preceding paragraph, the convener shall not amend the proposals already stated in the notice of the general meeting or add new proposals after issuing the notice of the general meeting.

Proposals which are not set out in the notice of the general meeting or which do not comply with the Articles of Association shall not be voted on or resolved at the general meeting.

The convener shall notify all Shareholders by way of an announcement 21 days prior to the annual general meeting, and for an extraordinary general meeting, shall notify all Shareholders by way of an announcement 15 days prior to the meeting. In calculating the starting period, the Company shall not include the date on which the meeting is held.

The notice of the general meeting shall include the following contents:

(1) the time, venue, and duration of the meeting;

(2) the matters and proposals submitted to the meeting for consideration;

(3) a prominent written statement that: all ordinary Shareholders and Shareholders holding shares with special voting rights and other Shareholders shall be entitled to attend the general meeting, and may appoint proxies in writing to attend and vote at the meeting, and such Shareholder proxies need not be Shareholders of the Company;

(4) the record date of registration of Shareholders entitled to attend the general meeting;

(5) the names and telephone numbers of the regular contact persons for the meeting affairs;

(6) the voting time and procedures by network or other means.

Once the notice of the general meeting is issued, without a justifiable reason, the general meeting shall not be postponed or cancelled, and the proposals listed in the notice of the general meeting shall not be cancelled. Should an event of postponement or cancellation occur, the convener shall make an announcement and explain the reasons at least 2 working days prior to the originally scheduled convening date. Where the securities regulatory rules of the place where the shares of the Company are listed prescribe specific provisions on the procedures for postponing or cancelling a general meeting, such provisions shall prevail, provided that they do not violate domestic regulatory requirements.

d) Convening of the General Meeting

All ordinary Shareholders or their proxies registered on the register of Shareholders on the record date shall be entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws, regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association (unless an individual Shareholder is required to abstain from voting on specific matters pursuant to the securities regulatory rules of the place where the shares of the Company are listed).

Shareholders may attend the general meeting in person, or appoint a proxy to attend and vote on their behalf.

The general meeting shall be presided over by the chairman of the Board. Where the chairman of the Board is unable to or does not perform his/her duties, a Director jointly elected by more than half of the Directors shall preside over the meeting.

A general meeting convened by the Audit Committee on its own shall be presided over by the convener of the Audit Committee. Where the convener of the Audit Committee is unable to or does not perform his/her duties, a member of the Audit Committee jointly elected by more than half of the members of the Audit Committee shall preside over the meeting.

A general meeting convened by the Shareholders on their own shall be presided over by the convener or a representative elected by the convener.

During a general meeting, if the presiding officer of the meeting violates the rules of procedure and prevents the meeting from proceeding, upon the agreement of more than half of the Shareholders present and entitled to vote, the general meeting may elect one person to act as the chairman of the meeting to proceed with the meeting.

The Company shall formulate the rules of procedure for general meetings, which shall prescribe in detail the convening, holding, and voting procedures of the general meetings, including notification, registration, review of proposals, voting, vote counting, announcement of voting results, formation of meeting resolutions, recording and signing of meeting minutes, announcements, etc., as well as the principles of authorization by the general meeting to the Board, and the content of the authorization shall be clear and specific. The rules of procedure for general meetings shall be formulated by the Board and approved by the general meeting as an appendix to the Articles of Association.

e) Voting at the General Meeting

Resolutions of the general meeting are classified into ordinary resolutions and special resolutions.

An ordinary resolution at a general meeting shall be passed by more than half of the voting rights held by the Shareholders (including Shareholders attending the general meeting by proxy) present at the general meeting.

A special resolution at a general meeting shall be passed by more than two-thirds of the voting rights held by the Shareholders (including Shareholders attending the general meeting by proxy) present at the general meeting.

The following matters shall be passed by an ordinary resolution at a general meeting:

(1) work reports of the Board;

(2) profit distribution plans and loss recovery plans formulated by the Board;

(3) appointment and removal of members of the Board, as well as their remuneration and the methods of payment thereof;

(4) appointment, dismissal, and remuneration of the auditor;

(5) other matters other than those required by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association to be passed by a special resolution.

The following matters shall be passed by a special resolution at a general meeting:

(1) the increase or reduction of the registered capital of the Company;

(2) the division, spin-off, merger, dissolution, change of corporate form and liquidation (including voluntary winding-up) of the Company;

(3) the amendment to the Articles of Association;

(4) the purchase or disposal of material assets or the provision of guarantees by the Company within one year with an amount exceeding 30% of the latest audited total assets of the Company;

(5) the equity incentive plan;

(6) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and other matters which are considered by the general meeting by way of an ordinary resolution to have a material impact on the Company and require approval by a special resolution.

In the event of a hostile takeover of the Company, where the acquirer and/or parties acting in concert with it submit proposals involving the above matters and other matters relating to connected transactions, external investments (including entrusted wealth management, etc.), provision of financial assistance, restructuring of creditor's rights or debts, execution of management contracts (including entrusted operations, commissioned operations, etc.), transfer of research and development projects, licensing of intellectual property rights, removal of Directors or members of the Audit Committee, and amendments to the anti-hostile takeover provisions in the Articles of Association, such proposals shall be passed by not less than three-quarters of the voting rights held by the Shareholders (including proxies) present at the general meeting.

Shareholders (including Shareholders attending the general meeting by proxy) shall exercise their voting rights based on the number of voting shares they represent, and each share shall be entitled to one vote. Where permitted by the applicable securities regulatory rules of the place where the shares of the Company are listed, when casting votes, a Shareholder (including a proxy) who has two or more votes is not required to cast all his/her/its votes as affirmative, negative, or abstention votes. Where the securities regulatory rules of the place where the shares of the Company are listed provide otherwise, such provisions shall prevail.

When the general meeting considers material matters affecting the interests of minority investors, the votes of minority investors shall be counted separately. The results of the separate vote counting shall be publicly disclosed in a timely manner.

The shares of the Company held by the Company itself shall have no voting rights, and such shares shall not be counted in the total number of voting shares present at the general meeting.

Where a Shareholder purchases voting shares of the Company in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the voting rights of the shares exceeding the prescribed proportion shall not be exercised within 36 months after the purchase, and such shares shall not be counted in the total number of voting shares present at the general meeting.

The Board, independent Directors, Shareholders holding 1% or more of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the provisions of the CSRC may publicly solicit voting rights from Shareholders. While soliciting voting rights from Shareholders, information such as specific voting intentions shall be fully disclosed to the persons from whom voting rights are being solicited. Solicitation of voting rights from Shareholders for consideration or in disguised forms of consideration is prohibited. Except for statutory conditions, the Company shall not impose any minimum shareholding requirement on the solicitation of voting rights.

In accordance with relevant laws and regulations and the requirements of the securities regulatory rules of the place where the shares of the Company are listed, where any Shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholders in contravention of such requirement or restriction shall not be counted in the voting results.

When the general meeting considers matters relating to connected transactions, connected Shareholders shall not participate in voting, and the number of voting shares represented by them shall not be counted in the total number of valid votes; the announcement on the resolutions of the general meeting shall fully disclose the voting results of the non-connected Shareholders.

DIRECTORS

The Directors of the Company shall be natural persons. A person shall be disqualified from being a Director of the Company if any of the following circumstances applies:

(1) he/she has no civil capacity or has restricted civil capacity;

(2) he/she has been sentenced to criminal penalty due to corruption, bribery, embezzlement of property, misappropriation of property or sabotaging the market economic order of socialism, or has been deprived of political rights due to criminal offences, and less than 5 years have elapsed since the date of the completion of implementation of such punishment or deprivation or he/she was granted probation, and less than 2 years have elapsed since the expiration of the probation period;

(3) he/she served as a former director, factory manager or manager of a company or enterprise which was bankrupt and liquidated, and was personally liable for the bankruptcy of such company or enterprise, and less than 3 years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise;

(4) he/she served as a former legal representative of a company or enterprise which had its business license revoked and was ordered to close down due to violation of laws, and was personally liable therefor, and less than 3 years have elapsed since the date of the revocation of the business license and the order to close down of such company or enterprise;

(5) he/she has a relatively large amount of personal debt due and unpaid, and has been listed as a dishonest judgment debtor by the People's Court;

(6) he/she has been imposed a ban from entering the securities market by the CSRC, and the term of such ban has not expired;

(7) he/she has been publicly identified by a stock exchange as unfit to serve as a director, senior management member, etc. of a listed company, and the term has not expired;

(8) other circumstances as prescribed by laws, administrative regulations, departmental rules or the securities regulatory rules of the place where the shares of the Company are listed.

Any election, delegation or appointment of a Director in violation of the provision above shall be invalid. If any of the circumstances under the provision above occurs to a Director during his/her term of office, the Company shall remove him/her from office and cease his/her performance of duties.

Directors shall be elected or replaced by the general meeting, and may be removed from their office by the general meeting prior to the expiration of their term of office. The term of office of a Director shall be 3 years, and upon the expiration of the term, a Director shall be eligible for re-election and re-appointment.

The term of office of a Director shall commence from the date of his/her assumption of office until the expiration of the term of the current Board. Where the term of office of a Director expires but re-election is not made in a timely manner, the original Director shall continue to perform his/her duties as a Director in accordance with the provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association until the re-elected Director assumes office.

The number of Directors replaced by the Company within any continuous 24-month period shall not exceed one-half of the total number of Directors; if the number of Directors falls below the number stipulated in the Articles of Association due to the resignation of Directors, or the removal of Directors due to their violation of laws, administrative regulations or the provisions of the Articles of Association, the Company may elect additional Directors and shall not be subject to such one-half limit. Directors who are re-elected and re-appointed shall not be regarded as replaced or additionally elected Directors as stipulated in this paragraph.

A Director may concurrently serve as a senior management member, provided that the total number of Directors who concurrently serve as senior management members and Directors who are employee representatives shall not exceed one-half of the total number of Directors of the Company.

In the event of a hostile takeover of the Company, upon the expiration of the term of the current Board at the time of the occurrence of the hostile takeover or upon its early re-election, at least two-thirds of the candidates for the members of the succeeding Board shall be the existing members of the Board; the total number of Directors re-elected at the general meeting in any given year before the expiration of the term of the succeeding Board shall not exceed one-quarter of the total number of the members of the Board as stipulated in these Articles of Association.

In the event of a hostile takeover of the Company, if any Director is removed from office during his/her term of office without any illegal or criminal act, or without any lack of qualification or capability to serve as a Director of the Company, or without any violation of the provisions of the Articles of Association, the Company shall pay compensation to such Director equivalent to 10 times the total pre-tax remuneration received by such Director during his/her years of service as a Director of the Company. If such Director has entered into an employment contract with the Company, upon the termination of the employment contract, the Company shall also pay economic compensation or damages in accordance with the provisions of the Labor Contract Law of the People's Republic of China and other relevant laws and regulations.

Directors owe the following duties of diligence to the Company:

(1) to exercise the rights conferred by the Company with due caution, care and diligence to ensure that the commercial activities of the Company comply with the requirements of national laws, administrative regulations and various national economic policies, and that its commercial activities do not exceed the business scope stipulated in the business license;

(2) to treat all Shareholders equally;

(3) to keep abreast of the business operation and management of the Company in a timely manner;

(4) to sign written confirmations in respect of the periodic reports of the Company and ensure that the information disclosed by the Company is true, accurate and complete;

(5) to provide relevant information and materials to the Audit Committee truthfully, and not to hinder the Audit Committee in exercising its functions and powers;

(6) not to provide any form of convenience or assistance that prejudices the legitimate rights and interests of the Company or its Shareholders to any organization or individual proposing to carry out or carrying out a hostile takeover of the Company, or for their takeover activities;

(7) other duties of diligence stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

A Director may resign prior to the expiration of his/her term of office. To resign, a Director shall submit a written resignation report to the Company. The resignation shall become effective on the date when the Company receives the resignation report, and the Company will disclose the relevant information within 2 trading days or within the period required by the securities regulatory rules of the place where the shares of the Company are listed. Where the resignation of a Director results in the composition of the Board failing to comply with the provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, the original Director shall continue to perform his/her duties as a Director in accordance with the provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association until the re-elected Director assumes office.

Unless otherwise provided in the Articles of Association or legally authorized by the Board, no Director shall act on behalf of the Company or the Board in his/her own name. When a Director acts in his/her own name, if a third party could reasonably believe that such Director is acting on behalf of the Company or the Board, such Director shall declare his/her position and identity in advance.

BOARD

The Company shall establish a Board. The Board shall consist of 9 Directors, including 3 independent Directors and 1 employee Director. There shall be 1 chairman of the Board, and the chairman shall be elected by the Board with the approval of more than half of all the Directors.

The employee representative(s) in the Board shall be democratically elected by the employees of the Company through the employee representatives' meeting, the employees' meeting or other forms, and such election shall not be subject to consideration by the general meeting.

The Board shall exercise the following functions and powers:

(1) to convene the general meeting and report on its work to the general meeting;

(2) to implement the resolutions of the general meeting;

(3) to determine the business plans and investment plans of the Company;

(4) to formulate the profit distribution plans and loss recovery plans of the Company;

(5) to formulate plans for the Company's increase or reduction of registered capital, issuance of bonds or other securities, and listing;

(6) to formulate plans for material acquisitions, purchases of shares of the Company, or merger, division, dissolution and change of corporate form of the Company;

(7) to decide on matters such as external investments, acquisition and disposal of assets, asset pledges, external guarantees, entrusted wealth management, connected transactions and external donations of the Company within the scope authorized by the general meeting;

(8) to decide on the establishment of the Company's internal management structure;

(9) to decide on the appointment or dismissal of the general manager, the secretary to the Board and other senior management members of the Company, and to decide on their remuneration, rewards and punishments; to decide on the appointment or dismissal of the deputy general manager, the person in charge of finance and other senior management members of the Company based on the nominations of the general manager, and to decide on their remuneration, rewards and punishments;

(10) to formulate the basic management systems of the Company;

(11) to formulate proposals for amending the Articles of Association;

(12) to manage the information disclosure matters of the Company;

(13) to propose to the general meeting the appointment or replacement of the accounting firm that audits the Company;

(14) to listen to the work report of the general manager of the Company and inspect the work of the general manager;

(15) other functions and powers granted by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association or the general meeting.

Matters exceeding the scope authorized by the general meeting shall be submitted to the general meeting for consideration.

The Board shall hold at least four regular meetings each year, to be convened by the chairman of the Board. Notice of the meeting shall be given to all Directors by personal delivery, mail, fax, e-mail, telephone, short message or electronic communication means 14 days prior to the convening of the meeting. Shareholder(s) representing one-tenth or more of the voting rights (excluding treasury shares), one-third or more of the Directors, or the Audit Committee may propose the convening of an extraordinary meeting of the Board. The chairman of the Board shall convene and preside over a meeting of the Board within 10 days upon receipt of such proposal.

A meeting of the Board shall be held only if it is attended by more than half of the Directors. Any resolution made by the Board must be passed by more than half of all Directors. Voting on resolutions of the Board shall be conducted on the basis of one vote per person.

Where a Director has a connected relationship with the enterprise or individual involved in the matters to be resolved at the meeting of the Board, such Director shall report to the Board in writing in a timely manner. The connected Director shall not exercise his/her voting rights on such resolution, nor shall he/she exercise voting rights as a proxy for other Directors. Such meeting of the Board may be held if attended by more than half of the non-connected Directors, and the resolutions made at the meeting of the Board must be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meeting of the Board is less than 3, the matter shall be submitted to the general meeting for consideration.

When the Board considers matters relating to connected transactions, Directors (including authorized proxies) who have a connected relationship with such connected matters may attend the meeting of the Board and may express their views to the attending Directors in accordance with the meeting procedures, but must abstain from voting.

SENIOR MANAGEMENT

The Company shall have one general manager; and executive deputy general manager(s), deputy general manager(s), the secretary to the Board, a chief financial officer, assistant(s) to the general manager, a chief engineer and deputy chief engineer(s) shall be appointed according to actual needs. The aforesaid personnel are the senior management members of the Company, and shall all be appointed and dismissed by the Board.

The provisions of the Articles of Association regarding the duties of loyalty and diligence of Directors shall also apply to the senior management members.

The general manager shall be accountable to the Board and shall exercise the following functions and powers:

(1) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report work to the Board;

(2) to organize the implementation of the annual business plans and investment plans of the Company;

(3) to draft plans for the establishment of the internal management structure of the Company;

(4) to draft the basic management systems of the Company;

(5) to formulate the specific rules and regulations of the Company;

(6) to propose to the Board the appointment or dismissal of the deputy general manager(s) and the person in charge of finance of the Company;

(7) to decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal is required to be decided by the Board;

(8) other functions and powers granted by the Articles of Association or the Board.

The general manager shall attend the meetings of the Board as a non-voting delegate.

The senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all Shareholders.

Where the senior management members of the Company fail to faithfully perform their duties or breach their fiduciary duties, thereby causing damage to the interests of the Company and the public Shareholders, they shall be liable for compensation in accordance with the law.

AUDIT COMMITTEE

The Board of the Company establishes an Audit Committee, which exercises the functions and powers of a supervisory committee as stipulated in the Company Law.

The Audit Committee shall consist of 3 members, who shall be Directors not holding senior management positions in the Company, of which at least 2 shall be independent Directors. A professional among the independent Directors who possesses accounting or financial management expertise as stipulated by the securities regulatory rules of the place where the shares of the Company are listed shall serve as the convener.

The Audit Committee is responsible for reviewing the financial information of the Company and its disclosure, and supervising and evaluating internal and external audit work and internal control. The following matters shall be subject to the consent of more than half of all members of the Audit Committee before being submitted to the Board for consideration:

(1) the disclosure of financial and accounting reports and financial information in periodic reports, and internal control evaluation reports;

(2) the appointment or dismissal of the accounting firm undertaking the audit business for the listed company;

(3) the appointment or dismissal of the person in charge of finance of the listed company;

(4) changes in accounting policies, changes in accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards;

(5) other matters stipulated by laws, administrative regulations, the CSRC, the stock exchange of the place where the shares of the Company are listed and the Articles of Association.

The Audit Committee shall hold at least one meeting every quarter. An extraordinary meeting may be convened upon the proposal of two or more members, or when the convener deems it necessary. A meeting of the Audit Committee shall be held only if it is attended by at least two-thirds of its members.

Any resolution made by the Audit Committee shall be passed by more than half of the members of the Audit Committee. Voting on resolutions of the Audit Committee shall be conducted on the basis of one vote per person. The working rules of the Audit Committee shall be formulated by the Board.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDIT

a) Financial and Accounting Systems

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, the provisions of relevant state departments and the securities regulatory rules of the place where the shares of the Company are listed.

The Company shall submit and disclose its annual report to the dispatched office of the CSRC and the stock exchange of the place where the shares of the Company are listed within 4 months from the end of each financial year, and submit and disclose its interim report to the dispatched office of the CSRC and the stock exchange of the place where the shares of the Company are listed within 2 months from the end of the first half of each financial year.

The Company shall not establish account books other than statutory account books. The funds of the Company shall not be deposited in any account opened in the name of any individual.

b) Profit Distribution

When distributing its after-tax profits of the current year, the Company shall allocate 10% of the profits to its statutory reserve fund. If the cumulative amount of the Company's statutory reserve fund reaches 50% or more of the registered capital of the Company, no further allocation is required.

Where the statutory reserve fund of the Company is insufficient to make up for the losses of the previous years, the profits of the current year shall be used to make up for such losses before the allocation to the statutory reserve fund in accordance with the aforementioned provisions.

After allocating to the statutory reserve fund from the after-tax profits, the Company may, subject to a resolution of the general meeting, also allocate to the discretionary reserve fund from the after-tax profits.

The remaining after-tax profits after making up for losses and allocating to the reserve funds shall be distributed in proportion to the shares held by the Shareholders, unless the Articles of Association stipulate that the distribution shall not be made in proportion to the shareholdings.

Where the general meeting distributes profits to the Shareholders in violation of the Company Law, the Shareholders must return the profits distributed in violation of the provisions to the Company; if losses are caused to the Company, the Shareholders and the responsible Directors and senior management members shall be liable for compensation.

The shares of the Company held by the Company itself shall not participate in profit distribution.

The Company shall appoint one or more receiving agents in Hong Kong for the holders of H shares. The receiving agent shall receive and hold, on behalf of the relevant holders of H shares, the dividends distributed and other amounts payable by the Company in respect of the H shares, pending payment to such holders of H shares. The receiving agent appointed by the Company shall comply with the requirements of laws, regulations and the securities regulatory rules of the place where the shares of the Company are listed.

c) Internal Audit

The Company shall implement an internal audit system to clarify the leadership system, duties and authorities, personnel deployment, funding guarantee, application of audit results and accountability of the internal audit work.

The internal audit department shall be accountable to the Board.

d) Appointment of Accounting Firm

The Company shall appoint an accounting firm that complies with the provisions of the Securities Law and the securities regulatory rules of the place where the shares of the Company are listed to conduct businesses such as the audit of accounting statements, verification of net assets and other relevant advisory services. The term of appointment shall be 1 year, and is renewable.

The appointment or dismissal of an accounting firm by the Company shall be decided by the general meeting. The Board shall not appoint any accounting firm prior to the decision of the general meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting vouchers, account books, financial and accounting reports and other accounting materials, and that it engages without any refusal, withholding, and misrepresentation.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

a) Merger, Division, Capital Increase and Capital Reduction

The merger of the Company may take the form of either merger by absorption or merger by new establishment. A company absorbing other company(ies) is a merger by absorption, and the absorbed company(ies) shall be dissolved. Two or more companies merging to establish a new company is a merger by new establishment, and the merging parties shall be dissolved.

In the event of a merger, the merging parties shall enter into a merger agreement, and prepare a balance sheet and a detailed inventory of assets. The Company shall notify its creditors within 10 days from the date of passing the resolution on the merger, and shall make an announcement in newspapers designated by the CSRC such as Securities Times or on the National Enterprise Credit Information Publicity System within 30 days thereof. The creditors may, within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if they do not receive the notice, require the Company to settle its debts or provide corresponding guarantees.

Upon the merger, the claims and debts of each of the merging parties shall be succeeded to by the surviving company or the newly established company after the merger.

In the event of a division of the Company, its assets shall be divided accordingly. For the division of the Company, a balance sheet and a detailed inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of passing the resolution on the division, and shall make an announcement in newspapers designated by the CSRC such as Securities Times or on the National

Enterprise Credit Information Publicity System within 30 days thereof. The companies after the division shall bear joint and several liabilities for the debts of the Company prior to the division, unless otherwise stipulated in a written agreement on debt settlement reached between the Company and its creditors prior to the division.

Where the Company reduces its registered capital, it shall prepare a balance sheet and a detailed inventory of assets. The Company shall notify its creditors within 10 days from the date of passing the resolution on the reduction of registered capital, and shall make an announcement in newspapers designated by the CSRC such as Securities Times or on the National Enterprise Credit Information Publicity System within 30 days thereof. The creditors shall, within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if they do not receive the notice, have the right to require the Company to settle its debts or provide corresponding guarantees. When the Company reduces its registered capital, the capital contributions or shares shall be reduced accordingly in proportion to the shares held by the Shareholders, unless otherwise provided by laws or these Articles of Association.

When the Company issues new shares to increase its registered capital, the Shareholders shall not have the pre-emptive right to subscribe for the new shares, unless otherwise provided by these Articles of Association or resolved by the general meeting that the Shareholders have such pre-emptive right.

b) Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons:

(1) the expiration of the business period stipulated in the Articles of Association or the occurrence of other reasons for dissolution stipulated in the Articles of Association;

(2) a resolution on dissolution is passed by the general meeting;

(3) dissolution is necessary due to a merger or division of the Company;

(4) its business license is revoked, or it is ordered to close down or is cancelled in accordance with the law;

(5) the Company experiences serious difficulties in its operation and management, its continued existence will cause material losses to the interests of the Shareholders, and such difficulties cannot be resolved through other means, in which case Shareholders holding 10% or more of the voting rights (excluding treasury shares) of the Company may apply to the People's Court to dissolve the Company.

Where any of the reasons for dissolution stipulated in the preceding paragraph occurs to the Company, it shall make the reasons for dissolution public through the National Enterprise Credit Information Publicity System within 10 days.

Where the Company is dissolved pursuant to items (1), (2), (4) and (5) of the Articles of Association, a liquidation shall be carried out. The Directors, being the persons obliged to liquidate the Company, shall form a liquidation committee to conduct the liquidation within 15 days from the date of the occurrence of the reasons for dissolution.

The liquidation committee shall comprise the Directors, unless otherwise stipulated in the Articles of Association or unless other persons are elected by a resolution of the general meeting.

If the persons obliged to liquidate the Company fail to perform their liquidation obligations in a timely manner, thereby causing losses to the Company or its creditors, they shall be liable for compensation.

The liquidation committee shall notify the creditors within 10 days from the date of its establishment, and shall make an announcement in newspapers designated by the CSRC such as Securities Times or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if they do not receive the notice.

When declaring their claims, the creditors shall explain the relevant matters relating to the claims and provide supporting materials. The liquidation committee shall register the claims.

During the period of declaration of claims, the liquidation committee shall not make any settlement with the creditors.

After sorting out the assets of the Company and preparing a balance sheet and a detailed inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to the general meeting or the People's Court for confirmation.

The remaining assets of the Company after paying the liquidation expenses, employees' wages, social insurance premiums and statutory compensation, paying outstanding taxes and settling the debts of the Company shall be distributed in proportion to the shares held by the Shareholders.

During the liquidation period, the Company shall continue to exist, but shall not engage in any business activities unrelated to the liquidation.

The assets of the Company shall not be distributed to the Shareholders before the settlement in accordance with the provisions of the preceding paragraph.

If the liquidation committee, after sorting out the assets of the Company and preparing a balance sheet and a detailed inventory of assets, discovers that the assets of the Company are insufficient to settle its debts, it shall apply to the People's Court for bankruptcy liquidation in accordance with the law.

After the People's Court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the People's Court.

Upon the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, submit it to the general meeting or the People's Court for confirmation, and submit it to the company registration authority to apply for deregistration of the Company.

Where the Company is declared bankrupt in accordance with the law, bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

(1) after the amendment to the Company Law or relevant laws, administrative regulations, and the securities regulatory rules of the place where the shares of the Company are listed, the matters stipulated in the Articles of Association conflict with the provisions of the revised laws, administrative regulations, and the securities regulatory rules of the place where the shares of the Company are listed;

(2) changes have occurred in the Company's circumstances, which are inconsistent with the matters stated in the Articles of Association;

(3) the general meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by the resolution of the general meeting are subject to the examination and approval of the competent authorities, such amendments shall be submitted to the competent authorities for approval; where matters concerning the registration of the Company are involved, change of registration shall be processed in accordance with the law.

The Board shall amend the Articles of Association in accordance with the resolution passed by the general meeting on the amendment to the Articles of Association and the examination and approval opinions of the relevant competent authorities.

Where the matters involving the amendment to the Articles of Association fall within the information required to be disclosed by laws, regulations or the securities regulatory rules of the place where the shares of the Company are listed, an announcement shall be made in accordance with the relevant regulations.

The principal objective of this summary is to provide potential [**REDACTED**] with an overview of the principal legal and regulatory provisions applicable to the Company, and this Appendix also contains a summary of the legal and regulatory provisions of the Company Law. This Appendix outlines certain aspects of the PRC laws and regulations relevant to the operations and business of the Company, and does not purport to cover all the information that is important to potential [**REDACTED**]. For laws and regulations relating to the business of the Company and PRC taxation, please refer to the section headed "Regulatory Overview" in this document.

LEGAL SYSTEM IN CHINA

The legal system within China is based on the Constitution of the People's Republic of China (《中華人民共和國憲法》) (the "**Constitution**"), and is composed of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments under the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, laws of special administrative regions, and international treaties and other regulatory documents signed by the Chinese government. Court decisions do not constitute binding precedents, but can be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》) (the "**Legislation Law**"), which was last amended by the National People's Congress on March 13, 2023 and came into effect on March 15, 2023, the National People's Congress and the SCNPC are empowered to exercise the legislative power of the State. The National People's Congress is empowered to enact and amend basic laws that relate to criminal and civil matters, State organs and other matters. The SCNPC is empowered to enact and amend laws other than those that should be enacted by the National People's Congress, and to supplement and amend in part the laws enacted by the National People's Congress when the National People's Congress is not in session, provided such supplements and amendments are not in conflict with the basic principles of such laws. The National People's Congress may authorise the SCNPC to enact relevant laws.

The State Council is the highest State administrative authority and has the power to enact administrative regulations in accordance with the Constitution and laws. The people's congresses and their standing committees of the provinces, autonomous regions and municipalities directly under the Central Government may, in light of the specific conditions and actual needs of their respective administrative areas, enact local regulations, provided that such regulations do not contravene the Constitution, laws and administrative regulations. The people's congresses and their standing committees of the cities divided into districts may, in light of the specific conditions and actual needs of their respective cities, enact local regulations regarding urban and rural development and management, ecological civilization construction, historical and cultural protection, grassroots governance and other matters, provided that such local regulations do not contravene the Constitution, laws, administrative regulations, and the local regulations of their respective provinces or autonomous regions. Where there are other legal provisions on the enactment of local regulations by the cities divided into districts, such provisions shall prevail. Local regulations of the cities divided into districts shall be submitted to the standing committees of the people's congresses of the provinces or autonomous regions for approval before implementation. The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of the local regulations submitted for approval, and shall approve such regulations within four months if they believe that such regulations do not contravene the Constitution, laws, administrative regulations, and the local regulations of their respective provinces or autonomous regions. If, in the course of reviewing the local regulations of cities divided into districts submitted for approval, the standing committee of the people's congress of the province or autonomous region finds that the said regulations are in conflict with the rules of the people's government of the province or autonomous region where such city is located, it shall decide how to handle such situation. The people's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality or nationalities in the areas concerned. The autonomous regulations and separate regulations of autonomous regions shall be submitted to the SCNPC for approval

before they go into effect. An autonomous regulation or separate regulation of an autonomous prefecture or county shall go into effect only after it is approved by the standing committee of the people's congress of the relevant province, autonomous region, or municipality directly under the Central Government.

All ministries and commissions of the State Council, the PBOC, the National Audit Office, and public institutions with administrative functions directly under the State Council may, in accordance with laws, and the administrative regulations, decisions and rulings of the State Council, formulate rules within the scope of their respective functions and powers.

The Constitution is of the highest legal force, and no law, administrative regulation, local regulation, autonomous regulation, separate regulation or rules may contravene the Constitution. A law is of higher legal force than an administrative regulation, local regulation or rule. An administrative regulation is of higher legal force than a local regulation or rule. A local regulation is of higher legal force than a rule of the local government at or below the corresponding level. The rules formulated by the people's government of a province or autonomous region are of higher legal force than the rules formulated by the people's government of a city divided into districts or an autonomous prefecture within the administrative area of the province or autonomous region.

The National People's Congress has the power to amend or annul any inappropriate laws enacted by the SCNPC, and has the power to annul any autonomous regulations or separate regulations which have been approved by the SCNPC but which contravene the provisions of the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations which contravene the Constitution or laws, any local regulations which contravene the Constitution, laws or administrative regulations, and any autonomous regulations or separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government but which contravene the provisions of the Constitution or the Legislation Law.

The State Council has the power to amend or annul any inappropriate departmental rules or local rules. The people's congress of a province, autonomous region or municipality directly under the Central Government has the power to amend or annul any inappropriate local regulations enacted or approved by its standing committee. The standing committee of a local people's congress has the power to annul any inappropriate rules enacted by the people's government at the same level. The people's government of a province or autonomous region has the power to amend or annul any inappropriate rules enacted by the people's governments at the next lower level. The authorising organ has the power to annul any regulations that have been enacted by the authorised organ acting beyond its ambit of authority or in contradiction with the objective of the authorisation, and where necessary, the authorisation may be revoked.

In accordance with the Constitution and the Legislation Law, the power of legal interpretation belongs to the Standing Committee of the National People's Congress. According to the Resolution of the Standing Committee of the National People's Congress on Strengthening the Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》), which was adopted by the SCNPC on June 10, 1981 and came into effect on the same day, any matter concerning provisions of laws and decrees that requires further clarification of their scope or supplementary provisions shall be interpreted by the SCNPC or prescribed by decrees. All issues involving the specific application of laws and decrees in court judicial work shall be interpreted by the Supreme People's Court. All issues involving the specific application of laws and decrees in procuratorial work shall be interpreted by the Supreme People's Procuratorate. If there is any difference in principle in the interpretation between the Supreme People's Court and the Supreme People's Procuratorate, the matter shall be reported to the SCNPC for interpretation or decision. Issues involving the specific application of other laws and decrees that do not fall within judicial or procuratorial work shall be interpreted by the State Council and the competent departments. Any provisions of local regulations that require further clarification of their scope or supplementary provisions shall be interpreted or stipulated by the standing committees of the people's congresses of the provinces, autonomous regions and municipalities directly under the Central Government that have enacted such regulations. Interpretations of issues involving the specific application of local regulations shall be made by the competent departments of the people's governments of the provinces, autonomous regions and municipalities directly under the Central Government.

JUDICIAL SYSTEM IN CHINA

According to the Constitution and the Organic Law of the People's Courts of the People's Republic of China (《中華人民共和國人民法院組織法》), which was last revised by the SCNPC on October 26, 2018 and came into effect on January 1, 2019, people's courts are composed of the Supreme People's Court, local people's courts at various levels and special people's courts. Local people's courts at various levels are divided into three levels, that is, primary people's courts, intermediate people's courts and higher people's courts. A primary people's court may set up a number of people's tribunals according to the conditions of the locality, population and cases. The Supreme People's Court is the highest judicial organ. The Supreme People's Court supervises the administration of justice by local people's courts at various levels and by the special people's courts. People's courts at higher levels supervise the administration of justice by those at lower levels.

According to the Constitution and the Organic Law of the People's Procuratorates of the People's Republic of China (《中華人民共和國人民檢察院組織法》), which was last revised by the SCNPC on October 26, 2018 and came into effect on January 1, 2019, people's procuratorates are state organs for legal supervision. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate directs the work of people's procuratorates at various local levels and of the special people's procuratorates. People's procuratorates at higher levels direct the work of those at lower levels.

According to the Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》) (the "Civil Procedure Law"), which was last revised by the SCNPC on September 1, 2023 and came into effect on January 1, 2024, people's courts shall, in hearing civil cases, implement the system whereby the second instance is final according to the law. The judgments and rulings of people's courts of second instance shall be final. If a party is dissatisfied with a judgment of first instance of a local people's court, the party shall have the right to file an appeal with the people's court at the next higher level within 15 days of the service of the written judgment. If a party is dissatisfied with a ruling of first instance of a local people's court, the party shall have the right to file an appeal with the people's court at the next higher level within 10 days of the service of the written ruling. If the president of a people's court at any level finds any definite error in a legally effective judgment, ruling or mediation statement made by his/her court, or if the Supreme People's Court finds any definite error in a legally effective judgment, ruling or mediation statement made by a local people's court at any level, or if a higher-level people's court finds any definite error in a legally effective judgment, ruling or mediation statement made by a lower-level people's court, a retrial procedure may be initiated. If a local people's procuratorate at any level considers that there is definite error in a judgment or ruling of first instance made by a people's court at the same level, it shall present a protest to the people's court at the next higher level. If the Supreme People's Procuratorate finds that a legally effective judgment or ruling made by a people's court at any level involves any of the circumstances specified in Article 211 of the Civil Procedure Law, or finds that the mediation statement harms national or social public interests, or if a higher-level people's procuratorate finds that a legally effective judgment or ruling made by a lower-level people's court involves any of the circumstances specified in Article 211 of the Civil Procedure Law or finds that the mediation statement harms national or social public interests, a protest procedure shall be initiated.

The Civil Procedure Law stipulates the requirements for initiating civil proceedings, the jurisdiction of people's courts, the procedures for civil litigation and the enforcement procedures for civil judgments. All parties to civil proceedings within the territory of China must abide by the Civil Procedure Law. Civil cases shall generally be heard by the court at the domicile of the defendant. The parties to disputes over contracts or other property rights and interests may agree in writing on selection of the people's court at the domicile of the defendant, the place of performance of contract, the place of execution of contract, the domicile of the plaintiff, the location of the subject matter, etc., provided that such court has an actual connection with the dispute, but shall not violate the provisions of the Civil Procedure Law on jurisdiction by level and exclusive jurisdiction.

Foreigners, stateless persons, foreign enterprises and organisations filing a lawsuit or responding to a lawsuit in a people's court shall have equal litigation rights and obligations as Chinese citizens, legal persons and other organisations. Where a court of a foreign country imposes restrictions on the civil

litigation rights of Chinese citizens, legal persons and other organisations, people's courts shall adopt the principle of reciprocity for civil litigation rights of citizens, enterprises and organisations of that country. Foreigners, stateless persons, foreign enterprises and organisations filing a lawsuit or responding to a lawsuit in a people's court who need to entrust a lawyer to act on their behalf in proceedings must entrust a lawyer in China. Pursuant to international treaties concluded or acceded to by China or in accordance with the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, investigate and collect evidence, and perform other litigation acts on each other's behalf. Where a request by a foreign court for assistance is prejudicial to the sovereignty, security or social public interest of China, the people's court shall not enforce it.

The parties concerned must perform the civil judgment or ruling which has come into legal effect. Where one party refuses to perform, the counterparty may apply to the people's court for enforcement, the other party may apply to the people's court for enforcement within two years. The provisions of applicable laws on suspension and interruption of the limitation period for litigation shall apply to the suspension and interruption of the limitation period for applications for enforcement. Where a party applies for enforcement of a legally effective judgment or ruling made by a people's court, and the party subject to enforcement or its property is not within the territory of China, the applicant may directly apply to the foreign court which has jurisdiction for recognition and enforcement, or the people's court may, pursuant to the provisions of the international treaties concluded or acceded to by China or in accordance with the principle of reciprocity, request the foreign court to recognize and enforce the judgment or ruling. Where a legally effective judgment or ruling made by a foreign court requires recognition and enforcement by a people's court, the applicant may directly apply to the intermediate people's court which has jurisdiction for recognition and enforcement, or the foreign court may, pursuant to the provisions of the international treaties concluded or acceded to by the foreign country and China or in accordance with the principle of reciprocity, request the people's court to recognize and enforce the judgment or ruling. In the case of an application or request for recognition and enforcement of a legally effective judgment or ruling of a foreign court, a people's court shall review the judgment or ruling pursuant to the international treaties concluded or acceded to by China or in accordance with the principle of reciprocity; where the people's court concludes that the judgment or ruling neither violates the basic principles of Chinese law nor harms State sovereignty, security and social public interest, it shall rule to recognize the validity of the judgment or ruling; where enforcement is necessary, it shall issue an order of enforcement and implement the same pursuant to the relevant provisions of the Civil Procedure Law.

ARBITRATION AND ENFORCEMENT OF ARBITRATION AWARDS

According to the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "Arbitration Law"), which was last revised by the SCNPC on September 12, 2025 and came into effect on March 1, 2026, where the parties have reached an arbitration agreement and one party initiates legal proceedings in a people's court, the people's court shall not accept it, except where the arbitration agreement has become invalid in accordance with law.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》). A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including non-compliance of the composition of the arbitration tribunal or the arbitral procedure with the statutory procedures or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). Where a party applies for enforcement of a legally effective arbitral award made in the PRC pursuant to the law, and the party subject to enforcement or its property is not within the territory of China, the party may directly apply to the foreign court which has jurisdiction for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by China.

According to the Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》), which was promulgated by the Supreme People's Court on January 24, 2000 and came into effect on February 1, 2000, and the Supplementary Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), which was promulgated by the Supreme People's Court on November 26, 2020 and came into effect on November 27, 2020, awards made by arbitration institutions in Chinese Mainland may be enforced in Hong Kong, and Hong Kong arbitration awards may also be enforced in Chinese Mainland.

COMPANY LAW, TRIAL MEASURES FOR ADMINISTRATION OF OVERSEAS ISSUANCE AND LISTING OF SECURITIES BY DOMESTIC ENTERPRISES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A company limited by shares incorporated in China that intends to be listed on the Hong Kong Stock Exchange is primarily subject to the following laws and regulations in China.

The Company Law was last amended on December 29, 2023 and came into effect on July 1, 2024.

The Trial Measures for Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) and the related explanatory guidelines, which were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, apply to direct or indirect overseas issuance of securities by Chinese domestic companies or the overseas listing and trading of their securities.

Pursuant to the Trial Measures for Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises and the explanatory guidelines, where a domestic company directly issues and lists securities overseas, it shall formulate its articles of association in accordance with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) promulgated by the CSRC, as amended and in effect from time to time, and the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) have ceased to apply from March 31, 2023.

The following is a summary of the main clauses of the Company Law, the Trial Measures for Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises and the Guidelines for Articles of Association that are applicable to the Company.

General Provisions

A joint stock limited company is a corporate legal person established in accordance with the Company Law, and its registered capital is divided into shares of equal par value. Shareholders shall assume liability to the extent of their shareholding, while a company shall be liable for its debts with all of its assets.

When engaging in business activities, a company shall comply with laws and regulations, observe social morality and business ethics, act in good faith and accept supervision of the government and the public.

A company may invest in other enterprises. Where the law provides that a company shall not become a capital contributor which bears joint and several liability for the debts of an investee enterprise, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by way of promotion or subscription. To establish a joint stock limited company, there shall be not less than one but not more than 200 promoters, and half or more of the promoters shall have a domicile within the territory of China. Where a joint stock limited company is incorporated by way of promotion, the promoters shall subscribe for all the shares to be issued at the time of establishment as stipulated by the articles of association of the company. Where a joint stock limited company is incorporated by way of subscription, the shares subscribed for by the promoters shall not be less than 35% of the total shares to be issued at the time of establishment as stipulated by the articles of association of the company; however, where the laws and administrative regulations provide otherwise, such provisions shall prevail.

Where a joint stock limited company is incorporated by way of subscription, the promoters shall convene an inaugural meeting of the company within 30 days from the date on which the shares to be issued at the time of establishment of the company have been fully paid. The promoters shall give notice to all subscribers 15 days prior to the convening of the inaugural meeting or make an announcement of the date of such meeting. The inaugural meeting may be held only with the presence of subscribers holding more than half of the voting rights. The convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the articles of association of the company or the promoters' agreement. The inaugural meeting may deliberate the report of the promoters on the preparatory status of the company, adopt the articles of association of the company, elect directors, examine the incorporation expenses of the company, etc.

The board shall authorise a representative to apply to the company registration authorities for incorporation registration within 30 days from conclusion of the inaugural meeting of the company. A company incorporated pursuant to the law shall be issued a company business license by the company registration authorities. The date of issue of a company business license shall be the date of incorporation of the company.

Registered Shares

Pursuant to the Company Law, shareholders may make capital contributions in the form of currency, in kind, intellectual property, land use rights, equity interests, creditor's rights and other non-currency properties that can be valuated in currency and transferred pursuant to the law, except for property that is prohibited by laws or administrative regulations from being used as capital contributions.

Pursuant to the provisions of the Trial Measures for Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, domestic enterprises conducting overseas issuance and listing may raise funds and make dividend distribution in foreign currency or Renminbi.

Pursuant to the Company Law, a joint stock limited company shall prepare a register of shareholders and keep it in the company. The register of shareholders shall include the following items: (i) the name or title and domicile of the shareholders; (ii) the class and number of shares subscribed for by each shareholder; (iii) where paper share certificates are issued, the serial numbers of the share certificates; (iv) the date on which each shareholder acquired the shares.

Allotment and Issuance of Shares

Shares shall be issued under the principles of fairness and impartiality. Each share of the same class shall carry the same rights. Shares of the same class in each issuance shall be issued under the same terms and at the same price. Subscribers shall pay the same price for each share subscribed for. Shares of par value may be issued at or above the par value, but not below the par value.

Domestic enterprises that issue and list securities overseas shall file with the CSRC pursuant to the provisions of the Trial Measures for Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, submit filing reports, legal opinions and other relevant materials, and provide truthful, accurate and complete information pertaining to shareholders, etc. Where domestic enterprises directly issue and list securities overseas, the issuers shall file with the CSRC.

Increase in Share Capital

According to the Company Law, when a joint stock limited company issues new shares, resolutions shall be passed at the general meeting regarding the class and number of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares, and the class and number of new shares proposed to be issued to existing shareholders (if any). Where shares with no par value are issued, resolutions shall be passed regarding the amount of the proceeds from the issuance of new shares to be credited to the registered capital. In addition, when a company publicly offers shares to the public, it shall register with the securities regulatory authority under the State Council and publish the document.

Reduction in Share Capital

According to the Company Law, a company may reduce its registered capital in accordance with the following procedures: (i) preparing a balance sheet and an inventory of assets; (ii) a resolution being passed at the general meeting of the company to reduce its registered capital; (iii) a company shall notify its creditors within 10 days from the date of the resolution of the general meeting on the reduction of registered capital, and publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days; (iv) creditors shall have the right to require the company to repay its debts or provide corresponding guarantees within 30 days of receiving the notice, or, in the case of a creditor who does not receive such notice, within 45 days from the date of the announcement; and (v) upon reduction of registered capital, a company shall apply to the company registration authority for registration of the changes in accordance with the law.

When reducing its registered capital, a company shall correspondingly reduce the capital contributions or shares in proportion to the capital contributed or shares held by the shareholders, unless otherwise provided by law, otherwise agreed by all shareholders of a limited liability company, or otherwise stipulated in the articles of association of a joint stock limited company.

Share Repurchase

According to the Company Law, a company shall not repurchase its own shares, except in any of the following circumstances:

(i) reducing the registered capital of the company; (ii) merging with another company holding shares in the company; (iii) using the shares for employee share ownership plans or equity incentive plans; (iv) upon the request of shareholders who vote against a resolution of the general meeting on the merger or division of the company and request the company to repurchase their shares; (v) using the shares for the conversion of convertible corporate bonds issued by a listed company; and (vi) as is necessary to maintain the value of the company and the interests of the shareholders.

The repurchase of the company's shares for the reasons specified in items (i) and (ii) above shall be approved by a resolution of the general meeting; the repurchase of the company's shares for the reasons specified in items (iii), (v) and (vi) above may be resolved by a meeting of the board with the attendance of two-thirds or more of the directors, in accordance with the provisions of the articles of association or the authorization of the general meeting.

After a company has repurchased its own shares in accordance with the above provisions, where such shares fall under the circumstance set out in item (i) above, they shall be cancelled within 10 days from the date of repurchase; where such shares fall under the circumstances set out in items (ii) and (vi) above,

they shall be transferred or cancelled within six months; where such shares fall under the circumstances set out in items (iii), (v) and (vi) above, the aggregate number of shares held by the company shall not exceed 10% of the total number of issued shares of the company, and such shares shall be transferred or cancelled within three years.

Transfer of Shares

According to the Company Law, the shares held by shareholders may be transferred in accordance with the law. The transfer of shares by shareholders of a joint stock limited company shall be carried out at a legally established securities trading venue or by other means prescribed by the State Council. The transfer of shares shall be effected by the shareholder through endorsement or other methods as stipulated by laws and administrative regulations; upon such transfer, the company shall record the name or title and domicile of the transferee in the register of shareholders. No changes may be made to the register of shareholders within 20 days prior to the convening of a general meeting or within five days prior to the record date set by the company for the purpose of dividend distribution. Where laws, administrative regulations or the securities regulatory authority under the State Council stipulate otherwise regarding changes to the register of shareholders of listed companies, such provisions shall prevail.

According to the Company Law, shares issued prior to a public offering by a company shall not be transferred within one year from the date on which the shares of the company are listed and traded on a stock exchange. The directors, supervisors and senior management of the company shall declare to the company the shares they hold in the company and the changes thereof; the number of shares transferred in each year during their terms of office as determined upon their appointment shall not exceed 25% of the total number of the shares they hold in the company; and the shares of the company held by them shall not be transferred within one year from the date on which the shares of the company are listed and traded. The aforementioned persons shall not transfer the shares of the company held by them within six months after their leaving office. The articles of association may stipulate other restrictive provisions on the transfer of the company's shares held by the directors, supervisors and senior management.

Where shares are pledged within the restricted transfer period as stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge right within such restricted transfer period.

Shareholders

According to the Company Law and the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), the shareholders of the company shall enjoy the following rights: (i) receiving dividends and other forms of benefit distribution in proportion to the shares held by them; (ii) lawfully requesting to hold, convening, presiding over, attending or appointing a shareholder proxy to attend the general meeting, and exercising the corresponding voting rights; (iii) supervising the Company's operations, and making recommendations or inquiries; (iv) transferring, gifting or pledging the shares held by them in accordance with laws, administrative regulations, and the articles of association; (v) inspecting and copying the articles of association, register of shareholders, minutes of the general meetings, resolutions of the meetings of the board, and financial accounting reports, and eligible shareholders may inspect the accounting books and accounting vouchers of the Company; (vi) participating in the distribution of the Company's residual assets in proportion to the shares held by them upon the termination or liquidation of the Company; (vii) for shareholders objecting to a resolution of the general meeting on the merger or division of the Company, requesting the Company to repurchase their shares; and (viii) other rights stipulated by laws, administrative regulations, departmental rules or the articles of association.

The shareholders of the company shall assume the following obligations: (i) abiding by laws, administrative regulations, and the articles of association; (ii) paying share capital according to the shares subscribed for and the method of capital contribution; (iii) not withdrawing their share capital except under the circumstances prescribed by laws and regulations; (iv) not abusing their shareholders' rights to

damage the interests of the company or other shareholders; not abusing the independent legal person status of the company or the limited liability of shareholders to damage the interests of the creditors of the company; and (v) other obligations prescribed by laws, administrative regulations and the articles of association.

General Meeting

According to the Company Law, the general meeting of a joint stock limited company is composed of all shareholders. The general meeting is the organ of authority of the company and shall exercise the following functions and powers: (i) to elect and replace directors and supervisors, and to decide on matters concerning the remuneration of directors and supervisors; (ii) to consider and approve the reports of the board; (iii) to consider and approve the reports of the supervisory committee; (iv) to consider and approve the profit distribution plans and loss recovery plans of the company; (v) to pass resolutions on the increase or reduction of the registered capital of the company; (vi) to pass resolutions on the issuance of corporate bonds; (vii) to pass resolutions on the merger, division, dissolution, liquidation or change in the corporate form of the company; (viii) to amend the articles of association; and (ix) other functions and powers stipulated by the articles of association.

According to the Company Law, the annual general meeting shall be convened once a year. An extraordinary general meeting shall be convened within two months upon the occurrence of any of the following circumstances: (i) the number of directors falls short of the number stipulated by this law or is less than two-thirds of the number specified in the articles of association; (ii) the unrecovered losses of the company reach one-third of the total share capital; (iii) upon the request by shareholders individually or collectively holding 10% or more of the shares of the company; (iv) when the board deems it necessary; (v) upon the proposal of the supervisory committee to convene the meeting; and (vi) other circumstances stipulated by the articles of association.

The general meeting shall be convened by the board and presided over by the chairman of the board. Where the chairman is unable to or fails to perform their duties, the meeting shall be presided over by the vice chairman. Where the vice chairman is unable to or fails to perform their duties, the meeting shall be presided over by a director jointly nominated by more than half of the directors.

Where the board is unable to or fails to perform its duties to convene the general meeting, the supervisory committee shall convene and preside over the meeting in a timely manner; where the supervisory committee fails to convene and preside over the meeting, shareholders individually or collectively holding 10% or more of the shares of the company for 90 consecutive days or more may convene and preside over the meeting on their own.

Where shareholders individually or collectively holding 10% or more of the shares of the company request the convening of an extraordinary general meeting, the board and the supervisory committee shall, within 10 days of receiving the request, make a decision on whether or not to convene the extraordinary general meeting and reply to the shareholders in writing.

To convene a general meeting, a notice specifying the time, venue and matters to be considered at the meeting shall be given to all shareholders 20 days prior to the convening of the meeting; for an extraordinary general meeting, the notice shall be given to all shareholders 15 days prior to the convening of the meeting.

Shareholders individually or collectively holding more than 10% of the shares of the company may propose provisional proposals and submit them in writing to the board 10 days prior to the convening of the general meeting. The provisional proposals shall have clear subject matters and specific matters for resolution. The board shall notify other shareholders within two days of receiving the proposal, and submit the provisional proposal to the general meeting for consideration, unless the provisional proposal violates laws, administrative regulations or the articles of association, or does not fall within the scope of authority of the general meeting. The company shall not increase the shareholding percentage requirement for shareholders to propose provisional proposals.

According to the Company Law, where a shareholder appoints a proxy to attend a general meeting, the matters, scope of authority and duration of the proxy authorization shall be clearly specified. The proxy shall submit the power of attorney issued by the Shareholder to the company and exercise voting rights within the scope of authorization.

According to the Company Law, shareholders attending a general meeting shall have one vote for each share they hold, except for holders of class shares. Shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the general meeting in accordance with the provisions of the articles of association or the resolutions of the general meeting. Under the cumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their voting rights when casting a vote.

According to the Company Law and the Guidelines for Articles of Association of Listed Companies, resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders attending the meeting.

Resolutions of the general meeting regarding the amendment of the articles of association, the increase or reduction of the registered capital, and the merger, division, dissolution or change in the corporate form of the company, shall be passed by at least two-thirds of the voting rights held by the shareholders attending the meeting.

Directors

According to the Company Law, a joint stock limited company shall establish a board consisting of three or more members. The term of office of a director shall be stipulated in the articles of association, provided that each term shall not exceed three years. Upon the expiration of the term, a director shall be eligible for re-election and re-appointment.

Meetings of the board shall be held at least twice a year. All directors and supervisors shall be notified 10 days prior to the convening of each meeting. Shareholders representing one-tenth or more of the voting rights, one-third or more of the directors, or the supervisory committee, may propose the convening of an extraordinary meeting of the board. The chairman of the board shall convene and preside over a meeting of the board within 10 days of receiving such proposal. The board may separately stipulate the method and time limit of notice for convening extraordinary meetings of the board.

The board shall exercise the following functions and powers: (i) to convene the general meeting and report on its work to the general meeting; (ii) to implement the resolutions of the general meeting; (iii) to determine the business plans and investment plans of the company; (iv) to formulate the profit distribution plans and loss recovery plans of the company; (v) to formulate plans for the increase or reduction of the company's registered capital and the issuance of corporate bonds; (vi) to formulate plans for the merger, division, dissolution or change in corporate form of the company; (vii) to decide on the establishment of the company's internal management bodies; (viii) to decide on the appointment or dismissal of the manager of the company and their remuneration; and to decide on the appointment or dismissal of the deputy manager and the person in charge of finance of the company based on nominations of the manager and to decide on their remuneration; (ix) to formulate the basic management systems of the company; and (x) other functions and powers stipulated by the articles of association or granted by the general meeting.

A meeting of the board may be held only if more than half of the directors are present. Resolutions of the board must be passed by more than half of all directors. A director shall attend meetings of the board in person; if a director is unable to attend a meeting for any reason, they may authorize another director in writing to attend the meeting on their behalf, and the power of attorney shall specify the scope of authorization. Directors shall be liable for the resolutions of the board. Where a resolution of the board

violates laws, administrative regulations, the articles of association, or resolutions of the general meeting, thereby causing severe losses to the company, the directors participating in the resolution shall be liable to compensate the company; however, a director who is proven to have expressed opposition to the resolution during voting and such opposition is recorded in the meeting minutes may be exempted from such liability.

According to the Company Law, the following persons shall not serve as directors of a company: (i) a person without civil capacity or with restricted civil capacity; (ii) a person who has been sentenced to criminal penalty due to corruption, bribery, embezzlement of property, misappropriation of property or undermining the order of the socialist market economy, or has been deprived of political rights due to criminal offences, and less than five years have elapsed since the expiration of the execution period, or if a suspended sentence has been pronounced, less than two years have elapsed since the expiration of the probation period of the suspended sentence; (iii) a person who served as a director, factory manager or manager of a company or enterprise undergoing bankruptcy liquidation and was personally liable for the bankruptcy of such company or enterprise, and less than three years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise; (iv) a person who served as the legal representative of a company or enterprise which had its business license revoked or was ordered to close down due to violation of laws, and was personally liable therefor, and less than three years have elapsed since the date of the revocation of the business license or the order to close down of such company or enterprise; and (v) a person who has a relatively large amount of personal debt due and unpaid, and has been listed as a dishonest judgment debtor by the People's Court.

The board shall have one chairman and may have a vice chairman. The chairman and vice chairman shall be elected by the board with the approval of more than half of all directors. The chairman shall exercise the following functions and powers (including but not limited to): (i) to preside over general meetings and to convene and to preside over meetings of the board; (ii) to supervise and to inspect the implementation of resolutions of the board; and (iii) to exercise other functions and powers granted by the board.

Audit Committee

A joint stock limited company may, pursuant to the provisions of the articles of association, establish an audit committee within the board consisting of directors to exercise the functions and powers of the supervisory committee stipulated by this law, without establishing a supervisory committee or appointing supervisors.

The audit committee shall consist of three or more members, and more than half of the members shall not hold any other positions in the company aside from being directors, nor shall they have any relationship with the company that may affect their independent and objective judgment. Employee representatives among the members of the board may serve as members of the audit committee. Resolutions of the audit committee shall be passed by more than half of the members of the audit committee. Voting on resolutions of the audit committee shall be conducted on the basis of one vote per person.

The rules of procedure and voting procedures of the audit committee shall be governed by the articles of association, unless otherwise provided by the Company Law.

Manager and Senior Management

According to the Company Law, a joint stock limited company shall have a manager whose appointment or dismissal shall be decided by the board. The manager is accountable to the board and shall exercise their functions and powers in accordance with the provisions of the articles of association or the authorization of the board. The manager shall attend the meetings of the board.

According to the Company Law, senior management refers to the manager, deputy manager, and the person in charge of financial affairs of the company, the secretary to the board of a listed company, and other personnel stipulated in the articles of association.

Obligations of Directors and Senior Management

According to the Company Law, directors and senior management bear a duty of loyalty towards the company, shall take measures to avoid conflicts between their own interests and the interests of the company, and shall not leverage their authority to seek illicit benefits. Directors and senior management owe a duty of diligence to the company and, in executing their duties, shall exercise the reasonable care normally expected of a manager for the best interests of the company.

Directors and senior management shall not commit any of the following acts: (i) embezzling company property or misappropriating company funds; (ii) depositing company funds into an account opened in their personal name or in the names of other individuals; (iii) leveraging their functions and powers to bribe or accept other unlawful revenue; (iv) accepting commissions derived from transactions between others and the company and appropriating such commissions to themselves; (v) disclosing company secrets without authorization; and (vi) other acts in violation of their duty of loyalty to the company.

Where a director or a member of senior management enters into a contract or conducts a transaction with the company directly or indirectly, he/she shall report matters concerning the conclusion of the contract or transaction to the board or the general meeting, and such contract or transaction shall be approved by a resolution of the board or the general meeting in accordance with the provisions of the articles of association.

The provisions of the preceding paragraph shall apply where close relatives of directors and senior management, enterprises directly or indirectly controlled by directors, senior management or their close relatives, and related parties having other affiliated relationships with directors or senior management enter into a contract or conduct a transaction with the company.

Directors and senior management shall not take advantage of their positions to seek business opportunities belonging to the company for themselves or others, except in any of the following circumstances: (i) such matters are reported to the board or the general meeting, and approved by a resolution of the board or the general meeting in accordance with the provisions of the articles of association; (ii) the company is unable to take advantage of such business opportunity pursuant to the laws, administrative regulations, or the provisions of the articles of association.

Directors or members of the senior management shall not, without reporting the matter to the board or the general meeting and obtaining approval by a resolution of the board or the general meeting in accordance with the provisions of the articles of association, engage in, either for their own account or on behalf of other people, any business of the same category as that of the company in which they hold office.

Where directors or members of the senior management violate the laws, administrative regulations, or the provisions of the articles of association in the performance of their duties and cause losses to the company, they shall bear the liability for compensation.

Finance and Accounting

According to the Company Law, a company shall establish its financial and accounting systems in accordance with laws, administrative regulations, and the regulations of the finance department of the State Council. A company shall prepare its financial accounting reports at the end of each financial year, and such reports shall be audited by an accounting firm in accordance with the law. The financial accounting reports shall be prepared in accordance with laws, administrative regulations, and the regulations of the finance department of the State Council.

The financial accounting reports of a joint stock limited company shall be made available at the company for inspection by the shareholders 20 days prior to the convening of the annual general meeting. A joint stock limited company publicly issuing shares shall publish its financial accounting reports.

When a company distributes its after-tax profit for the current year, it shall allocate 10% of the profit to the statutory reserve fund of the company. The company may choose not to allocate further amounts if the accumulated amount of the statutory reserve fund is 50% or more of the company's registered capital. If the company's statutory reserve fund is insufficient to make up for the losses of previous years, the profits of the current year shall be used to make up for such losses before making an allocation to the statutory reserve fund in accordance with the aforementioned provisions.

After making allocations to the statutory reserve fund from its after-tax profit, the company may also allocate discretionary reserve funds from its after-tax profit upon a resolution of the general meeting.

The premium proceeds derived from the issuance of shares by a joint stock limited company at an issue price exceeding their par value, the amount of proceeds from the issuance of no-par-value shares that is not included in the registered capital, and other items required by the finance department of the State Council to be included in the capital reserve, shall be accounted for as the capital reserve of the company.

The reserve funds of a company shall be applied to make up for the company's losses, expand its production and operations, or be converted into an increase in the registered capital of the company. When using the reserve funds to make up for the company's losses, the discretionary reserve fund and statutory reserve fund shall be utilized first; where the losses still cannot be offset, the capital reserve may be utilized in accordance with regulations. When the statutory reserve fund is converted into an increase in the registered capital, the balance of such reserve fund retained shall not be less than 25% of the registered capital of the company prior to such conversion.

A company shall not establish any accounting books other than the statutory accounting books. No funds of the company shall be deposited in an account opened in the name of any individual.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of an accounting firm undertaking the audit of a company shall be decided by the general meeting, the board or the supervisory committee in accordance with the provisions of the articles of association. When the general meeting, the board or the supervisory committee votes on the dismissal of an accounting firm, such accounting firm shall be allowed to state its opinions. A company shall provide the engaged accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and shall not refuse to provide, conceal, or falsely report such information.

Pursuant to the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), a company guarantees that it will provide the engaged accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and shall not refuse to provide, conceal, or falsely report such information. The audit fees of the accounting firm shall be determined by the general meeting.

Profit Distribution

According to the Company Law, a joint stock limited company shall distribute profits in proportion to the shares held by the shareholders, except where the articles of association of the joint stock limited company stipulate that the profits shall not be distributed in proportion to the shareholdings. The company shall not distribute profits in respect of the shares held by the company itself.

According to the Company Law, if a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall return the profits distributed in violation of the provisions to the company. Where losses are caused to the company, the shareholders and the responsible directors, supervisors and senior management shall bear the liability for compensation.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for any of the following reasons: (i) the expiry of the term of business stipulated in the articles of association or the occurrence of other reasons for dissolution stipulated in the articles of association; (ii) a resolution for dissolution having been passed by the general meeting; (iii) a dissolution required as a result of a merger or division of the company; (iv) revocation of the business license, order to close down, or revocation in accordance with the law; or (v) serious difficulties arising in the operation and management of the company, such that its continued existence would cause substantial losses to the interests of its shareholders, and such difficulties cannot be resolved through other means, in which case shareholders holding 10% or more of the total voting rights of the shareholders of the company may petition the people's court for the dissolution of the company.

Where any of the aforesaid causes for dissolution occurs to a company, it shall, within ten days, make a public disclosure of such cause through the National Enterprise Credit Information Publicity System.

Where a company is dissolved pursuant to items (i) or (ii) above and has not yet distributed its properties to the shareholders', it may continue to exist by amending the articles of association or by a resolution of the general meeting. Such amendment to the articles of association or resolution of the general meeting shall be passed by at least two-thirds of the voting rights held by the shareholders attending the general meeting.

Where a company is dissolved pursuant to the provisions of items (i), (ii), (iv) or (v) above, it shall undergo liquidation. The directors shall be the liquidation obligors of the company and shall form a liquidation committee to conduct the liquidation within 15 days from the date of the occurrence of the cause of dissolution. The liquidation committee shall be composed of the directors, unless otherwise stipulated in the articles of association or other personnel are elected by a resolution of the general meeting. Where the liquidation obligors fail to perform their liquidation obligations in a timely manner, thereby causing losses to the company or its creditors, they shall bear liability for compensation.

Where the liquidation committee is not established for liquidation within the prescribed time limit, or where the liquidation committee fails to conduct the liquidation after its establishment, the interested parties may apply to the people's court to designate relevant personnel to form a liquidation committee to carry out the liquidation. The people's court shall accept such application and organize a liquidation committee to conduct the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during liquidation: (i) to sort out the assets of the company and prepare a balance sheet and an inventory of assets respectively; (ii) to notify the creditors and make a public announcement; (iii) to deal with the outstanding business of the company relating to liquidation; (iv) to pay outstanding taxes and the taxes incurred during the course of the liquidation; (v) to settle creditors' rights and debts; (vi) to distribute the remaining assets after full payment of the company's debts; and (vii) to participate in civil litigation on behalf of the company.

The liquidation committee shall notify the company's creditors within 10 days from the date it is established, and publish relevant announcements in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days from the establishment date. Creditors shall, within 30 days from the date of receiving the notice, or for creditors who do not receive the notice, within 45 days from the date of the public announcement, declare their claims to the liquidation committee.

The remaining assets of the company after paying the liquidation expenses, employees' wages, social insurance expenses and statutory compensation, paying outstanding taxes and settling debts of the company shall be distributed by the company in proportion to the shares held by shareholders. During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to liquidation. The assets of the company shall not be distributed to the shareholders until the full settlement in accordance with the preceding provisions.

After the liquidation committee has thoroughly sorted out the assets of the company and prepared a balance sheet and an inventory of assets, if it discovers that the company's assets are insufficient to repay its debts in full, it shall apply to the people's court for bankruptcy liquidation. Upon acceptance of the bankruptcy application by the people's court, the liquidation committee shall hand over the matters relating to the liquidation to the bankruptcy administrator appointed by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report which shall be submitted to the general meeting or the people's court for confirmation, and shall submit the same to the company registration authority to apply for cancellation of the company's registration.

Members of the liquidation committee shall perform their liquidation duties, and owe a duty of loyalty and a duty of diligence. Where any member of the liquidation committee fails to perform his or her liquidation duties and thereby causes losses to the company, such member shall be liable for compensation; where losses are caused to the creditors due to intentional misconduct or gross negligence, such member shall be liable for compensation.

Overseas Listing

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), an issuer making an initial public offering or listing overseas shall file with the CSRC within three working days after the submission of its overseas offering and listing application documents. Where an issuer issues securities in the same overseas market after its overseas offering and listing, it shall file with the CSRC within three working days after the completion of the issuance. Where an issuer conducts an offering and listing in another overseas market after its overseas offering and listing, it shall make a filing in accordance with the provisions of the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies. In addition, if the filing materials are complete and in compliance with the relevant requirements, the CSRC shall complete the filing process within 20 working days upon receipt of the filing materials and publish the filing information on its website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall, within five working days upon receipt of the filing materials, notify the issuer of the materials to be supplemented. The issuer shall provide such supplementary materials within 30 working days.

Suspension and Termination of Listing

The Company Law has deleted the provisions relating to the suspension and termination of listing. The Securities Law of the People's Republic of China has also deleted the provisions relating to the suspension of listing. If a listed security falls under any delisting circumstance specified by the stock exchange, the stock exchange shall terminate its listing and trading pursuant to its business rules. The Company shall comply with the provisions on the suspension and termination of listing set out in the Rules Governing the Listing of Stocks on the ChiNext Market of Shenzhen Stock Exchange in respect of its A-shares.

Pursuant to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, if an issuer voluntarily terminates its listing or is forced to terminate its listing, it shall report the specific circumstances to the CSRC within three working days from the date of the occurrence and announcement of the relevant event.

Securities Laws and Regulations

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee was responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of the securities market, guiding, coordinating, and supervising all securities-related institutions in the PRC, and administering the CSRC. The CSRC, as the regulatory executive body of the Securities Committee, is responsible for drafting regulatory provisions governing the securities market, supervising securities companies, regulating the public offering of securities by PRC companies domestically and overseas, regulating securities trading, compiling securities-related statistics, and conducting relevant research and analysis. On March 29, 1998, the State Council merged the above two departments and reorganized the CSRC.

The Provisional Regulations on the Administration of the Issuing and Trading of Shares (《股票發行與交易管理暫行條例》), promulgated by the State Council on April 22, 1993 and effective on the same date, stipulates the application and approval procedures for the public offering of shares, the trading of shares, the acquisition of listed companies, the custody, clearing, and transfer of listed shares, the information disclosure of listed companies, investigations, penalties, and arbitration of disputes. The Provisions of the State Council on Domestic Listing of Foreign Shares by Companies Limited by Shares (《國務院關於股份有限公司境內上市外資股的規定》), promulgated by the State Council on December 25, 1995 and effective on the same date, mainly regulates the issuance, subscription, trading, and dividend payment of foreign-funded shares listed domestically, as well as the information disclosure obligations of joint stock limited companies with foreign-funded shares listed domestically.

The Securities Law of the People's Republic of China, most recently revised by the SCNPC on December 28, 2019 and effective as of March 1, 2020, includes provisions on the issuance and trading of securities within the PRC, the acquisition of listed companies, securities exchanges, securities companies, and the duties and responsibilities of the securities regulatory authority of the State Council, and comprehensively regulates securities market activities in the PRC.

Pursuant to the Securities Law of the People's Republic of China, domestic enterprises directly or indirectly offering securities overseas or listing and trading their securities overseas shall comply with the relevant provisions of the State Council. Currently, the overseas issuance and trading of shares are mainly regulated by the regulations and rules promulgated by the State Council and the CSRC.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was established as a limited liability company under the laws of the PRC on June 23, 2016, and was converted into a joint stock company with limited liability on November 20, 2020. Our Company completed the listing of A Shares on the ChiNext of Shenzhen Stock Exchange (stock code: 301358) in February 2023.

Our Company has established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong, and [has] been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [●]. Ms. Hau Hei Man Sonya (侯琋文) has been appointed as our authorized representative for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of our Articles of Association and relevant aspects of PRC law is set out in "Summary of Articles of Association" and "Summary of Principal Laws and Regulatory Provisions" in Appendices III and IV to this document.

2. Changes in the Share Capital of our Company

The following sets out the changes in our Company's share capital within the two years immediately preceding the issue of this document:

(i) On December 8, 2025, our Company's registered capital increased from RMB757,253,070 to RMB760,802,721.

(ii) On June 2, 2026, our Company's registered capital increased from RMB760,802,721 to RMB843,340,214.

(iii) On August 3, 2026, our Company's registered capital increased from RMB843,340,214 to RMB847,731,658.

Save as disclosed above, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

3. Changes in Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our principal subsidiaries are set out in Note 1 to the Accountants' Report in Appendix I to this document. The following sets out the changes in the share capital of our subsidiaries within the two years immediately preceding the date of this document:

(i) On November 19, 2024, Yunnan Yusheng Chemical New Material Co., Ltd. (雲南裕盛化工新材料有限公司) was established under the laws of the PRC with a registered capital of RMB50,000,000.

(ii) On December 16, 2024, the registered capital of Sichuan Yuyan New Material Co., Ltd. (四川裕沿新材料有限公司) increased from RMB10,000,000 to RMB120,000,000.

(iii) On January 6, 2025, Guizhou Yuxing Environmental Protection Technology Co., Ltd. (貴州裕星環保科技有限公司) was established under the laws of the PRC with a registered capital of RMB50,000,000. On August 12, 2025, its registered capital further increased from RMB50,000,000 to RMB120,000,000.

(iv) On March 3, 2025, Hunan Yuneng Empowerment Trading Co., Ltd. (湖南裕能賦能貿易有限公司) was established under the laws of the PRC with a registered capital of RMB5,000,000.

(v) On March 6, 2025, the share capital of Yuneng International (Spain) New Energy Battery Material, S.L. increased from EUR1,500,000 to EUR4,000,000. Its share capital further increased to EUR22,000,000, EUR25,500,000 and EUR40,500,000 on June 19, 2025, November 19, 2025, and April 23, 2026, respectively.

(vi) On March 25, 2025, the registered capital of Guizhou Yuneng New Energy Battery Material Co., Ltd. (貴州裕能新能源電池材料有限公司) increased from RMB600,000,000 to RMB1,500,000,000. On June 25, 2026, its registered capital decreased from RMB1,500,000,000 to RMB1,200,000,000.

(vii) On April 28, 2025, Hunan Yuneng Shunxing Sales Co., Ltd. (湖南裕能順興銷售有限公司) was established under the laws of the PRC with a registered capital of RMB50,000,000.

(viii) On August 5, 2025, Yuneng International (SGP) Development PTE. Ltd. was incorporated under the laws of Singapore with an issued share capital of RMB100,000,000.

(ix) On March 9, 2026, the registered capital of HunanYuneng Recycling Technology Co., Ltd. (湖南裕能循環科技有限公司) increased from RMB100,000,000 to RMB500,000,000.

(x) On June 26, 2026, Yuneng Phosphorus Chemical Co., Ltd. (裕能磷化工(貴州)有限公司) was established under the law of PRC with a registered capital of RMB300,000,000.

(xi) On August 5, 2026, Yuneng Wengfa (Guizhou) New Energy Battery Material Co., Ltd. (裕能甕發(貴州)新能源電池材料有限公司) was established under the law of PRC with a registered capital of RMB1,500,000,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions of our Shareholders

At the general meeting of our Company held in August 2026, the following resolutions were passed by our Shareholders:

(i) the issuance of H Shares with a nominal value of RMB1.00 each by our Company and such H Shares be [**REDACTED**] on the Stock Exchange;

(ii) the proposed number of H Shares to be [**REDACTED**] shall not exceed [**REDACTED**]% of the total issued share capital enlarged by the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]). The number of H Shares to be issued pursuant to the exercise of the [**REDACTED**] shall not exceed [**REDACTED**] of the total number of H Shares initially [**REDACTED**] under the [**REDACTED**];

(iii) subject to the completion of the [**REDACTED**], the Articles of Association to become effective on the [**REDACTED**] shall be conditionally adopted, and the Board and its authorized person have been authorized to amend the Articles of Association in accordance with any comments from the relevant regulatory authorities; and

(iv) authorization of the Board and its authorized person to handle relevant matters relating to, among other things, the [**REDACTED**], the [**REDACTED**] and [**REDACTED**] of the H Shares.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of our Material Contracts

We have entered the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

(a) the [**REDACTED**]; and

(b) [●].

2. Our Intellectual Property Rights

(a) Trademarks

As of March 31, 2026, we had registered the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
1. .		1	The Company	PRC	55171179	September 13, 2032
2. .		1	The Company	PRC	55184463	September 13, 2032

(b) Patents

As of March 31, 2026, we had registered the following patents which we consider to be material to our business:

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
1.	A ternary cathode material and a preparation method thereof (一種三元正極材料及其製備方法)	Invention	The Company	PRC	2016108847049	October 10, 2036
2.	A carbon-coated ternary cathode material and a preparation method thereof (一種碳包覆三元正極材料及其製備方法)	Invention	The Company	PRC	2016108846648	October 10, 2036
3.	A preparation method for a nickel-coated lithium iron phosphate-based cathode material (一種鎳包覆磷酸鐵鋰正極材料的製備方法)	Invention	The Company	PRC	2015102276148	May 5, 2035

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
4.	Preparation method for battery-grade iron phosphate material (電池級磷酸鐵材料的製備方法)	Invention	The Company	PRC	2020114258387	December 8, 2040
5.	A method for preparing an in-situ carbon-coated porous iron phosphate material using osmanthus flowers (一種採用桂花製備出原位碳包覆多孔磷酸鐵材料的方法)	Invention	The Company	PRC	2020114377954	December 9, 2040
6.	Method for rapidly evaluating the cycling performance of lithium iron phosphate cathode materials (快速評估磷酸鐵鋰正極材料循環性能的方法)	Invention	The Company	PRC	2022100596387	January 18, 2042
7.	Lithium manganese iron phosphate substrate, cathode material, preparation methods thereof and lithium battery (磷酸錳鐵鋰基材、正極材料及其製備方法及鋰電池)	Invention	The Company	PRC	2024101748047	February 6, 2044
8.	Embedded lithium manganese iron phosphate cathode material and preparation method thereof, lithium-ion battery and electrical equipment (內嵌型磷酸鐵錳鋰正極材料及其製備方法、鋰離子電池和涉電設備)	Invention	The Company	PRC	2022100915787	January 25, 2042
9.	Preparation method for a lithium iron phosphate cathode material and a lithium battery (磷酸鐵鋰正極材料的製備方法及鋰電池)	Invention	The Company	PRC	2024108194051	June 23, 2044
10.	Preparation method for an ultra-high-compaction lithium iron phosphate cathode material and a lithium battery (超高壓實的磷酸鐵鋰正極材料的製備方法及鋰電池)	Invention	The Company	PRC	2024108193877	June 23, 2044

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
11.	Power-type high-rate lithium iron phosphate cathode material, preparation method thereof and lithium battery (功率型高倍率磷酸鐵鋰正極材料及其製備方法和鋰電池)	Invention	The Company	PRC	2024108257366	June 24, 2044
12.	Preparation method for an injection-type lithium manganese iron phosphate cathode material, an electrode and a lithium battery (注入型磷酸錳鐵鋰正極材料的製備方法、電極以及鋰電池)	Invention	The Company	PRC	2024109520448	July 15, 2044
13.	Preparation method for a manganese iron phosphate precursor, a cathode plate and a lithium battery (磷酸錳鐵前驅體的製備方法、正極極片及鋰電池)	Invention	The Company	PRC	2024112379370	September 4, 2044
14.	Preparation method for a lithium manganese iron phosphate cathode material and a lithium battery (磷酸錳鐵鋰正極材料的製備方法及鋰電池)	Invention	The Company	PRC	2024112379455	September 4, 2044
15.	A lithium iron phosphate material and a preparation method and application thereof (一種磷酸鐵鋰材料及其製備方法與應用)	Invention	The Company	PRC	2024112576862	September 8, 2044
16.	A cathode material, a preparation method thereof, a battery and an application (一種正極材料及其製備方法、電池、應用)	Invention	The Company	PRC	202411310477X	September 19, 2044
17.	A test method for the particle size distribution of a lithium-ion battery cathode material (一種鋰離子電池正極材料的粒徑分佈的測試方法)	Invention	The Company	PRC	2024113364620	September 24, 2044

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
18.	Cathode active material, preparation method thereof, cathode plate, battery and application (正極活性材料及製備方法、正極極片、電池、應用)	Invention	The Company	PRC	2024114331249	October 14, 2044
19.	Preparation method for a high-rate lithium manganese iron phosphate cathode material and a lithium battery (高倍率磷酸錳鐵鋰正極材料的製備方法和鋰電池)	Invention	The Company	PRC	2024114351312	October 14, 2044
20.	Dual-doped coated lithium iron phosphate cathode material, preparation method thereof and lithium battery (雙摻雜包覆磷酸鐵鋰正極材料及其製備方法、鋰電池)	Invention	The Company	PRC	2024114791469	October 22, 2044
21.	Low-temperature lithium iron phosphate cathode material and preparation method and application thereof (低溫型磷酸鐵鋰正極材料及其製備方法與應用)	Invention	The Company	PRC	2024115455728	October 31, 2044
22.	Preparation method for a modified carbon-coated lithium iron phosphate cathode material and an application thereof (改性碳包覆磷酸鐵鋰正極材料的製備方法及其應用)	Invention	The Company	PRC	2024115456951	October 31, 2044
23.	A fluorine-doped lithium manganese iron phosphate cathode material and a preparation method thereof (一種氟摻雜磷酸錳鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2024116457383	November 17, 2044
24.	A surface-modified manganese-based lithium iron phosphate cathode material and a preparation method thereof (一種表面修飾的錳基磷酸鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2024116888420	November 24, 2044

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
25.	Single-doped coated lithium manganese iron phosphate cathode material, preparation method thereof and lithium battery (單摻雜包覆型的磷酸錳鐵鋰正極材料及其製備方法、鋰電池)	Invention	The Company	PRC	2024116865113	November 24, 2044
26.	A lithium manganese iron phosphate material and a preparation process thereof (一種磷酸錳鐵鋰材料及其製備工藝)	Invention	The Company	PRC	2024117185846	November 27, 2044
27.	A composite cathode material and a preparation method thereof (一種複合正極材料及其製備方法)	Invention	The Company	PRC	2024117226456	November 27, 2044
28.	A manganese iron phosphate precursor, a lithium manganese iron phosphate cathode material and preparation methods thereof (一種磷酸錳鐵前驅體、磷酸錳鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2024117185600	November 27, 2044
29.	A doped manganese iron phosphate precursor, a preparation method thereof and a lithium manganese iron phosphate cathode material (一種摻雜型磷酸錳鐵前驅體、製備方法及磷酸錳鐵鋰正極材料)	Invention	The Company	PRC	2024117322805	November 28, 2044
30.	A high-specific-energy lithium manganese iron phosphate cathode material and a preparation method thereof (一種高比能磷酸錳鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2024117384144	November 28, 2044
31.	A high-capacity lithium iron phosphate cathode material and a preparation method thereof (一種高容量磷酸鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2024117522163	December 1, 2044

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
32.	Graphene-modified lithium iron phosphate, preparation method thereof, battery and an application (石墨烯改性磷酸鐵鋰及其製備方法、電池和應用)	Invention	The Company	PRC	2024117594335	December 2, 2044
33.	A manganese iron phosphate precursor and a preparation method thereof (一種磷酸錳鐵前驅體及其製備方法)	Invention	The Company	PRC	2024117561685	December 2, 2044
34.	A carbon-doped lithium manganese iron phosphate cathode material and a preparation method thereof (一種碳摻雜的磷酸錳鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2024117685122	December 3, 2044
35.	A lithium iron phosphate cathode material and a preparation method and application thereof (一種磷酸鐵鋰正極材料及其製備方法與應用)	Invention	The Company	PRC	2024117805213	December 4, 2044
36.	A lithium iron phosphate cathode material with high-rate cycling performance (一種高倍率循環性能的磷酸鐵鋰正極材料)	Invention	The Company	PRC	2024117780235	December 4, 2044
37.	A lithium iron phosphate/carbon nanotube composite material and a preparation method thereof (一種磷酸鐵鋰碳納米管複合材料及其製備方法)	Invention	The Company	PRC	2024117777425	December 4, 2044
38.	Modified nano lithium iron phosphate material and preparation method and application thereof (改性納米磷酸鐵鋰材料及其製備方法和應用)	Invention	The Company	PRC	2024118900925	December 19, 2044
39.	A lithium manganese iron phosphate cathode material and a preparation method thereof (一種磷酸錳鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2024118973926	December 22, 2044

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
40.	Lithium manganese iron phosphate precursor and preparation method and application thereof (磷酸錳鐵鋰前驅體及其製備方法與應用)	Invention	The Company	PRC	2024118970769	December 22, 2044
41.	Modified lithium iron phosphate and preparation method and application thereof (改性磷酸鐵鋰及其製備方法和應用)	Invention	The Company	PRC	2024119081536	December 23, 2044
42.	Nano single-crystal lithium iron phosphate and preparation method and application thereof (納米單晶磷酸鐵鋰及其製備方法和應用)	Invention	The Company	PRC	2024119081894	December 23, 2044
43.	A lithium manganese iron phosphate composite material and a preparation method and application thereof (一種磷酸錳鐵鋰複合材料及其製備方法和應用)	Invention	The Company	PRC	202411871584X	December 17, 2044
44.	High-capacity lithium manganese iron phosphate cathode material, preparation method thereof and lithium battery (高容量磷酸錳鐵鋰正極材料及其製備方法和鋰電池)	Invention	The Company	PRC	2024118970468	December 22, 2044
45.	Preparation method for boron-doped coated lithium manganese iron phosphate cathode material and lithium battery (硼摻雜包覆型磷酸錳鐵鋰正極材料的製備方法及鋰電池)	Invention	The Company	PRC	2025100089598	January 2, 2045
46.	A graphene-coated lithium iron phosphate cathode material and a preparation method thereof (一種石墨烯包覆磷酸鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2025103075328	March 16, 2045
47.	A graphene oxide/lithium iron phosphate composite material and a preparation method thereof (一種氧化石墨烯/磷酸鐵鋰複合材料及其製備方法)	Invention	The Company	PRC	2025104067507	April 1, 2045

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
48.	A preparation method for lithium iron phosphate, a lithium iron phosphate material and a lithium-ion battery cathode plate (一種磷酸鐵鋰的製備方法、磷酸鐵鋰材料及鋰離子電池正極片)	Invention	The Company	PRC	2025118063643	December 2, 2045
49.	Lithium iron phosphate material modified with multi-element carbon source and preparation method and application thereof (多元素碳源修飾改性磷酸鐵鋰材料及其製備方法與應用)	Invention	The Company	PRC	2025116825498	November 16, 2045
50.	A graphene-reinforced lithium iron phosphate material and a preparation method and application thereof (一種石墨烯增強磷酸鐵鋰材料及其製備方法與應用)	Invention	The Company	PRC	2025116304363	November 9, 2045
51.	A lithium manganese iron phosphate/ carbon fiber composite cathode material and a preparation method thereof (一種磷酸錳鐵鋰/碳纖維複合正極材料及其製備方法)	Invention	The Company	PRC	2025116174124	November 5, 2045
52.	A nanospherical-shell lithium iron phosphate composite cathode material and a preparation method thereof (一種納米球殼型磷酸鐵鋰複合正極材料及其製備方法)	Invention	The Company	PRC	202511592667X	November 2, 2045
53.	Cathode active material and preparation method thereof, battery and an application (正極活性材料及其製備方法、電池和應用)	Invention	The Company	PRC	2025115599907	October 28, 2045
54.	An interface-modified high-rate lithium iron phosphate cathode material and a preparation method thereof (一種界面改性的高倍率磷酸鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2025114663446	October 13, 2045

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
55.	A carbon-coated lithium iron phosphate cathode material and a preparation method thereof (一種碳包覆磷酸鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2025114573810	October 12, 2045
56.	Low-impedance cathode modified with a halide electrolyte and preparation process and application thereof (鹵化電解質修飾的低阻抗正極及其製備工藝與應用)	Invention	The Company	PRC	2025114354705	October 8, 2045
57.	A lithium manganese iron phosphate cathode material and a preparation method and application thereof (一種磷酸錳鐵鋰正極材料及其製備方法與應用)	Invention	The Company	PRC	2025113291056	September 16, 2045
58.	A lithium iron phosphate cathode plate and a preparation method and application thereof (一種磷酸鐵鋰正極片及其製備方法和應用)	Invention	The Company	PRC	2025112494496	September 2, 2045
59.	A lithium manganese iron phosphate cathode material and a preparation method thereof (一種磷酸錳鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2025112452188	September 1, 2045
60.	Low-interfacial-impedance lithium manganese iron phosphate cathode material, preparation method thereof and lithium battery (低界面阻抗的磷酸錳鐵鋰正極材料及其製備方法、鋰電池)	Invention	The Company	PRC	2025112371477	August 31, 2045
61.	A metal-ion-doped lithium iron phosphate cathode material and a preparation method thereof (一種摻雜金屬離子的磷酸鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2025112259212	August 28, 2045

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
62.	High-interfacial-compatibility lithium iron phosphate cathode material, preparation method thereof and lithium battery (高界面相容的磷酸鐵鋰正極材料及其製備方法、鋰電池)	Invention	The Company	PRC	2025112163987	August 27, 2045
63.	A high-performance lithium manganese iron phosphate cathode material and a preparation method thereof (一種高性能磷酸錳鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2025112166082	August 27, 2045
64.	A lithium manganese iron phosphate cathode material and a preparation method thereof (一種磷酸錳鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	202511160983X	August 18, 2045
65.	A preparation method for a lithium manganese iron phosphate material and a lithium battery (一種磷酸錳鐵鋰材料的製備方法、鋰電池)	Invention	The Company	PRC	2025111590513	August 18, 2045
66.	A lithium iron phosphate composite material and a preparation method thereof (一種磷酸鐵鋰複合材料及其製備方法)	Invention	The Company	PRC	2025111586645	August 18, 2045
67.	A lithium manganese iron phosphate composite material and a preparation method thereof (一種磷酸錳鐵鋰複合材料及其製備方法)	Invention	The Company	PRC	2025111454542	August 14, 2045
68.	A high-compaction-density lithium iron phosphate material and a preparation method thereof (一種高壓實密度的磷酸鐵鋰及其製備方法)	Invention	The Company	PRC	2025111405527	August 14, 2045
69.	A lithium iron phosphate material and a preparation method and application thereof (一種磷酸鐵鋰材料及其製備方法和應用)	Invention	The Company	PRC	2025111382987	August 13, 2045

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
70.	A polymer-composite lithium iron phosphate material and a preparation method thereof (一種聚合物複合磷酸鐵鋰材料及其製備方法)	Invention	The Company	PRC	2025111093188	August 7, 2045
71.	A phosphoric acid purification method and an application thereof (一種磷酸提純方法及其應用)	Invention	The Company	PRC	2025111039215	August 6, 2045
72.	Low-interfacial-impedance lithium iron phosphate cathode material, preparation method thereof and lithium battery (低界面阻抗的磷酸鐵鋰正極材料及其製備方法、鋰電池)	Invention	The Company	PRC	2025110974520	August 5, 2045
73.	Surface-modified lithium manganese iron phosphate, a modification method thereof, a cathode plate and a battery (表面改性磷酸錳鐵鋰及其改性方法、正極極片及電池)	Invention	The Company	PRC	2025110906307	August 4, 2045
74.	Modified lithium iron phosphate, a preparation method thereof, cathode material, battery and an application (改性磷酸鐵鋰及其製備方法、正極材料、電池和應用)	Invention	The Company	PRC	202510995215X	July 17, 2045
75.	A double-layer-coated lithium manganese iron phosphate cathode material (一種雙層包覆磷酸錳鐵鋰正極材料)	Invention	The Company	PRC	2025109283023	July 6, 2045
76.	A high-capacity coated lithium manganese iron phosphate cathode material (一種高容量包覆型磷酸錳鐵鋰正極材料)	Invention	The Company	PRC	2025109208889	July 3, 2045

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
77.	Multilayer-coated doped lithium manganese iron phosphate cathode material, preparation method thereof and lithium battery (多層包覆摻雜型磷酸錳鐵鋰正極材料及其製備方法和鋰電池)	Invention	The Company	PRC	2025109208874	July 3, 2045
78.	A lithium manganese iron phosphate material and a preparation method thereof (一種磷酸錳鐵鋰材料及其製備方法)	Invention	The Company	PRC	2025108380990	June 22, 2045
79.	A vanadium-doped lithium manganese iron phosphate cathode material and a preparation method and application thereof (一種釩摻雜磷酸錳鐵鋰正極材料及其製備方法和應用)	Invention	The Company	PRC	2025107031013	May 28, 2045
80.	A uniformly carbon-coated lithium iron phosphate cathode material and a preparation method thereof (一種均勻碳包覆磷酸鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2025106197079	May 13, 2045
81.	A highly conductive carbon-coated lithium iron phosphate cathode material and a preparation method thereof (一種高導電碳包覆磷酸鐵鋰正極材料及其製備方法)	Invention	The Company	PRC	2025105652048	April 29, 2045
82.	A secondary sintering treatment method for battery cathode materials (一種電池正極材料的二次燒結處理方法)	Invention	The Company	PRC	2024116554792	November 18, 2044
83.	Electrode sintering furnace (電極燒結爐)	Invention	The Company and Suzhou Botao Electromechanical Equipment Co., Ltd. (蘇州博濤機電設備有限公司)	PRC	2022100081183	January 5, 2042

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
84.	Cathode active material and preparation method thereof, cathode plate, secondary battery and electrical apparatus (正極活性材料及其製備方法、正極極片、二次電池和用電裝置)	Invention	The Company and CATL	PRC	2023105425755	May 14, 2043
85.	Polyanionic cathode material for sodium-ion battery, preparation method and application thereof, electrode and sodium-ion battery (鈉離子電池聚陰離子型正極材料及其製備方法和應用、電極以及鈉離子電池)	Invention	The Company and Hunan Institute of Engineering (湖南工程學院)	PRC	2024108133522	June 23, 2044
86.	Spherical lithium manganese iron phosphate cathode material, preparation method and application thereof and lithium battery (球形磷酸錳鐵鋰正極材料及其製備方法、應用以及鋰電池)	Invention	The Company and Hunan Institute of Engineering (湖南工程學院)	PRC	2024110581531	August 1, 2044
87.	A preparation method and application of lithium iron phosphate cathode material (一種磷酸鐵鋰正極材料的製備方法及應用)	Invention	The Company and Hunan Yuneng Recycling Technology Co., Ltd. (湖南裕能循環科技有限公司)	PRC	2025118175687	December 3, 2045
88.	A recycling method for a lithium iron phosphate cathode material and a lithium iron phosphate cathode material (一種磷酸鐵鋰正極材料的回收方法及磷酸鐵鋰正極材料)	Invention	The Company and Hunan Yuneng Recycling Technology Co., Ltd. (湖南裕能循環科技有限公司)	PRC	2025118063751	December 2, 2045
89.	A recycling treatment method and recycling system for spent lithium batteries (一種廢舊鋰電池回收處理的方法及回收系統)	Invention	The Company and Hunan Yuneng Recycling Technology Co., Ltd. (湖南裕能循環科技有限公司)	PRC	2025117747763	November 27, 2045
90.	Method for separating current collectors and active materials from spent batteries (廢舊電池集流體與活性物質分離方法)	Invention	The Company and Hunan Yuneng Recycling Technology Co., Ltd. (湖南裕能循環科技有限公司)	PRC	2025117616076	November 26, 2045

No.	Patent	Patent type	Patentee	Place of registration	Registration number	Expiry date
91.	Method for the efficient separation and recovery of graphite from lithium iron phosphate batteries (磷酸鐵鋰電池中石墨高效分離回收的方法)	Invention	The Company and Hunan Yuneng Recycling Technology Co., Ltd. (湖南裕能循環科技有限公司)	PRC	202511749821X	November 25, 2045
92.	Method for synthesizing a high-performance lithium iron phosphate cathode material by composite doping combined with in-situ polymerization (複合摻雜結合原位聚合合成高性能磷酸鐵鋰正極材料的方法)	Invention	Guangxi Yuning New Energy Material Co., Ltd. (廣西裕寧新能源材料有限公司)	PRC	2014108311352	December 26, 2034
93.	A preparation method for highly conductive iron phosphate having a carbon-network coating and embedded structure (一種碳網絡包覆和鑲嵌結構的高導電性磷酸鐵的製備方法)	Invention	Guangxi Yuning New Energy Material Co., Ltd. (廣西裕寧新能源材料有限公司)	PRC	2021104949504	May 6, 2041
94.	A high-purity iron phosphate material and a preparation method thereof (一種高純度磷酸鐵材料及其製備方法)	Invention	Guangxi Yuning New Energy Material Co., Ltd. (廣西裕寧新能源材料有限公司)	PRC	2023116617886	December 5, 2043
95.	A method for producing low-cost nano battery-grade iron phosphate (一種生產低成本納米電池級磷酸鐵的方法)	Invention	Sichuan Yuning New Energy Material Co., Ltd. (四川裕寧新能源材料有限公司)	PRC	2021111761519	October 8, 2041
96.	Method for in-situ preparation of highly conductive iron phosphate using spatial confinement by waste sponge (利用廢棄海綿空間限域原位製備高導電性磷酸鐵的方法)	Invention	Sichuan Yuning New Energy Material Co., Ltd. (四川裕寧新能源材料有限公司)	PRC	2021101696814	February 6, 2041
97.	A testing method and apparatus for preparing a new-energy flame-retardant battery (一種製備新能源阻燃電池的檢測方法及裝置)	Invention	Sichuan Yuning New Energy Material Co., Ltd. (四川裕寧新能源材料有限公司)	PRC	2022109558018	August 9, 2042

(c) Domain Names

As of March 31, 2026, we had registered the following domain name which we consider to be material in relation to our business:

No.	Domain name	Registrant	Expiry date
1. .	hunanyuneng.com	The Company	February 27, 2031

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of our Directors and chief executive

(i) Interests in our Company

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the interests or short positions of our Directors and chief executive in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the H Shares are [**REDACTED**], are set out below:

Name of Shareholder	Position	Nature of interest	Number and description of the Shares[(1)]	Approximate percentage of shareholding in the A Shares immediately after completion of the [REDACTED]	Approximate percentage of shareholding in the total share capital immediately after completion of the [REDACTED]
Mr. Tan Xinqiao (譚新喬) . .	Chairman of the Board, executive Director and general manager	Beneficial owner	1,451,909[(2)]	[0.17]%	[**REDACTED**]%
Mr. Zhao Huaiqiu (趙懷球) . .	Executive Director and executive deputy general manager	Beneficial owner	396,594[(3)]	[0.05]%	[**REDACTED**]%
Ms. Wang Yongmei (汪詠梅) . .	Executive Director and deputy general manager	Beneficial owner	343,731[(4)]	[0.04]%	[**REDACTED**]%

Notes:

(1) All the interests stated are long positions.

(2) Including 848,606 A Shares held by him and 603,303 unvested restricted Shares granted under the 2024 Restricted Share Incentive Plan.

(3) Including 237,259 A Shares held by him and 159,335 unvested restricted Shares granted under the 2024 Restricted Share Incentive Plan.

(4) Including 208,681 A Shares held by her and 135,050 unvested restricted Shares granted under the 2024 Restricted Share Incentive Plan.

(ii) Interests in our associated corporations

So far as our Directors are aware, immediately following the completion of the [**REDACTED**], no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of any associated corporation of our Company.

(b) Interests of our Substantial Shareholders

Save as disclosed below and in the section headed "Substantial Shareholders" in this document, our Directors or chief executive are not aware of any other person (other than our Directors or chief executive) who has an interest or short position in the Shares and underlying Shares of our Company, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company or any member of our Group.

Name of subsidiary	Registered capital	Name of the shareholder	Approximate percentage of interest
Sichuan Yuyan New Material Co., Ltd. (四川裕沿新材料有限公司)	RMB120,000,000	Chengdu Guangyu Chemical Co., Ltd. (成都廣裕化工有限公司)	41%
Guizhou Yuxing Environmental Protection Technology Co., Ltd. (貴州裕星環保科技有限公司)	RMB120,000,000	Xiangtan Xingsha Resource Recycling and Utilization Co., Ltd. (湘潭市星砂資源再生利用有限公司)	20%
Guizhou Yuneng Mining Co., Ltd. (貴州裕能礦業有限公司)	RMB100,000,000	Guizhou Huazhong Enterprise Management Co., Ltd. (貴州華眾企業管理有限公司)	33%

2. Particulars of Directors' Service Contracts

Each of our Directors [has entered] into a service contract with our Company. The principal particulars of these service contracts comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provisions. The service contracts are for a term of three years and may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Remuneration of Directors

For details of our Directors' emoluments during the Track Record Period, see note 9 to the Accountants' Report in Appendix I to this document.

D. 2024 RESTRICTED SHARE INCENTIVE PLAN

The following is a summary of the principal terms of our 2024 Restricted Share Incentive Plan. The terms of the 2024 Restricted Share Incentive Plan are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules as they do not involve any grant of Shares by our Company after the [**REDACTED**].

(a) Purpose

The purpose of the 2024 Restricted Share Incentive Plan is to establish our long-term incentive mechanism, to attract and retain talents and to motivate our employees, thereby supporting the sustainable and long-term development of our Group.

(b) Administration

The 2024 Restricted Share Incentive Plan is subject to the administration by our Board, and subject to approval by the Shareholders' general meeting for its implementation, amendment, and termination.

(c) Participants

The eligible participants ("**Eligible Participants**") under the 2024 Restricted Share Incentive Plan are our Directors (excluding independent non-executive Directors), senior management and core key personnel who have a direct impact on the operation and long-term development of our Group.

(d) Source and Maximum Number of Restricted Shares

The awards granted under the 2024 Restricted Share Incentive Plan are restricted shares ("**Restricted Shares**"), which shall be sourced from new A Shares to be issued by our Company and/or A Shares repurchased by our Company from the secondary market.

The maximum number of Restricted Shares authorized for grant under the 2024 Restricted Share Incentive Plan was 15,145,060 A Shares, representing approximately 2.0% of the issued share capital of our Company as at the date of approval of the 2024 Restricted Share Incentive Plan.

(e) Date of Grant and Term of the 2024 Restricted Share Incentive Plan

The grant of Restricted Shares shall be determined by the Board within 12 months after the approval of the 2024 Restricted Share Incentive Plan by the Shareholders' general meeting. Any Restricted Shares not granted within such period shall automatically lapse. The 2024 Restricted Share Incentive Plan shall be effective from the date of the initial grant of Restricted Shares up to the date when all the Restricted Shares are vested or lapsed, provided that the term of the 2024 Restricted Share Incentive Plan shall not exceed 60 months in any event.

(f) Lock-up requirements for Directors and Senior Management

If the grantee is a Director or a member of senior management of our Company, the following restrictions shall apply:

(i) during his or her term of office with our Company, the number of Shares transferred by him or her each year shall not exceed 25% of the total number of Shares held by him or her;

(ii) no Shares held by such Director or member of senior management shall be transferred within six months after the termination of his or her employment with our Company;

(iii) where such Director or member of senior management sells any Shares within six months after purchase, or acquires any Shares within six months after selling them, any gains derived therefrom shall belong to our Company and shall be recoverable by the Board on behalf of our Company; and

(iv) if there is any change in the applicable laws, regulations or the Articles of Association in respect of the lock-up requirements, the grantee shall comply with the amended requirements.

(g) Conditions for the Grant of the Restricted Shares

The Restricted Shares under the 2024 Restricted Share Incentive Plan will only be granted to the selected participants if the following conditions are satisfied:

(i) with respect to our Company, none of the following circumstances has occurred:

(1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountants in respect of the accountants' report for the most recent fiscal year;

(2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountants in respect of the internal control over financial reporting for the most recent fiscal year;

(3) our Company has not distributed profits in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its [**REDACTED**];

(4) the implementation of share incentive is prohibited by applicable laws and regulations; or

(5) any other circumstances as determined by the CSRC; and

(ii) with respect to a grantee, none of the following circumstances has occurred:

(1) the grantee has been regarded as an inappropriate person by the Shenzhen Stock Exchange within the last 12 months;

(2) the grantee has been regarded as an inappropriate person by the CSRC or its local offices within the last 12 months;

(3) the grantee has received administrative penalties or been prohibited from entering the securities market by the CSRC or its local offices due to material non-compliance with applicable laws and regulations within the last 12 months;

(4) the grantee is not qualified to serve as a director or a member of senior management under the PRC Company Law;

(5) the grantee is prohibited from participating in any share incentive plan of listed companies under applicable laws and regulations; or

(6) any other circumstances as determined by the CSRC.

(h) Conditions for the Vesting of the Restricted Shares

The Restricted Shares granted to the Eligible Participants shall vest in tranches only upon satisfaction of the following vesting conditions, provided that (i) the conditions set out under paragraph (g) above have been satisfied; (ii) for each tranche of the Restricted Shares granted to the Eligible

Participants, the relevant service period prior to vesting shall be satisfied during the period from the grant date to the vesting date of such tranche; and (iii) the applicable company-level performance targets and individual performance appraisal requirements have been satisfied:

(i) Company-level performance targets

The number of Restricted Shares eligible for vesting during each vesting period shall be determined based on the achievement of the applicable company-level performance targets, which are assessed by reference to the growth rate of the sales volume of LFP cathode materials and, where applicable, the net profit of our Company for the relevant assessment year. Any Restricted Shares that fail to vest in the relevant year shall not be carried forward to any subsequent vesting period and shall lapse.

(ii) Individual performance appraisal

The Remuneration and Appraisal Committee shall determine the appraisal results of each Eligible Participant based on the applicable performance appraisal indicators. Subject to the satisfaction of the applicable company-level performance targets, the number of Restricted Shares to be vested in respect of an Eligible Participant shall be calculated by multiplying (x) the number of Restricted Shares scheduled to vest during the relevant vesting period, by (y) the applicable company-level vesting percentage, and (z) the applicable individual-level vesting percentage. Any Restricted Shares that fail to vest shall lapse.

The number of Restricted Shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including, among others, increase of share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares in accordance with the terms of the 2024 Restricted Share Incentive Plan.

(i) Vesting Schedule

The Restricted Shares granted under the 2024 Restricted Share Incentive Plan shall vest in accordance with the following schedule, subject to the satisfaction of the applicable vesting conditions:

Grant	Grant date	Vesting tranche	Vesting period	Proportion of the restricted shares granted
Initial Grant	July 3, 2024	First vesting tranche	Upon the expiry of 12 months from the initial grant date and before the expiry of 24 months from the initial grant date	30%
		Second vesting tranche	Upon the expiry of 24 months from the initial grant date and before the expiry of 36 months from the initial grant date	35%
		Third vesting tranche	Upon the expiry of 36 months from the initial grant date and before the expiry of 48 months from the initial grant date	35%

Grant	Grant date	Vesting tranche	Vesting period	Proportion of the restricted shares granted
Reserved Grant	April 28, 2025	First vesting tranche	Upon the expiry of 13 months from the reserved grant date and before the expiry of 25 months from the reserved grant date	50%
		Second vesting tranche	Upon the expiry of 25 months from the reserved grant date and before the expiry of 37 months from the reserved grant date	50%

(j) Outstanding Restricted Shares

As of the Latest Practicable Date, the number of outstanding Restricted Shares granted under the 2024 Restricted Share Incentive Plan as resolved by our Board was 5,500,515, representing approximately [**REDACTED**]% of the issued Shares immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]).

The following table sets forth the number of outstanding Restricted Shares granted to Directors and members of senior management of our Company under the 2024 Restricted Share Incentive Plan as of the Latest Practicable Date:

Name	Position	Date of grant	Number of outstanding Restricted Shares	Grant price per Share (RMB)	Vesting period	Approximate percentage of total issued Shares immediately after completion of the [REDACTED] (assuming that the [REDACTED] is not exercised)
Director or member of senior management of our Company						
Mr. Tan Xinqiao (譚新喬) . . .	Chairman of the Board, executive Director and general manager	July 3, 2024	426,958	16.499	July 3, 2027 to July 2, 2028	[**REDACTED**]%
		April 28, 2025	176,345		May 28, 2027 to May 27, 2028	[**REDACTED**]%
Mr. Zhao Huaiqiu (趙懷球) . . .	Executive Director and executive deputy general manager	July 3, 2024	128,090	16.499	July 3, 2027 to July 2, 2028	[**REDACTED**]%
		April 28, 2025	31,245		May 28, 2027 to May 27, 2028	[**REDACTED**]%
Ms. Wang Yongmei (汪詠梅) . . .	Executive Director and deputy general manager	July 3, 2024	117,415	16.499	July 3, 2027 to July 2, 2028	[**REDACTED**]%
		April 28, 2025	17,635		May 28, 2027 to May 27, 2028	[**REDACTED**]%

Name	Position	Date of grant	Number of outstanding Restricted Shares	Grant price per Share (RMB)	Vesting period	Approximate percentage of total issued Shares immediately after completion of the [REDACTED] (assuming that the [REDACTED] is not exercised)
Mr. Zhou Shouhong (周守紅)	Deputy general manager	July 3, 2024	106,740	16.499	July 3, 2027 to July 2, 2028	[**REDACTED**]%
		April 28, 2025	44,085		May 28, 2027 to May 27, 2028	[**REDACTED**]%
Mr. Liang Kai (梁凱)	Deputy general manager	July 3, 2024	96,065	16.499	July 3, 2027 to July 2, 2028	[**REDACTED**]%
		April 28, 2025	35,270		May 28, 2027 to May 27, 2028	[**REDACTED**]%
Mr. Li Xinzan (李新贊)	Deputy general manager	July 3, 2024	96,065	16.499	July 3, 2027 to July 2, 2028	[**REDACTED**]%
		April 28, 2025	32,330		May 28, 2027 to May 27, 2028	[**REDACTED**]%
Mr. Chen Zhibin (陳質斌)	Deputy general manager	July 3, 2024	96,065	16.499	July 3, 2027 to July 2, 2028	[**REDACTED**]%
		April 28, 2025	17,635		May 28, 2027 to May 27, 2028	[**REDACTED**]%
Mr. Li Honghui (李洪輝)	Deputy general manager	July 3, 2024	96,065	16.499	July 3, 2027 to July 2, 2028	[**REDACTED**]%
		April 28, 2025	17,635		May 28, 2027 to May 27, 2028	[**REDACTED**]%
Ms. Wang Jie (王潔)	Chief financial officer	July 3, 2024	96,065	16.499	July 3, 2027 to July 2, 2028	[**REDACTED**]%
		April 28, 2025	17,635		May 28, 2027 to May 27, 2028	[**REDACTED**]%
Mr. Zhou Zhihui (周智慧)	Deputy general manager	July 3, 2024	85,393	16.499	July 3, 2027 to July 2, 2028	[**REDACTED**]%
		April 28, 2025	17,635		May 28, 2027 to May 27, 2028	[**REDACTED**]%

The following table sets forth the number of outstanding Restricted Shares granted to other grantees (excluding Directors and senior management of our Company) under the 2024 Restricted Share Incentive Plan as of the Latest Practicable Date:

Number of Grantees	Date of grant	Number of outstanding Restricted Shares	Grant price per Share (RMB)	Vesting period	Approximate percentage of total issued Shares immediately after completion of the [REDACTED] (assuming that the [REDACTED] is not exercised)
253	July 3, 2024	2,782,514	16.499	July 3, 2027 to July 2, 2028	[**REDACTED**]%
98	April 28, 2025	965,630	16.499	May 28, 2027 to May 27, 2028	[**REDACTED**]%

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on any member of our Group.

2. Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the [**REDACTED**] Committee for the [**REDACTED**] of, and permission to [**REDACTED**] in, the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (including any additional H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]).

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US$1,000,000 for acting as sponsors to our Company in connection with the [**REDACTED**].

4. No Material Adverse Change

Save as disclosed in this document, our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since March 31, 2026, being the end of the period reported on in the Accountants' Report in Appendix I to this document, and up to the date of this document.

5. Qualification and Consent of Experts

The qualifications of the experts who have given opinions in this document are as follows:

Name	Qualification
China Securities (International) Corporate Finance Company Limited	Licensed to conduct Type 1 (Dealing in securities) and Type 6 (Advising on Corporate Finance) of the regulated activities under the SFO

Name	Qualification
HSBC Corporate Finance (Hong Kong) Limited	Licensed to conduct Type 6 (Advising on Corporate Finance) of the regulated activities under the SFO
Beijing Grandway Law Offices	Legal advisor to our Company as to PRC laws
Forvis Mazars CPA Limited	Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

The experts named above [have each given] and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and references to their names included in the form and context in which they are respectively included.

6. Promoters

The promoters of our Company are all of the then Shareholders immediately before our conversion into a joint stock company with limited liability. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities, or other benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [**REDACTED**].

7. Compliance Advisor

Our Company has appointed China Securities (International) Corporate Finance Company Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

8. Preliminary Expenses

We have not incurred any material preliminary expenses for the purpose of the Listing Rules.

9. Binding Effect

This document shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Miscellaneous

(a) Save as disclosed in this document and to the knowledge of our Company, within the two years immediately preceding the date of this document:

(i) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any capital of any member of the Group, and no Directors, promoters or experts named in "— E. Other Information — 5. Qualification and Consent of Experts" in this section have received any such payment or benefit;

(ii) no shares or debentures of any member of our Group have been issued, or agreed to be issued, as fully or partly paid up otherwise than in cash;

(iii) none of our Directors or the experts named in "— E. Other Information — 5. Qualification and Consent of Experts" in this section have any interest, direct or indirect, in the promotion of, or in any assets which have been, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and

(iv) no commission has been paid or is payable for subscribing, agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares in or debentures of our Company.

(b) Save as disclosed in this document:

(i) there is no arrangement under which future dividends are waived or agreed to be waived;

(ii) our Company has no outstanding convertible debt securities or debentures;

(iii) no capital of any member of our Group is under option, or agreed conditionally or unconditionally to be put under option;

(iv) there has not been any interruption in the business of our Group which may have or have had a significant effect on our financial position in the 12 months immediately preceding the date of this document;

(v) there are no founder, management or deferred shares in any member of our Group; and

(vi) none of the Directors or any of the experts referred to in "— E. Other Information — 5. Qualification and Consent of Experts" below, is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Statutory and General Information – B. Further Information About Our Business – 1. Summary of our Material Contracts" in Appendix V to this document; and

(b) the written consents referred to in "Statutory and General Information – E. Other Information – 5. Qualification and Consent of Experts" in Appendix V to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.hunanyuneng.com** for a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025 [and unaudited consolidated financial statements for the three months ended March 31, 2026];

(c) the Accountants' Report from Forvis Mazars CPA Limited on the historical financial information of our Group for the years ended December 31, 2023, 2024 and 2025 [and the three months ended March 31, 2026], the text of which is set out in Appendix I to this document;

(d) the report on the unaudited [**REDACTED**] financial information of our Group from Forvis Mazars CPA Limited, the text of which is set out in Appendix II to this document;

(e) the legal opinions issued by Beijing Grandway Law Offices, our PRC Legal Advisor, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;

(f) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in "Industry Overview" in this document;

(g) the material contracts referred to in "Statutory and General Information – B. Further Information About Our Business – 1. Summary of our Material Contracts" in Appendix V to this document;

(h) the service contracts and letters of appointment referred to in "Statutory and General Information – C. Further Information About Our Directors and Substantial Shareholders – 2. Particulars of Directors' Service Contracts and Letters of Appointment" in Appendix V to this document;

(i) the written consents referred to in "Statutory and General Information – E. Other Information – 5. Qualification and Consent of Experts" in Appendix V to this document; and

(j) the PRC Company Law, the PRC Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof.