

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. 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 in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

Who We Are

We are a global supplier of lithium-ion battery electrolytes, specializing in the R&D, production and sales of lithium-ion battery electrolytes and emerging battery materials. According to Frost & Sullivan, in terms of electrolyte revenue, we ranked third among global electrolyte suppliers in 2025 with the market share of 3.6%. Anchored by our technological advantages and supported by our strategically positioned production capacity, we provide stable, safe and efficient products for the global new energy industry.

We have established ourselves as a fast-growing electrolyte technology enterprise in China, with our market share steadily increasing in recent years. Our electrolyte shipment volumes increased significantly over the past five years, with a CAGR of 59.6% from 2021 to 2025, higher than the industry average, according to Frost & Sullivan. Our electrolyte shipment volumes were among the highest in the global electrolyte suppliers over the past five years with market share steadily rising from 3.0% in 2021 to 4.5% in 2025, according to Frost & Sullivan. In addition, we have strategically positioned ourselves in emerging battery material fields, including solid-state electrolytes (“SSE”), gel electrolytes, hybrid solid-liquid electrolytes and sodium-ion electrolytes, for all of which we possess mass production capabilities and provide small-batch production services to satisfy niche and tailored customer demand.

We are committed to building long-term strategic partnerships with leading global new energy innovation and technology companies. We maintain close collaboration with downstream customers by participating in the early-stage R&D of their battery products, aligning our capacity expansion with their demand and securing advance orders on an ongoing basis. We possess industry-leading vertical supply chain management capabilities. Through equity investments and in-house production capacity, we have secured the supply of critical raw materials at the source while realizing cost efficiencies. We have developed a comprehensive product portfolio that covers electrolytes for power batteries, energy storage system (“ESS”) batteries, consumer electronics batteries and emerging applications.

Our R&D, Technologies and Production

Established in 2004, we were among the earliest technology enterprises in China to develop and produce electrolytes for lithium-ion power batteries. Our customer base encompasses leading enterprises across power batteries, ESS batteries, consumer electronics batteries and emerging applications with our product quality and customer service widely recognized by downstream companies. By closely tracking the development of battery application scenarios and conducting forward-looking technology development and process innovation in the battery materials field, we believe we have positioned ourselves to maintain competitive advantages in meeting future market demands.

We have consistently positioned technological innovation as a key strategic focus. We primarily conduct R&D independently, complemented by collaborative and commissioned R&D initiatives. Through long-term technology iteration and production practice, we have accumulated extensive experience and significant technological achievements. As of June 30, 2026, we had established two R&D bases in Xianghe, Hebei Province and Huzhou, Zhejiang Province, housing four specialized R&D centers focusing on synthesis, electrolyte formulation, process development and research on technologies, respectively. As of June 30, 2026, we had 171 registered patents in China, covering new processes, new formulations, synthesis of new substances and applications of new materials. Substantially all such patents were developed independently by us.

In emerging battery material fields such as SSE and sodium-ion electrolytes, we actively pursue technological innovation and have independently developed multiple technologies. For example, we have the ability to produce certain emerging hybrid solid-liquid electrolyte products such as oxide electrolytes. The ionic conductivity of our independently-developed sulfide SSE has reached 12 mS/cm, approaching the ionic conductivity of liquid electrolytes. Furthermore, our flame-retardant gel electrolytes have addressed battery safety and electrolyte leakage prevention, improving battery heat resistance to temperatures of 145°C.

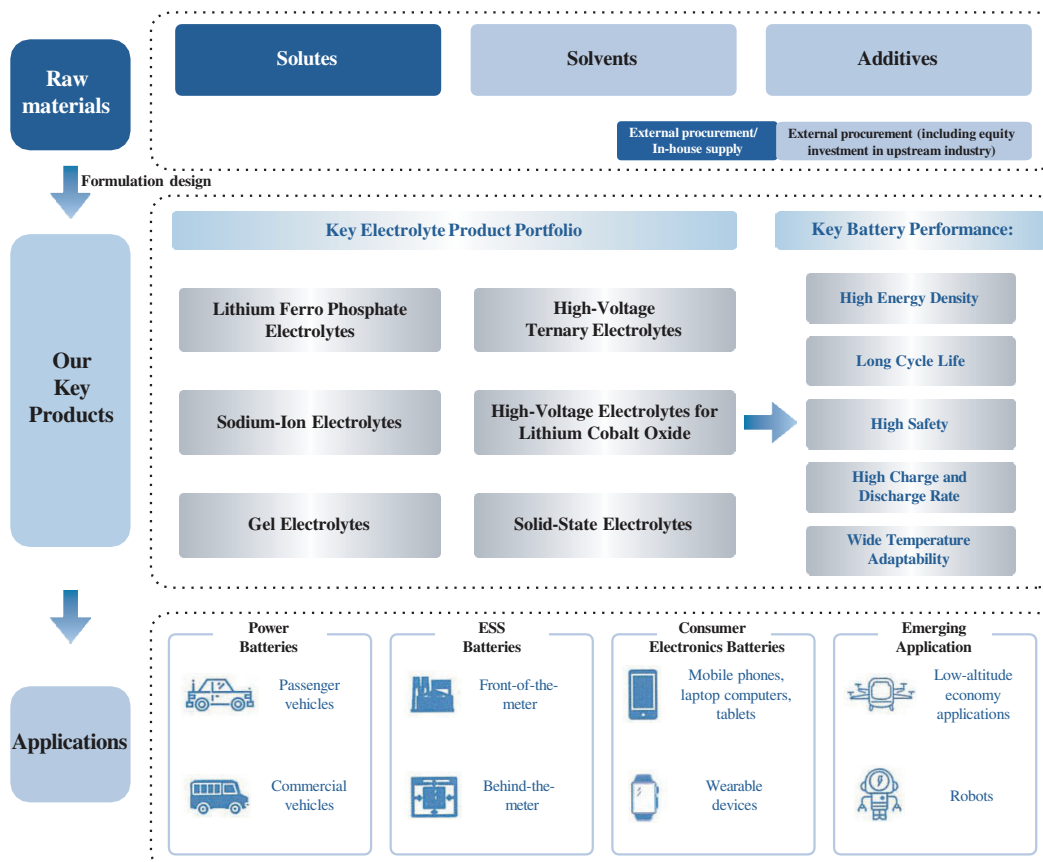
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We have established significant production capacity with strategically located production bases. We have built large-scale production bases in Huzhou, Zhejiang Province, Yibin, Sichuan Province and Jining, Shandong Province, which serve as hubs radiating to concentrated areas of the new energy battery industry, providing us with significant geographical advantages. As of the Latest Practicable Date, our total electrolytes production capacity was 180,000 tons per year. To build on this competitive strength to meet evolving market demand, we plan to construct new electrolyte production bases or expand production capacity in Yichang, Jining, Huzhou, Yibin in China, as well as in Szolnok, Hungary. Upon completion, our total electrolytes production capacity will exceed 500,000 tons per year.

Through long-term production experience, we have developed enhanced production processes with excellent quality control, differentiated customization capabilities and diversified formulations. We have obtained ISO 9001, ISO 14001, ISO 27001, ISO 45001 and IATF 16949 system certifications. We possess advantages in lithium-ion battery electrolyte quality and production process precision control, with a first pass yield rate reaching 99.95% in 2025 and 99.94% in the six months ended June 30, 2026, significantly higher than the industry average of 92% to 95%, according to Frost & Sullivan. In 2024, we achieved a zero defective parts per million performance in our product supply to a globally leading new energy technology enterprise, and in 2025, we were honored to be the sole electrolyte supplier to receive its Sustainable Development Award. We have built an automated production platform through multiple digital platforms such as manufacturing execution system, distributed control system, and portable data assistant, while developing and introducing enhanced electrolyte process flows.

Our Business Model

Our core products are lithium-ion battery electrolytes. Electrolytes are one of the four major components of lithium-ion batteries. Known as the blood of batteries, electrolytes directly affect key battery indicators including capacity, power rate, lifespan, safety and temperature adaptability. Our core raw materials consist of solutes, solvents and additives, for which we have adopted a supply model that integrates external procurement with in-house production capacity, and further enhanced the stability of our supply chain through equity investments in relevant raw material companies, thereby laying a solid foundation for the R&D and production of our electrolytes. We use such raw materials to produce a diverse product portfolio that caters to a wide range of application scenarios, including power batteries, ESS batteries, consumer electronics batteries and emerging applications. The following diagram demonstrates our business model:



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Our Customer Base and Global Footprint

We have established long-term and stable cooperative relationships with mainstream global lithium-ion battery manufacturers and have entered the supply chains of major global battery manufacturers. Notably, we entered supply chain of a globally leading new energy technology company in 2018 and have become one of its important electrolyte suppliers. Nevertheless, we rely on our major customers for a substantial portion of our revenue. See “Risk Factors — Risks Relating to Our Business and Industry — We are subject to customer concentration risk.” We plan to construct an electrolyte production facility in Hungary, partnering with global leading battery companies to develop the Hungarian market and establish a European supply chain, improving local response speed and delivery capabilities.

Our Industry Opportunities

We are committed to addressing industry challenges and seizing emerging opportunities.

Strong market demand for electrolytes with high sales volume growth rate

With the continued growth in power battery shipments, increasing ESS demand and expansion of emerging applications, the global electrolyte market is expected to maintain high growth momentum, with shipment volumes steadily rising. During the Track Record Period, the total sales volume of our electrolyte products increased by 15.2% from 2023 to 2024, by 76.5% from 2024 to 2025 and by 82.3% from the six months ended June 30, 2025 to the six months ended June 30, 2026. According to Frost & Sullivan, the rise in power battery demand and rapid construction of ESS have positioned China in a dominant position in the electrolyte industry chain, making it the primary engine of global electrolyte industry growth.

Rising performance demands and diverse applications driving electrolyte innovation

Lithium-ion batteries are expanding from traditional power battery applications to comprehensive application scenarios across sea, land and air, becoming the main power source supporting energy transition and intelligent equipment development. Diverse downstream applications are expected to further drive electrolyte innovation.

Global market development driving localized production

Driven by the acceleration of the global low-carbon energy transition, the new energy vehicles (“NEV”) market is experiencing rapid growth. Global battery companies are favoring electrolyte suppliers with strong localized supporting capabilities. Electrolyte companies are beginning to establish production bases in Europe to achieve localized supply. The overseas expansion of the industry chain is creating new market opportunities, supported by improving supply systems abroad.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our success and distinguish us from our competitors: (i) as a core supplier of lithium-ion battery electrolytes, we have established strategic partnerships with leading battery manufacturers; (ii) strong R&D and technological capabilities; (iii) comprehensive product portfolio covering diverse applications; (iv) robust vertical supply chain management capabilities; (v) comprehensive production capacity layout covering core customers; and (vi) an experienced management team forming a solid foundation for stable operations. See “Business — Our Competitive Strengths.”

OUR STRATEGIES

We have formulated the following strategies in line with our mission and vision: (i) production expansion and global layout; (ii) vertical industry chain extension; and (iii) continuous technological innovation and R&D investment. See “Business — Our Strategies.”

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OUR PRODUCTS

Electrolytes

Our electrolyte products are generally specially developed formulations that can be customized to meet the unique needs of each customer. We design formulations according to specific application requirements, ensuring a good match with the intended end-use products. For customers without particular specifications, we also offer our proprietary formulations, providing reliable products that balance performance, safety and versatility. Our product portfolio can be broadly classified into the following categories:

Electrolytes for Power Batteries

Power batteries are primarily used in NEVs, including commercial vehicles and passenger vehicles, and other applications, such as electric vessels, heavy-duty electric trucks and other electric industrial machinery, requiring high energy density and power output. Power batteries using our electrolytes meet the core technical requirements of the electrical vehicle industry, including fast charging capability, wide temperature adaptability, high energy density and compliance with national safety standards.

Electrolytes for ESS Batteries

ESS batteries are used in both front-of-the-meter (grid-side, owned by power companies for large-scale grid support) and behind-the-meter (user-side, owned by users for self-consumption and cost reduction) applications, including grid-scale ESS, base station backup power, household photovoltaic-storage systems, electric vehicle photovoltaic-storage charging stations, AI data centers, ESS and other applications. Our electrolytes for ESS batteries have completed a 24-hour storage test at a high temperature of 45°C and a 60-day storage test at a normal temperature of 15°C. Key indicators remained nearly unchanged throughout the testing period, demonstrating thermal stability and long-term chemical stability. This can ensure the reliable operation of ESS batteries under high and low temperature conditions and long-term storage scenarios, and meets the core requirements of large-scale energy storage applications for long cycle life, high safety and wide temperature adaptability of batteries. ESS batteries using our electrolytes are designed to deliver long cycle life, high safety and cost-effectiveness to meet the requirements of large-scale energy storage applications.

Electrolytes for Consumer Electronics Batteries

Batteries for consumer electronics are used in mobile phones, laptop computers, tablets, wearable devices, power tools and other consumer electronic products. Our electrolytes for consumer electronics batteries are engineered for consumer electronics batteries with high-voltage and high energy density capability, fast-charging performance, wide temperature adaptability, and safety to meet the diverse requirements of modern consumer applications.

Electrolytes for Emerging Applications

Batteries for emerging applications are primarily used in robots and low-altitude economy applications, such as drones used for logistics and agricultural operations, aircraft for urban air mobility, as well as aerial mapping and emergency response systems. Our electrolytes for emerging applications are engineered for batteries with extreme temperature resilience, ultra-fast charging capability, enhanced safety, and operational reliability to meet the requirements of specialized and next-generation energy applications.

Others

During the Track Record Period, in addition to supplying our customers with electrolyte products, we occasionally provided a small quantity of the raw materials required for the production of such electrolytes to these customers at their request to support their relevant R&D or production needs.

See “Business — Our Products.”

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OUR MAJOR CUSTOMERS

Our customers primarily consist of manufacturers of lithium-ion batteries for NEVs and ESS. In 2023, 2024, 2025 and the six months ended June 30, 2026, revenue generated from our five largest customers in each period amounted to RMB1,297.1 million, RMB745.0 million, RMB1,261.4 million and RMB1,475.3 million, respectively, accounting for 82.3%, 73.0%, 72.2% and 74.8% of our total revenue in the respective periods. In 2023, 2024, 2025 and the six months ended June 30, 2026, revenue generated from our largest customer in each period amounted to RMB947.5 million, RMB605.0 million, RMB844.7 million and RMB1,105.3 million, respectively, accounting for 60.1%, 59.3%, 48.4% and 56.1% of our total revenue in the respective periods. See “Business — Marketing and Sales — Our Major Customers.”

OUR MAJOR SUPPLIERS

Our suppliers primarily consist of producers or manufacturers of solutes, solvents and additives. In 2023, 2024, 2025 and the six months ended June 30, 2026, purchases from our five largest suppliers in each period amounted to RMB690.3 million, RMB524.4 million, RMB885.1 million and RMB1,068.2 million, respectively, accounting for 55.6%, 57.7%, 56.2% and 57.1% of our total purchases in the respective periods. In 2023, 2024, 2025 and the six months ended June 30, 2026, purchases from our largest supplier in each period amounted to RMB228.4 million, RMB189.5 million, RMB266.2 million and RMB517.9 million, respectively, accounting for 18.4%, 20.9%, 16.9% and 27.7% of our total purchases in the respective periods. See “Business — Suppliers and Procurement — Our Major Suppliers.”

RISK FACTORS

Our operations involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to [REDACTED] in us and/or the value of your [REDACTED]. See “Risk Factors” in this document for details of our risk factors, which we strongly urge you to read in full before making an [REDACTED] in our H Shares. Some of the major risks we face include: (i) the growth of our business depends on the growth and performance of downstream industries; (ii) we face intense competition in the industries in which we operate; (iii) our success depends not only on our own ability but also on our customers’ ability to develop and produce, market and sell their products in a timely and cost-efficient manner; (iv) we are subject to customer concentration risk; (v) we may not be able to derive the desired benefits from our R&D efforts, which may negatively affect our competitiveness and profitability; (vi) possible future overcapacity in the battery and electrolyte industries in Mainland China may adversely affect our business; and (vii) the downward trend in electrolyte product prices may adversely affect our gross profit margin.

COMPETITION

We primarily compete with a number of suppliers of lithium-ion battery electrolytes. See “Risk Factors — Risks Related to Our Business and the Industry — We face intense competition in the industries in which we operate.” The current global electrolyte industry is highly competitive and concentrated. According to Frost & Sullivan, our electrolyte shipment volumes were among the highest in the global electrolyte suppliers over the past five years, with market share steadily rising from 3.0% in 2021 to 4.5% in 2025. In 2025, in terms of electrolyte revenue, we ranked third among global lithium-ion battery electrolyte suppliers, with a market share of 3.6%. With leading positions in the industry, deep industry experience, strong R&D and production capabilities, broad product portfolios and stable customer base, we believe that we are well positioned to excel in the competition in our industry. See “Business — Our Competitive Strengths” and “Industry Overview.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary of financial information should be read together with the historical financial information set forth in the Accountants’ Report in Appendix I to this document, including the accompanying notes and the information set out in the section headed “Financial Information” in this document.

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Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss in absolute amounts for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			(unaudited)	
Revenue	1,576,590	1,020,598	1,746,060	636,538	1,971,914
Cost of sales	(1,403,744)	(975,760)	(1,582,339)	(599,045)	(1,692,194)
Gross Profit	172,846	44,838	163,721	37,493	279,720
Other income and gains	12,602	12,289	6,217	2,476	5,171
Other expense	–	–	(780)	(807)	(15,980)
Selling and distribution expenses	(8,777)	(8,811)	(9,542)	(4,471)	(6,894)
Administrative expenses	(44,390)	(52,138)	(72,819)	(27,180)	(51,677)
Research and development expenses	(19,662)	(24,094)	(30,175)	(11,272)	(25,812)
Impairment losses on financial assets, net	(436)	(9,154)	(9,491)	(6,023)	(20,086)
Finance costs	(3,425)	(4,701)	(8,345)	(2,772)	(5,557)
Profit/(loss) before tax	108,758	(41,771)	38,786	(12,556)	158,885
Income tax (charge)/credit	(22,590)	14,162	(2,724)	3,181	(11,182)
Profit/(loss) for the year/period	86,168	(27,609)	36,062	(9,375)	147,703
Attributable to:					
Owners of the parent	74,575	(22,114)	36,560	(7,866)	127,863
Non-controlling interests	11,593	(5,495)	(498)	(1,509)	19,840
	86,168	(27,609)	36,062	(9,375)	147,703

While we recorded a profit for the year of RMB86.2 million in 2023, we incurred a loss of RMB27.6 million in 2024, primarily driven by a decline in revenue and gross profit amid falling prices for our electrolyte products in line with the decrease in the average price of our core raw material, partially offset by the income tax credit recognized in 2024. Nevertheless, we returned to profitability with a profit for the year of RMB36.1 million in 2025 and a profit for the period of RMB147.7 million in the six months ended June 30, 2026, primarily driven by a recovery in revenue and gross profit, supported by a significant increase in sales volume alongside relatively stabilized prices for our electrolyte products.

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Revenue

The following table sets forth a breakdown of our revenue by business line both in absolute amounts and as percentages of total revenue for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)										
Electrolytes	1,570,254	99.6	1,010,151	99.0	1,705,572	97.7	630,544	99.1	1,903,822	96.5
Electrolytes for power										
batteries	1,225,778	77.7	783,958	76.8	1,188,500	68.1	464,113	72.9	1,388,853	70.4
Electrolytes for ESS										
batteries	186,872	11.9	161,091	15.8	465,645	26.6	143,972	22.6	474,415	24.1
Electrolytes for										
consumer electronics										
batteries	152,191	9.7	63,570	6.2	48,706	2.8	21,116	3.3	38,170	1.9
Electrolytes for										
emerging										
applications	5,413	0.3	1,532	0.2	2,721	0.2	1,343	0.3	2,384	0.1
Others⁽¹⁾	6,336	0.4	10,447	1.0	40,488	2.3	5,994	0.9	68,092	3.5
Total	1,576,590	100.0	1,020,598	100.0	1,746,060	100.0	636,538	100.0	1,971,914	100.0

Note:

(1) Others primarily represented our sales of raw materials, such as solutes, solvents and additives.

Our revenue increased significantly from RMB636.5 million in the six months ended June 30, 2025 to RMB1,971.9 million in the six months ended June 30, 2026, primarily due to the increase in our revenue from the sales of electrolytes, mainly driven by the accelerating demand in downstream power battery and ESS battery, supported by factors such as rising NEV penetration and the rapid development of energy storage solutions. These trends enabled our electrolyte sales volume to maintain strong expansion, increasing from 42,332 tons in the six months ended June 30, 2025 to 77,164 tons in the six months ended June 30, 2026. In addition, the average selling price of our electrolyte products increased from approximately RMB15,000 per ton to approximately RMB25,000 per ton over the same period, respectively.

Our revenue increased by 71.1% from RMB1,020.6 million in 2024 to RMB1,746.1 million in 2025, primarily as a result of the increase in our revenue from the sales of electrolytes, mainly driven by the accelerating demand in downstream power battery and ESS battery, supported by factors such as rising NEV penetration and the rapid development of energy storage solutions. These trends enabled our electrolyte sales volume to maintain strong expansion, increasing from 60,676 tons in 2024 to 107,094 tons in 2025. In addition, the average selling price of our electrolyte products slightly decreased from approximately RMB17,000 per ton in 2024 to approximately RMB16,000 per ton in 2025. Consequently, revenue contribution from sales volume growth more than offset the minor decrease in selling prices.

Our revenue decreased by 35.3% from RMB1,576.6 million in 2023 to RMB1,020.6 million in 2024, primarily due to the decrease in price of our electrolyte products in line with the decrease in the average price of our solutes, such as LiPF₆, our core raw material, as we largely price our electrolyte products based on the cost of the underlying raw materials. See “Industry Overview — Overview of the Global Electrolyte Industry — Market Size Analysis of the Global Electrolyte Industry.” The average prices of our electrolyte products declined from approximately RMB30,000 per ton in 2023 to approximately RMB17,000 per ton in 2024. Despite the growth in sales volume of our electrolyte products, which rose from 52,670 tons in 2023 to 60,676 tons in 2024, such increase could not fully mitigate the negative effect brought by the decrease in selling prices.

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The following table sets forth the sales volume and average selling price by business line for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	tons	RMB in thousand/ton	tons	RMB in thousand/ton	tons	RMB in thousand/ton	tons	RMB in thousand/ton	tons	RMB in thousand/ton
Electrolytes	52,670	30	60,676	17	107,094	16	42,332	15	77,164	25
Electrolytes for power batteries . .	40,556	30	46,806	17	75,209	16	31,117	15	56,446	25
Electrolytes for ESS batteries	7,624	25	11,198	14	30,164	15	10,410	14	19,700	24
Electrolytes for consumer electronics batteries	4,372	35	2,617	24	1,630	30 ⁽¹⁾	758	28	964	40
Electrolytes for emerging applications	118	46	55	28	91	30	47	29	54	44
Others ⁽²⁾	709	9	843	12	3,507	12	692	9	15,124	5

Notes:

- (1) The average selling price of electrolytes for consumer electronics batteries increased from RMB24,000 per ton in 2024 to RMB30,000 per ton in 2025, while the average selling prices for other electrolytes remained relatively stable during the same period, primarily due to differences in product mix and pricing dynamics. Electrolytes for consumer electronics batteries are largely customized products and are typically priced on an order-by-order basis, which enables faster and more effective pass-through of cost changes and supports timely price adjustments. Meanwhile, the continued ramp-up of higher-end customized products further improved the product mix, contributing to the overall increase in average selling price. By contrast, electrolytes for power and ESS batteries are more standardized with relatively consistent pricing mechanisms, resulting in more stable average selling prices.
- (2) Others primarily represented our sales of raw materials, such as solutes, solvents and additives.

The average selling price of our electrolytes decreased from 2023 to 2024. We adjust prices of our electrolyte products in accordance with the market price of solutes, such as LiPF₆, our core raw material. According to Frost & Sullivan, the average price of LiPF₆ experienced a surge from approximately RMB132,500 per ton in early 2021 to over RMB560,000 per ton in March 2022, primarily driven by explosive growth in global demand for NEVs and limited effective upstream capacity. As new upstream production capacity was gradually commissioned and the supply chain gradually stabilized, the average price of LiPF₆ decreased from RMB130,200 per ton in 2023 to RMB62,500 per ton in 2024. In addition, we strengthened our competitive pricing strategy for electrolytes for ESS batteries to accelerate market penetration, broaden our customer base and increase our market share in this sector, see “Financial Information — Description of Major Components of Our Results of Operations — Gross Profit and Gross Profit Margin.” Largely as a result, the prices of our electrolyte products declined from approximately RMB30,000 per ton in 2023 to approximately RMB17,000 per ton in 2024.

The average selling price of our electrolytes remained relatively stable at approximately RMB17,000 per ton in 2024 and approximately RMB16,000 per ton in 2025, largely in line with the relatively stable average market price of LiPF₆, which was RMB62,500 per ton in 2024 and RMB75,800 per ton in 2025, even though the average market price of LiPF₆ increased in the fourth quarter in 2025 to over RMB170,400 per ton in December 2025, according to Frost & Sullivan. The average selling price of our electrolytes increased from approximately RMB15,000 per ton in the six months ended June 30, 2025 to approximately RMB25,000 per ton in the six months ended June 30, 2026. See “Industry Overview — Overview of the Global Electrolyte Industry — Market Size Analysis of the Global Electrolyte Industry” and “Industry Overview — Price Analysis of Raw Materials and Electrolyte Products.” According to Frost & Sullivan, the average selling prices of our electrolyte products by business line are generally in line with industry trends.

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The average selling price of our raw materials was approximately RMB9,000 per ton, RMB12,000 per ton, RMB12,000 per ton, RMB9,000 per ton and RMB5,000 per ton in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The average selling price of our raw materials fluctuated in line with variations in customer’s specific demand for raw materials of electrolytes.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit/(loss)	Gross profit/(loss) margin (%)	Gross profit/(loss)	Gross profit/(loss) margin (%)	Gross profit	Gross profit margin (%)	Gross profit/(loss)	Gross profit/(loss) margin (%)	Gross profit	Gross profit margin (%)
(RMB in thousands, except for percentages)										
Electrolytes	171,884	10.9	42,344	4.2	147,091	8.6	36,055	5.7	264,818	13.9
Electrolytes for power batteries	147,765	12.1	39,618	5.1	119,260	10.0	31,814	6.9	208,432	15.0
Electrolytes for ESS batteries ⁽¹⁾	(237)	(0.1)	(7,988)	(5.0)	14,973	3.2	(1,312)	(0.9)	44,250	9.3
Electrolytes for consumer electronics batteries	22,697	14.9	10,355	16.3 ⁽²⁾	11,713	24.0	5,029	23.8	11,175	29.3
Electrolytes for emerging applications	1,659	30.6	359	23.4	1,145	42.1	524	39.0	961	40.3
Others ⁽³⁾	962	15.2	2,494	23.9	16,630	41.1	1,438	24.0	14,902	21.9
Total	<u>172,846</u>	<u>11.0</u>	<u>44,838</u>	<u>4.4</u>	<u>163,721</u>	<u>9.4</u>	<u>37,493</u>	<u>5.9</u>	<u>279,720</u>	<u>14.2</u>

Notes:

- (1) While we recorded gross losses and gross loss margins of electrolytes for ESS batteries in 2023, 2024 and the six months ended June 30, 2025, we recorded gross profit of RMB15.0 million and RMB44.3 million with gross profit margin of 3.2% and 9.3% for electrolytes for ESS batteries in 2025 and the six months ended June 30, 2026, respectively. We have adopted and will continue to implement the following measures to sustain the profitability of electrolytes for ESS batteries: (i) deepening long-term partnerships with leading ESS battery customers, thereby expanding order volume and improving pricing stability, (ii) increasing R&D investment in the electrolytes for ESS batteries to meet the rising demand for electrolytes for ESS batteries featuring high performance, wide operating temperature range and long cycle life, (iii) further reducing unit costs leveraging our strengths in supply chain integration and in-house supply of raw materials, and (iv) optimizing our product mix to satisfy diverse customer demand.
- (2) The gross profit margin of electrolytes for consumer electronics batteries increased from 14.9% in 2023 to 16.3% in 2024, while the gross margin of other electrolytes generally declined over the same period, primarily due to differences in market dynamics and product characteristics. On the one hand, prices of key upstream raw materials, such as LiPF₆, decreased in 2024, which led to a decline in the average selling prices of electrolytes for power and ESS batteries and imposed pressure on their gross margins. On the other hand, electrolytes for consumer electronics batteries mainly consist of customized products, with relatively flexible pricing mechanisms, making them less susceptible to industry-wide price competition. In addition, we continued to optimize our product mix of electrolytes for consumer electronics batteries, which helped partially offset cost fluctuations and enabled the gross margin to remain overall stable.
- (3) Others primarily represented our sales of raw materials, such as solutes, solvents and additives.

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Our gross profit increased significantly from RMB37.5 million in the six months ended June 30, 2025 to RMB279.7 million in the six months ended June 30, 2026. Our gross profit margin increased from 5.9% in the six months ended June 30, 2025 to 14.2% in the six months ended June 30, 2026, primarily due to the improved economies of scale achieved by increased customer orders and production volumes, especially in the electrolytes for power batteries and ESS batteries, leading to more efficient utilization of equipment, utilities and other production resources. Our gross profit increased significantly from RMB44.8 million in 2024 to RMB163.7 million in 2025. Our gross profit margin increased from 4.4% in 2024 to 9.4% in 2025, primarily due to the improved economies of scale achieved by increased customer orders and production volumes, especially in the electrolytes for power batteries and ESS batteries, leading to more efficient utilization of equipment, utilities and other production resources. Our gross profit decreased by 74.1% from RMB172.8 million in 2023 to RMB44.8 million in 2024. Our gross profit margin decreased from 11.0% in 2023 to 4.4% in 2024, primarily due to increased market competition and changes to our pricing strategy, which caused us to lower prices to capture increased market share and maintain growth in sales volume. We recorded gross profit margin of 11.0%, 4.4% and 9.4% in 2023, 2024 and 2025, respectively. According to Frost & Sullivan, the gross profit margin of our electrolyte products by business line is generally in line with industry trends. See “Financial Information — Description of Major Components of Our Results of Operations.”

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Non-current assets	626,840	702,206	1,153,098	1,234,430
Current assets	1,157,276	877,022	1,581,190	2,292,768
Total assets	1,784,116	1,579,228	2,734,288	3,527,198
Non-current liabilities	(103,680)	(95,799)	(172,517)	(275,444)
Current liabilities	(650,006)	(475,854)	(1,375,091)	(1,817,452)
Total liabilities	(753,686)	(571,653)	(1,547,608)	(2,092,896)
Net current assets	507,270	401,168	206,099	475,316
Total equity/net assets	1,030,430	1,007,575	1,186,680	1,434,302

Our net current assets increased significantly from RMB206.1 million as of December 31, 2025 to RMB475.3 million as of June 30, 2026, primarily due to increases in trade and bills receivables and cash and cash equivalents in line with our revenue growth, partially offset by (i) the increase in trade and bills payables mainly driven by the increase in raw materials costs, and (ii) the increase in interest-bearing bank borrowings to support our daily operations in line with our business growth. Our net current assets decreased by 48.6% from RMB401.2 million as of December 31, 2024 to RMB206.1 million as of December 31, 2025, primarily due to (i) an increase in trade and bills payables in line with our business growth, and (ii) an increase in interest-bearing bank borrowings to support our daily operations in line with our business growth, partially offset by increases in trade and bills receivables and inventories in response to increased market demand. Our net current assets decreased by 20.9% from RMB507.3 million as of December 31, 2023 to RMB401.2 million as of December 31, 2024, primarily due to a decrease in trade and bills receivables, mainly in line with the temporary revenue contraction in 2024 driven by the decline in the prices of our electrolyte products, partially offset by a decrease in trade and bills payables, mainly driven by the decrease in the raw materials prices in 2024.

SUMMARY

Our net assets decreased from RMB1,030.4 million as of December 31, 2023 to RMB1,007.6 million as of December 31, 2024, primarily due to the loss for the year of RMB27.6 million, partially offset by the changes in fair value of equity investments at fair value through other comprehensive income, net of tax of RMB4.2 million and equity-settled share award expense of RMB0.5 million. Our net assets increased from RMB1,007.6 million as of December 31, 2024 to RMB1,186.7 million as of December 31, 2025, primarily due to acquisition of a subsidiary of RMB140.7 million, profit for the year of RMB36.1 million, equity-settled share award expense of RMB0.3 million, partially offset by changes in fair value of equity investments at fair value through other comprehensive income, net of tax of RMB0.8 million. Our net assets increased from RMB1,186.7 million as of December 31, 2025 to RMB1,434.3 million as of June 30, 2026, primarily due to the profit for the period of RMB147.8 million, the issue of shares of RMB100.0 million and the equity-settled share award expense of RMB1.7 million, partially offset by the exchange differences on translation of foreign operations of RMB2.7 million.

See “Financial Information — Discussion of Certain Key Balance Sheet Items.”

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Net cash flows from/(used in) operating activities	84,766	190,839	56,611	(17,412)
Net cash flows used in investing activities	(268,390)	(140,373)	(209,115)	(144,471)
Net cash flows from/(used in) financing activities	81,563	(32,501)	157,618	309,466
Net (decrease)/increase in cash and cash equivalents	(102,061)	17,965	5,114	147,583
Cash and cash equivalents at the beginning of year/period	125,600	23,539	41,484	46,935
Effect of foreign exchange rate changes, net	—	(20)	337	2,675
Cash and cash equivalents at end of year/period	23,539	41,484	46,935	197,193

See “Financial Information — Liquidity and Capital Resources — Cash Flows.”

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,			Six months ended/As of June 30,
	2023	2024	2025	2026
Current ratio	1.8	1.8	1.1	1.3
Quick ratio	1.7	1.7	1.0	1.1
Gearing ratio	16.5%	14.3%	36.6%	49.1%
Net debt to equity ratio	14.2%	10.2%	32.7%	35.3%
Inventory turnover days	20 days	18 days	28 days	25 days

See “Financial Information — Key Financial Ratios.”

SUMMARY

OUR SINGLE LARGEST SHAREHOLDER GROUP

As of the Latest Practicable Date, by virtue of Mr. Guo’s role as the general partner of Tianjin Tongde, Tianjin Kunyuan and Tianjin Kunyu, Mr. Guo, Tianjin Tongde, Tianjin Kunyuan and Tianjin Kunyu constitute the Single Largest Shareholder Group, which, in aggregate, was interested in approximately 38.48% of the total issued share capital of our Company. Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and that the Share Split and the [REDACTED] application of our Company are completed), the Single Largest Shareholder Group will, in aggregate, be interested in approximately [REDACTED]% of the issued share capital of our Company. Accordingly, Mr. Guo, Tianjin Tongde, Tianjin Kunyuan and Tianjin Kunyu will become our Single Largest Shareholder Group immediately following the [REDACTED] and the Company will not have any controlling shareholder as defined under the Listing Rules. See “Relationship with Our Single Largest Shareholder Group.”

OUR [REDACTED] INVESTORS

Since becoming ultimately controlled by Mr. Guo in April 2015, we have undergone a series of [REDACTED] Investments. See “History and Corporate Structure — [REDACTED] Investments.”

PREVIOUS [REDACTED] APPLICATION

We submitted our [REDACTED] application (the “[REDACTED] Attempt”) for a proposed [REDACTED] on the Shenzhen Stock Exchange in June 2023. Due to a change in market conditions at the time, which adversely affected our Group’s financial performance and resulted in our inability to meet the [REDACTED] requirements of the Shenzhen Stock Exchange, our Group decided to withdraw the [REDACTED] Attempt on March 21, 2024. See “History and Corporate Structure — Previous [REDACTED] Application.”

[REDACTED] SHARE INCENTIVE SCHEME

On October 9, 2021, the [REDACTED] Share Incentive Scheme was approved and adopted by our Company to incentivize our core employees. As of the Latest Practicable Date, the Shares underlying the awards under the [REDACTED] Share Incentive Scheme have already been issued to Tianjin Kunyu and no further awards will be granted under the [REDACTED] Share Incentive Scheme after the [REDACTED]. For details, please refer to the section headed “Statutory and General Information — D. [REDACTED] Share Incentive Scheme” in this document.

[REDACTED] STATISTICS

	Based on an [REDACTED] of [REDACTED] per [REDACTED]	Based on an [REDACTED] of [REDACTED] per [REDACTED]
[REDACTED] ⁽¹⁾	HK\$[REDACTED] million	HK\$[REDACTED] million
[REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of the [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) The [REDACTED] adjusted consolidated net tangible assets per Share is calculated after making the adjustments referred to in the section headed “Appendix II — [REDACTED] Financial Information” to this Document.

SUMMARY

[REDACTED] EXPENSES

Our [REDACTED] expenses mainly include [REDACTED] and professional fees paid to legal advisors and service providers for their services rendered in relation to the [REDACTED]. We expect to incur a total of RMB[REDACTED] million of [REDACTED] expenses (assuming an [REDACTED] of [REDACTED], being the mid-point of the indicative [REDACTED] range between [REDACTED] and [REDACTED], and assuming that the [REDACTED] is not exercised) until the completion of the [REDACTED]. Such [REDACTED] expenses comprise [REDACTED] expenses of RMB[REDACTED] million and [REDACTED] expenses of RMB[REDACTED] million, respectively. The [REDACTED] expenses consist of (i) RMB[REDACTED] million of fees and expenses of legal advisors and Reporting Accountants, and (ii) RMB[REDACTED] million of other fees and expenses, which primarily represent fees and expenses for the Joint Sponsors and other professional services. During the Track Record Period, [REDACTED] expenses of RMB[REDACTED] million were charged to our consolidated statements of comprehensive income, and RMB[REDACTED] million were recognized as deferred [REDACTED] expenses as of June 30, 2026, which are expected to be deducted from equity upon [REDACTED]. The estimated [REDACTED] expenses of RMB[REDACTED] million are expected to be charged to our consolidated statements of profit or loss and other comprehensive income and RMB[REDACTED] million are expected to be deducted from equity upon [REDACTED]. The [REDACTED] expenses above were the best estimate as of the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We are applying for the [REDACTED] under Rule 8.05(2) of the Listing Rules and we satisfy the [REDACTED] test, among other things, with reference to (i) our revenue in 2025; (ii) our expected [REDACTED] of HK\$[REDACTED] billion at the time of [REDACTED] (based on the low end of [REDACTED] range of [REDACTED] per Share), which will exceed HK\$[REDACTED] billion required by Rule 8.05(2); and (iii) our positive cash flows from operating activities in aggregate in 2023, 2024 and 2025.

DIVIDENDS

No dividend was declared or paid by our Company during the Track Record Period. Our Group currently does not have a formal dividend policy or fixed dividend distribution ratio. The Board may declare, and our Company may pay, dividends after taking into account our results of operations, financial condition, cash flow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as it may deem relevant. We may distribute dividends in the form of cash, stocks or a combination of cash and stocks. Any proposed distribution of dividends shall be determined by our Board and must be approved by our shareholders at a general meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

FUTURE PLANS AND [REDACTED]

We estimate that the [REDACTED] of the [REDACTED], after deducting the estimated [REDACTED] and other fees and expenses paid and payable by us in connection with the [REDACTED], will be approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per H Share (being the mid-point of the indicative range of the [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per H Share), and that the [REDACTED] is not exercised. We plan to use the [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to expand our production capacity and support global expansion, including the establishment of lithium-ion battery materials production bases in Yichang, Hubei Province, Szolnok, Hungary and Jining, Shandong Province, thereby achieving localized production capacity and enhancing our product delivery capabilities in both domestic and overseas markets.

SUMMARY

- Approximately **[REDACTED]**%, or HK\$**[REDACTED]** million, is expected to be used for the R&D activities. Our focus will be on advancing research in next-generation battery materials, such as solid-state electrolytes, as well as other core raw materials including solutes and additives, to further strengthen our technological leadership.
- Approximately **[REDACTED]**%, or HK\$**[REDACTED]** million, is expected to be used for working capital and general corporate purposes.

See “Future Plans and **[REDACTED]**.”

LEGAL PROCEEDINGS

We may from time to time be subject to various legal or administrative proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention. During the Track Record Period and up to the Latest Practicable Date, other than one settled litigation as described in “Business — Legal Proceedings and Compliance — Litigation,” we had not been and were not a party to any material legal, arbitral or administrative proceedings and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period, we have continued to witness growth in our business operations. Since July 1, 2026 and up to the Latest Practicable Date, we secured electrolyte orders worth around RMB684.4 million, representing an increase of 217.2% compared with the value of electrolyte orders obtained in the corresponding period of 2025. 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 June 30, 2026, being the end date of our latest consolidated financial statements, and there has been no event since June 30, 2026 that would materially affect the information shown in the Accountants’ Report in Appendix I to this document.