
BUSINESS

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. 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 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 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.

BUSINESS

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 a temperature of 145°C.

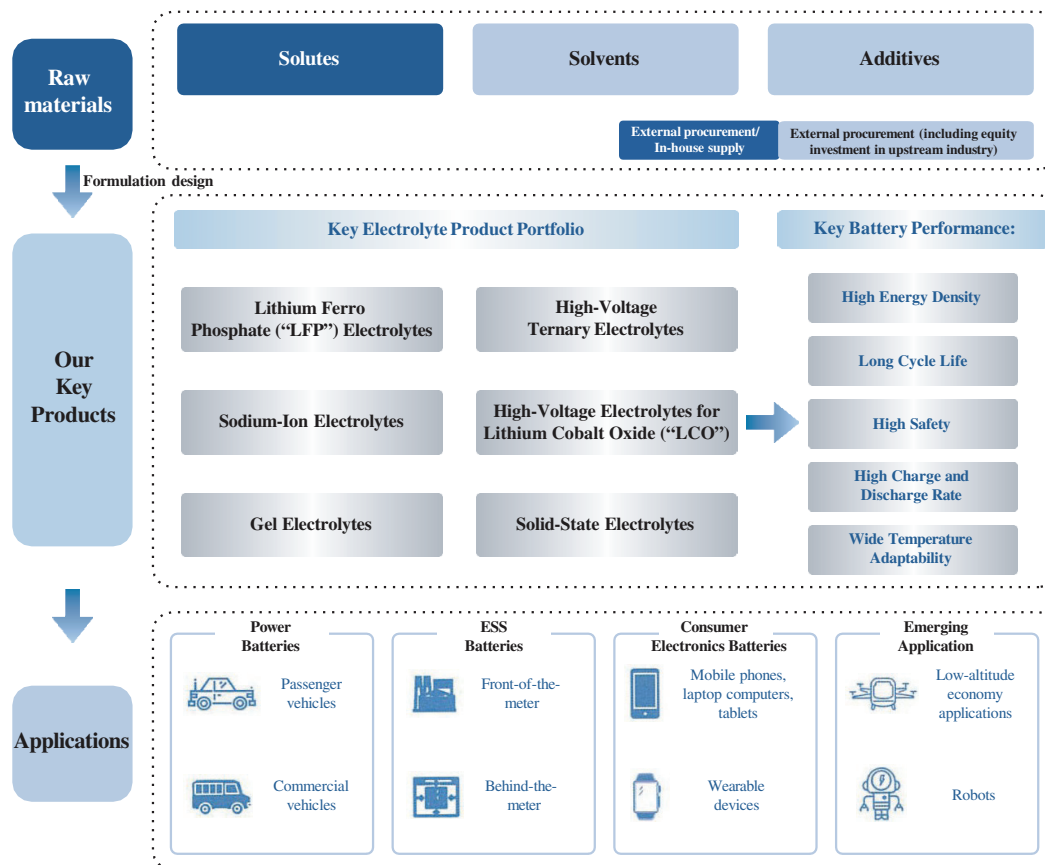
We have established significant production capacity with strategically positioned production bases. We have built large-scale production bases in Huzhou, Zhejiang Province, Yibin, Sichuan Province and Jining, Shandong Province, which serve as hubs radiating to concentrated areas of the new energy battery industry, providing us with significant geographical advantages. As of the Latest Practicable Date, our total electrolyte 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 electrolyte 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 (“DPPM”) 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. In August 2026, we were invited to participate in 2035 Value-Chain Carbon Neutrality Pathway session of such globally leading new energy technology enterprise as the only electrolyte supplier. We have built an automated production platform through multiple digital platforms such as manufacturing execution system (“MES”), distributed control system (“DCS”), and portable data assistant, while developing and introducing enhanced electrolyte process flows.

BUSINESS

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:



Our Customer Base and Global Footprint

Supported by our leading technological capabilities, stable product quality and strategically positioned production capacity, we have developed an extensive customer base. In 2023, 2024, 2025 and the six months ended June 30, 2026, we had a total of 188, 274, 314 and 226 customers, respectively, with the newly-acquired customers of 95, 131, 93 and 42 customers in the respective periods. 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. We continue to develop leading lithium-ion battery customers in specialized segments, providing in-depth services for strategic customers. We believe collaboration with downstream industry leaders helps us to secure stable orders and gain market share while leveraging the industry influence and technical resources of leading customers to enhance our own technological capabilities and market competitiveness.

BUSINESS

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. In the future, we expect to capitalize on opportunities presented by the localization of Europe’s battery industry chain and grow alongside our strategic customers. Our electrolyte production facility in Hungary will serve leading global new energy innovation and technology companies and other internationally renowned customers, most of whom are located within a two-hour drive from our production facility. The storage and transportation of electrolyte require specialized equipment, making the location of electrolyte production facilities critical for ensuring safety and quality while reducing storage and transportation costs.

We are strategically expanding our overseas presence and enhancing our business capabilities to better support domestic battery manufacturers entering overseas markets, as well as leading international battery companies looking to expand their capacity. At the same time, we aim to deliver localized service for key downstream customers. We believe that our strategic partnerships with leading international customers, combined with our high-quality, efficient and progressively operational global production network, will serve as a powerful engine for long-term business.

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

As electrolytes are one of the critical materials for lithium-ion batteries, the electrolyte market is entering a phase of rapid expansion. Driven by the growth of new energy vehicles (“NEV”) and ESS, the industry is transitioning to structural growth. Looking ahead, 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. According to Frost & Sullivan, global electrolyte revenue has been continuously growing in recent years from over RMB13.8 billion in 2021 to over RMB48 billion in 2025, and are expected to exceed RMB125 billion in 2030, with a CAGR exceeding 20% from 2025 to 2030. China, as the core production and consumption market, has experienced rapid growth, over RMB8 billion in 2021 to over RMB30 billion in 2025, and is expected to exceed RMB90 billion in 2030. This would represent over 70% of the global market, with a CAGR exceeding 20% from 2025 to 2030. 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. For power batteries, the demand for high-performance electrolytes continues to rise, driven by the growing need for high energy density, fast-charging, and long-life battery technologies. For ESS batteries, rising requirements for electrolyte safety, cycle life and temperature resistance are driving continuous technological advancements across the industry. Driven by the growing demand for high-end smart terminals, wearable devices, and AI-enabled mobile devices, consumer electronics batteries are evolving toward higher voltage, fast-charging capability, and ultra-thin form factors, which is accelerating the technological iteration of high-performance electrolytes and novel separator materials. Emerging applications, such as robots and low-altitude economy applications, demand exceptional endurance from drive and control systems, requiring high-energy-density batteries with enhanced conductivity and safety. Electrolytes designed for high voltage and wide temperature ranges will be widely applied in this sector, driving industry technology iteration and continuous product upgrades across the industry.

BUSINESS

Global Market Development Driving Localized Production

Driven by the acceleration of the global low-carbon energy transition, the NEV market is experiencing rapid growth. According to Frost & Sullivan, in 2024, NEV penetration rates in Europe stood at just 16.7%, far behind China’s 42.9%, underscoring the vast growth potential in overseas markets. According to Frost & Sullivan, driven by the continuous increase in NEV penetration rates and rapid ESS development, the share of global lithium-ion battery shipment volume for Europe is expected to increase from 11.9% in 2025 to 14.0% by 2030. 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. Chinese enterprises, leveraging mature processes, cost advantages and strong raw material integration, are steadily increasing their global market share. Looking ahead, as global lithium-ion battery factories become operational, we believe the electrolyte industry will enter a new era of global coordinated growth.

Our Innovation System

Through long-term R&D and innovation practice, we have developed an innovation system that aligns with our core strengths and meets the evolving needs of industry development.

Joint R&D with Leading Customers, Building Sticky Barriers Through Technology Feedback

We adhere to a “customer needs-oriented” R&D model, establishing R&D teams for strategic downstream customers. Through early involvement, regular on-site engagement and full-process tracking, we collaborate closely with our customers to explore emerging technology trends, respond swiftly to evolving needs, and address their core pain points.

Comprehensive R&D Management System

We have established a comprehensive R&D process, adopting a project-based approach to manage the entire R&D cycle and ensure orderly progress. At the same time, we encourage innovation through incentive programs that link R&D achievements with remuneration, motivating R&D personnel to actively engage and deliver sustained innovation. Through years of R&D accumulation, we have developed diverse methodologies to enhance battery cycle life, storage performance and safety.

Technical Talent Team with Extensive Experience

As of June 30, 2026, we had 81 R&D staff, representing 10.6% of our total employees. Of these R&D professionals, 30 held a master’s degree or higher, and a significant number are graduates of leading universities in the PRC, with diverse expertise spanning the fields of new energy and materials chemistry. Leveraging their multidisciplinary knowledge and industry experience, our R&D team is well positioned to address complex technological challenges in electrolyte development. We believe that their professional approaches not only contribute to the advancement of our proprietary technologies but also enhance product performance, strengthen our competitive advantages and support the sustainable growth of our business.

Industry-Academia-Research Strategic Collaboration Platform

We collaborate with a number of research institutes and universities to establish industry-academia-research partnerships and enhance our R&D capabilities in the lithium-ion battery materials field. We have also engaged a number of experienced technical experts in the industry as our special counsels, including fellows of the Engineering Academy of Japan, recipients of National Craftsman (大國工匠) honors, founders of electrolyte solvation theory and postdoctoral researchers from Tokyo Institute of Technology.

BUSINESS

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and distinguish us from our competitors:

As a Core Supplier of Lithium-Ion Battery Electrolytes, We Have Established Strategic Partnerships with Leading Battery Manufacturers

Supported by our leading technological capabilities, stable product quality, and strategically positioned production capacity, we have developed an extensive customer base. We believe this provides us with competitive advantages in identifying and addressing the constantly changing market demands of the downstream battery industry. 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.

Leading battery manufacturers apply strict standards for selection of suppliers, evaluating various factors including delivery capability, R&D strength, innovation achievements, new material research progress and technical communication. During cooperation, they assess suppliers' technical capabilities and product quality on an ongoing basis. Through technological innovation and process control, we have continuously enhanced our delivery capabilities and steadily expanded our market share. 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. 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. In 2025, in terms of electrolyte revenue, we ranked third among global electrolyte suppliers, with a market share of 3.6%.

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. For example, we entered supply chain of a globally leading new energy technology company in 2018 and have become one of its important electrolyte suppliers. We continue to develop leading lithium-ion battery customers in specialized segments. Collaboration with downstream industry leaders enables us secure stable orders and expand market share, while leveraging the industry influence and technical resources of leading customers to enhance our own technological capabilities and market competitiveness.

In line with our business development, we have cultivated a large customer base across different application scenarios including power batteries, ESS batteries and consumer electronics batteries. Our customers include a number of renowned companies in China. Notably, the number of our customers increased robustly. In 2023, 2024, 2025 and the six months ended June 30, 2026, we had a total of 188, 274, 314 and 226 customers, respectively, with the newly-acquired customers of 95, 131, 93 and 42 customers in the respective periods. Our electrolyte customer retention rate was 61.6%, 74.5%, 65.3% and 54.8% in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

Beyond traditional lithium-ion battery electrolytes, we closely follow battery technology developments and have developed new products, including sodium-ion battery electrolytes and hybrid solid-liquid electrolytes, allowing us to develop new battery enterprise customers in the field of emerging batteries. These included sodium battery enterprises for which we provided sodium-ion electrolyte products, such as Huzhou Super Sodium New Energy Technology Co., Ltd. (湖州超納新能源科技有限公司) (a limited liability company located in Zhejiang Province with registered capital of RMB5.9 million, primarily engaging in the R&D and industrialization of sodium-ion energy storage batteries and their key materials) and Huzhou Qingna New Energy Technology Co., Ltd. (湖州青納新能源科技有限公司) (a limited liability company located in Zhejiang Province with registered capital of RMB19.1 million, primarily engaging in R&D, production and sales of sodium-ion batteries); and solid-state or hybrid solid-liquid battery enterprises, such as Qingtao (Kunshan) Energy Development Group Co., Ltd. (清陶(崑山)能源發展集團股份有限公司) and Anhui Levinergy Power Battery Co., Ltd. (安徽利維能動力電池有限公司).

BUSINESS

Strong R&D and Technological Capabilities

Having operated in the global electrolyte industry for years, we have built R&D competitive barriers with technology and customer collaboration as our core strategic focuses. Through close partnerships and joint R&D initiatives with leading downstream enterprises, we ensure that our core technologies evolve in step with market demands, while maintaining leadership in emerging fields such as hybrid solid-liquid and solid-state batteries.

As one of China’s earliest enterprises engaged in lithium-ion battery electrolyte R&D and production, we have consistently positioned technological innovation as a strategic focus. Through long-term technology iteration and production practice, we have accumulated extensive experience and significant technological achievements. 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. We have established standardized and systematic R&D management mechanisms, forming reusable technical R&D methodologies. We have 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 R&D in technologies such as solid-state battery products, respectively.

We adhere to an R&D model focusing on the specific needs of our customers. We have established a proprietary R&D and innovation system built upon our deep understanding of research methodologies and scientific theories such as molecular dynamics and electrochemical phase-field methods, and leveraging extensive industry experience and technical expertise accumulated over years of specialization in the lithium-ion battery electrolyte sector. We establish R&D teams for downstream strategic customers and, through close collaboration combining early involvement, regular on-site engagement and full-process tracking, we collaborate closely with our customers to explore emerging technology trends. For intellectual property generated from projects co-developed with our downstream strategic customers, we generally own the patents in relation to synthetic formulations, while our customers own the patents in relation to applications. Products and technologies developed under such cooperation are exclusively for use in products supplied to such customers. Our close partnerships with such customers allows us to rapidly identify and respond to their needs and address their core pain points, enabling us to continuously improve our products based on real-world application feedback and R&D collaboration with our customers. For example, our flame-retardant electrolyte system adopts a composite strategy integrating solvent and flame-retardant additive technologies to develop high-safety flame-retardant electrolyte. While preserving largely uncompromised electrochemical performance, including high and low-temperature performance and discharge performance, the product elevates the safety protection level of battery cells. Notably, our customized development cycle for electrolytes from initial request to mass production is typically six months as compared to the industry average of six to ten months, according to Frost & Sullivan. Our average delivery time per order is five to seven days, shorter than the industry average of eight to 12 days, according to Frost & Sullivan. These advantages enable us to deliver products to our customers in a timely and efficient manner.

In addition, we are committed to improving production efficiency through the R&D of our production processes and technologies. We have also developed and introduced enhanced electrolyte process flows, such as pre-dissolved salt processes, powder conveying processes and additive liquefaction processes, shortening conventional electrolyte manufacturing time by more than 20%, according to Frost & Sullivan, improving electrolyte feeding precision by over 20%, and reducing impurity content during electrolyte manufacturing by over 20%; pneumatic conveying processes improve conveying efficiency by more than 50%.

Comprehensive Product Portfolio Covering Diverse Applications

We have continued to expand our product offerings to create an extensive product portfolio covering all key application areas, including power batteries, ESS batteries, consumer electronics batteries and emerging application scenarios. 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 that it perfectly matches the intended end-use product. For customers without particular specifications, we also offer our proprietary formulations, providing reliable products that balance performance, safety and versatility. See “— Our Products.” While continuously developing products for diverse

BUSINESS

applications, we also ensure the quality of our electrolyte products. Our product’s first pass yield rate reached 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 DPPM 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. In August 2026, we were invited to participate in 2035 Value-Chain Carbon Neutrality Pathway session of such globally leading new energy technology enterprise as the only electrolyte supplier. Notably, while the industry average product return rate due to quality issue is around 0.3% to 0.8%, our product return rate was 0.04% during the Track Record Period.

Robust Vertical Supply Chain Management Capabilities

We ensure security, stability and cost efficiencies for key raw materials through a variety of methods including equity investments, in-house production capacity and long-term agreements. We believe that efficient and flexible supply chain management ensures we can rapidly respond to market demands.

Strategic Planning for Solutes

In November 2025, we acquired a 51.00% equity interest in Shandong Lizhong, which primarily engages in the manufacture of battery materials. See “History and Corporate Structure — Acquisitions and Disposals — Acquisition of Shandong Lizhong.” The raw materials we purchased from Shandong Lizhong primarily include LiPF_6 . We believe through investing in Shandong Lizhong, we can expand upstream battery material production, enhance supply chain resilience and build a vertically integrated business model.

Strategic Planning for Solvents

In July 2023, we invested in Sichuan Mingfang New Energy Technology Co., Ltd. (四川明昉新能源科技有限公司, “**Sichuan Mingfang**”), with cumulative investment of RMB10.0 million to secure an 8.11% equity interest as of the Latest Practicable Date. Sichuan Mingfang is primarily engaged in solvent products. It completed the production capacity construction in the first half of 2026 and has started to supply solvents to our production base in Yibin, Sichuan Province in June 2026, further securing our raw material supply.

Strategic Planning for Additives

In September 2022, we invested in Yingkou Changcheng New Material Technology Co., Ltd. (營口昌成新材料科技有限公司, “**Yingkou Changcheng**”), with cumulative investment of approximately RMB37.0 million to secure a 8.68% equity interest as of the Latest Practicable Date. Established in 2017, Yingkou Changcheng is a high-tech enterprise and provincial-level specialized and sophisticated small and medium-sized enterprise, primarily engaged in additives products with sales channels covering the whole country. It ranks among the top 10 companies by revenue of China’s domestic electrolyte additives industry, according to Frost & Sullivan. Yingkou Changcheng is one of our suppliers of additives. During the Track Record Period, we sourced various additives from Yingkou Changcheng, primarily including succinonitrile (丁二腈), methylene methanedisulfonate (甲基二磺酸亞甲酯), and ethylene sulfide (硫酸乙烯酯).

Although our shareholdings in Sichuan Mingfang and Yingkou Changcheng are minority interests, the investments form part of our upstream integration strategy and strengthen our relationships with suppliers of solvents and additives, which are key raw materials used in electrolyte production. Through these equity investments, we are able to establish and maintain long-term cooperation with such suppliers, including during the early stages of their capacity development, and maintain closer communication regarding their capacity expansion plans, production schedules and future supply arrangements. This enables us to better coordinate our procurement planning, communicate our anticipated demand on a longer-term basis and support the incorporation of our procurement requirements into the suppliers’ production and expansion

BUSINESS

planning. In addition, the equity relationships help align the commercial interests of the suppliers and us and strengthen our commitment to maintaining long-term business cooperation with the suppliers. This enhances the stability, predictability and continuity of supply, particularly during periods of market tightness or increasing demand. In addition, our strategic relationships with such suppliers also facilitate technical collaboration. For example, in March 2025, in response to customer requirements, we collaborated with Yingkou Changcheng to develop a new additive by leveraging its expertise in additive R&D, which was designed to meet the performance requirements of advanced battery systems, including high-voltage and high-temperature resistance, low gas generation and low impedance. Furthermore, as changes in additive and solvent suppliers may require additional qualification, testing and validation procedures, maintaining stable sourcing relationships with Yingkou Changcheng and Sichuan Mingfang helps reduce the operational risks associated with supplier replacement. As a result, the investments improve supply chain coordination, reduce the risk of supply disruptions and strengthen our ability to secure a stable supply of key raw materials for our production operations.

Our strategic equity investment in and long-term cooperation with upstream raw material suppliers, as a key driver of our profitability, secures stable supply and favorable procurement prices. These preferential prices directly cut procurement expenditures and reduce unit product costs. See “— Business Sustainability — Our Path to Sustainable Profitability — Cost Control and Economies of Scale.” In addition, our integrated supply chain arrangement supports stable production and reduced operational risks, which indirectly underpin profitability. Reliable upstream supply avoids production disruptions caused by supply shortages or drastic price fluctuations, ensuring continuous output and stable product delivery. Combined with our optimized product formula and production scale, our refined supply chain management not only controls costs but also strengthens our overall profitability and sustainable development capability.

Comprehensive Production Capacity Layout Covering Core Customers

We have established a well-planned production capacity layout with strategically positioned production bases and orderly production expansion. We have built large-scale production bases in Huzhou, Zhejiang Province, Yibin, Sichuan Province, 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 electrolyte 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 electrolyte production capacity will exceed 500,000 tons per year. The expansion of annual production capacity from 180,000 tons to more than 500,000 tons should be viewed as the establishment of a global production platform. Upon completion, our production bases will serve different regional markets and customer groups, creating a flexible manufacturing network that enables localized delivery, risk diversification and coordinated production scheduling. We believe such a platform-based capacity layout will become increasingly important as the battery industry continues to globalize.

The storage and transportation of electrolytes require specialized equipment, making the location of electrolyte production facilities critical for ensuring safety and quality while reducing storage and transportation costs. We have positioned production capacity in concentrated areas of battery manufacturers to achieve precise coverage of customers. Our strong logistics and cold-chain delivery capabilities then ensure that our products are rapidly transported to customers upon production. We are able to deliver the majority of our products to our customers within hours to two days. Our planned production base in Yichang is located within a five-hour drive from core customers. Our planned electrolyte production base in Hungary will serve globally-leading new energy innovation and technology companies and other internationally renowned customers, most of which are located within a two-hour drive from our production facility. After these facilities become operational, they will further reduce our transportation costs and strengthen our capacity layout advantages.

BUSINESS

An Experienced Management Team Forming A Solid Foundation for Stable Operations

We possess an experienced and visionary management team and have established comprehensive talent incentive mechanisms and a skilled professional workforce to drive sustained development.

Our founder and Chairman, Mr. Guo Yingjun, has over 20 years of experience in the new energy battery materials sector, having experienced China’s battery materials industry evolution from the early 3C era through the comprehensive rise of power batteries and ESS. He possesses profound insights into electrolyte technology evolution pathways, upstream and downstream supply chain changes, and industry rhythms. He participated in publishing the authoritative industry monograph “Lithium-Ion Secondary Batteries for Electric Vehicles (《電動汽車用鋰離子二次電池》)” and has received multiple honors including Battery Industry Person of the Year (電池行業年度人物). See “Directors and Senior Management — Overview — Executive Directors.”

We have assembled a cross-disciplinary, cross-functional and integrated management team with backgrounds spanning electrochemistry, materials science, chemical engineering, automation control, quality management and supply chain. The management team includes not only technical leaders with years of battery material R&D experience, but also management personnel with backgrounds in production operations, intelligent manufacturing, quality systems, and customer project management. The management team possesses mature experience in project collaboration and validation processes with customers across power batteries, ESS batteries, and consumer electronics batteries, enabling us to better understand and meet of customer requirements. The diverse capability structure of our management team enables seamless connection, efficient collaboration, and precise execution throughout the entire process of technology development, process validation, mass production and customer introduction.

In addition, our R&D staff, many of whom graduated from renowned universities in China, possess diverse expertise across the fields of new energy and material chemistry. Leveraging their multidisciplinary knowledge and industry experience, our R&D team is well positioned to address complex technological challenges in electrolyte development. In addition, during the Track Record Period, we also engaged a number of experienced technical experts in the industry as our special counsels, including fellows of the Engineering Academy of Japan, recipients of National Craftsman (大國工匠) honors, founders of electrolyte solvation theory, and postdoctoral researchers from Tokyo Institute of Technology.

Through multidimensional mechanisms including equity incentives, project assessments and special awards, we strengthen the long-term stability and growth of our R&D personnel and management team. We implement equity incentives and performance-oriented mechanisms for key positions, enhancing the participation of core talents in our growth. At the same time, we implement reasonable assessment mechanisms for key R&D projects, linking results transformation, mass production progress and customer validation milestones with team performance, improving R&D investment efficiency. These mechanisms enable us to maintain R&D team stability and sustained innovation momentum amid intensifying industry talent competition.

OUR STRATEGIES

Our key objective is to consolidate and strengthen our market-leading position in the electrolyte industry. In line with this objective, we intend to leverage our competitive strengths and implement the following strategies.

BUSINESS

Production Expansion and Global Layout

Strategic Production Expansion in Coordination with Core Customers

We will coordinate with core customers to expand our production capacity, the geographic footprint of our production bases, strengthen our supply chain and reduce transportation costs. Our production strategy is to develop large-scale domestic production bases and establish supporting overseas manufacturing facilities, thereby enabling localized production capacity and products supply across major domestic regions, including Eastern China, Western China, Central China and North China, and overseas markets, including Hungary. Therefore, approximately [REDACTED]% of the [REDACTED] of the [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, Hungary and Jining, thereby achieving localized production capacity and enhancing our product delivery capabilities in both domestic and overseas markets. See “Future Plans and [REDACTED].”

Intensify Global Customer Development Efforts

We plan to focus on further expanding our global customer base. We believe that there are significant global opportunities, particularly in the new energy vehicle sector. To capture such opportunities, we will continue to ramp up our global customer development initiatives and further strengthen strategic partnerships with leading lithium-ion battery manufacturers. Concurrently with advancing our global production capacity layout, we will continue to enhance localized service capabilities for overseas customers, thereby further growing our global market share.

Vertical Industry Chain Extension

Continuous Enhancement of Upstream Integration

We will continue to strengthen our presence in the upstream segment of the industry chain by identifying and engaging additional raw material manufacturers through approaches such as equity investments and long-term cooperation agreements. These strategies enable us to achieve cost advantages while ensuring a stable supply of critical raw materials. This approach has proven successful in recent years, as demonstrated by our investments in Yingkou Changcheng in September 2022, Sichuan Mingfang in July 2023 and Shandong Lizhong in November 2025. See “— Our Competitive Strengths — Robust Vertical Supply Chain Management Capabilities.” For raw material enterprises in which we have made equity investments, we will further promote integration across product and technology management, production capacity, supply channels and personnel. This will enhance synergies between these manufacturers and our own production operations.

Further Extend Our R&D to Raw Materials

We will continue to expand our R&D efforts in critical upstream raw materials, including solute such as LiPF_6 , NaPF_6 , lithium difluorophosphate and sodium difluorophosphate, as well as additives such as cyclic phosphate ester compounds. For solute, we plan to invest in developing next-generation solid-state LiPF_6 technology and advancing liquid LiPF_6 and NaPF_6 production processes, including our patented high-purity phosphorus pentafluoride preparation technology. For additives, we plan to invest in the development of cyclic phosphate ester compounds derived from phosphorus- and epoxy-based chemistries, which serve as electrolyte additives that help enhance battery safety and extend battery lifespan. Through this strategy, we aim to establish a strong technological reserve in raw materials, improve product performance at the source, reduce production costs and reinforce supply chain security. Therefore, approximately [REDACTED]% of the [REDACTED] of the [REDACTED], or HK\$[REDACTED] million, is expected to be used for 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. See “Future Plans and [REDACTED].”

BUSINESS

Continuous Technological Innovation and R&D Investment

Partner with Leading Customers to Complete Technology Upgrades

We will actively pursue strategic cooperation with partners across the global lithium-ion battery industry chain, deepening collaboration in technological innovation. Through these partnerships, we aim to obtain timely technology feedback from customers, conduct joint R&D with other market participants and share R&D risks more effectively. We will work closely with leading international battery manufacturers, aligning with their evolving needs and participating in their product innovation processes. In doing so, we can both meet customer requirements and strongly drive our own product upgrades and technological advancement. In addition, by leveraging the research strengths of universities and scientific institutes, we plan to further enhance our R&D capabilities in lithium-ion battery materials, supporting long-term innovation and competitiveness.

Advance R&D in Emerging Fields

We will further increase investment in product R&D and technological innovation, and consolidate our technological leadership in the industry by advancing forward-looking layout and R&D in such fields as SSE, hybrid solid-liquid electrolytes, gel electrolytes, sodium-ion battery electrolytes, anion exchange membranes and electrocatalyst materials.

In the field of SSE, we are committed to developing sulfide electrolytes and lithium sulfide raw materials suitable for solid-state batteries. Lithium sulfide is not only a key raw material for sulfide electrolytes, but also can be used as a cathode material. We have also developed oxide electrolytes with NASICON and GARNET structures to enhance the safety and power performance of batteries. SSE and lithium-ion battery electrolytes share the fundamental characteristics of ionic conductivity and electronic insulation, but they differ in performance capabilities. In particular, SSE can support higher energy density: while conventional liquid electrolyte systems typically achieve approximately 180-300 Wh/kg, SSE can reach around 300-450 Wh/kg, thereby enhancing battery life. In addition, SSE offer improved safety, as inorganic SSE are generally non-flammable, non-volatile and free from leakage risks, as well as a wider operating temperature window that can exceed the conventional upper limit of approximately 60°C for liquid electrolyte batteries. Owing to their advantages in energy density, safety and temperature adaptability, they are expected to be widely applied in electric passenger vehicles, low-altitude economy applications, humanoid robots and data center backup systems, enabling longer endurance, enhanced safety and more compact battery configurations. As of June 30, 2026, we had around 20 patents related to solid-state battery materials, covering technological patents for oxide electrolytes with NASICON and GARNET structures, gel electrolytes and other related technologies.

Hybrid solid-liquid electrolytes are generally regarded as an electrolyte technology route that combines solid-state electrolyte materials with liquid electrolyte components. Hybrid solid-liquid electrolytes combine certain advantages of conventional liquid electrolytes, such as high ionic conductivity and good interfacial compatibility, with certain advantages of solid-state electrolyte materials, including improved safety and thermal stability. Hybrid solid-liquid electrolytes are expected to be used in high-energy-density electric vehicles, low-altitude economy applications, robotics and other applications requiring a balance of safety, energy density and commercial feasibility.

In the field of gel electrolytes, we are committed to developing electrolyte systems that combine the electrochemical performance of conventional liquid electrolytes with enhanced safety characteristics. Gel electrolytes contain only a limited amount of free liquid electrolyte, thereby reducing the risk of electrolyte leakage. During short circuit, acupuncture, thermal shock, and crush tests, the cells do not catch fire or explode, while achieving ionic conductivity comparable to liquid electrolytes. While maintaining ionic conductivity and electrochemical performance comparable to those of conventional liquid electrolytes, gel electrolytes can further enhance battery energy density by reducing electrolyte filling volume. In certain battery applications, such as smartphone batteries, energy densities of over 900 Wh/kg can be achieved. Through continuous research and optimization, batteries incorporating our gel electrolyte products can achieve cycling performance

BUSINESS

comparable to that of conventional liquid electrolytes. Under ambient operating conditions, batteries with our gel electrolyte can achieve cycle life in excess of 1,000 cycles at 80% capacity retention, while under elevated-temperature conditions, cycle life can reach approximately 400 cycles. Gel electrolytes are expected to be used in batteries requiring enhanced safety and leakage resistance, including ESS batteries, consumer electronics batteries and wearable devices. We believe this technology holds also broad prospects in fields with stringent safety requirements such as robots to reduce costs and enhance safety performance and environmental adaptability, and plan to engage in continued R&D to further optimize designs.

In the field of sodium-ion battery electrolytes, sodium-ion batteries using our electrolytes demonstrate ultra-long cycle life, exceeding 10,000 cycles at 80% capacity retention rate, and excellent high-rate discharge performance with a capacity retention rate of 94% at 25C discharge. We are developing additives to stabilize the interface and mitigate electrolyte corrosiveness, aiming to extend sodium-ion battery service life from the current 8 years to 15 years or longer, establishing sodium-ion batteries as both a safe and economical solution for energy storage applications. Sodium-ion batteries benefit from the wide availability and relatively stable supply of sodium-based raw materials, making them less susceptible to resource constraints and raw material price fluctuations commonly associated with lithium-based battery technologies. These characteristics make sodium-ion batteries well suited for large-scale deployment in ESS and other cost-sensitive applications, supporting the broader commercialization of affordable and scalable electrification solutions.

For the emerging battery material fields, including SSE, gel electrolytes, hybrid solid-liquid electrolytes and sodium-ion electrolytes, we possess mass production capabilities and are able to accommodate small-batch orders that arise from customers’ product development, testing, qualification, pilot-production and initial commercialization activities. Our small-batch production services for emerging battery materials are primarily provided in the following circumstances: (i) R&D activities, where customers require limited quantities of materials for product design, formulation development and performance testing; (ii) product qualification and certification processes, where customers conduct battery validation and compatibility testing prior to commercial adoption; (iii) pilot production and demonstration projects, where customers evaluate the feasibility of large-scale commercialization before commencing mass production; and (iv) specialized or emerging application scenarios, such as robotics and low-altitude economy applications, where demand remains relatively niche and products are often customized to meet specific technical requirements. Given that many emerging battery technologies remain at relatively early stages of commercialization and that customers often adopt different technical routes, battery chemistries and performance targets, demand is typically characterized by customized formulations, limited procurement volumes and ongoing product optimization. In 2023, 2024, 2025 and the six months ended June 30, 2026, the revenue from these emerging battery material fields amounted to RMB10.6 million, RMB7.8 million, RMB13.1 million and RMB2.1 million, representing 0.7%, 0.8%, 0.8% and 0.1% of the total revenue in the respective periods.

Therefore, approximately [REDACTED]% of the [REDACTED] of the [REDACTED], or HK\$[REDACTED] million, is expected to be used for 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. See “Future Plans and [REDACTED].”

Explore Intelligent Manufacturing Upgrades

In terms of manufacturing equipment, we will continue to improve and upgrade our equipment in production lines, promoting production line evolution toward enhanced automation, better intelligence, and lower carbon footprints. This include automated equipment for conveying, material feeding, filling and LiPF_6 pre-dissolution, together with integrated DCS and MES. We will also explore integration of AI technologies to achieve intelligent manufacturing upgrades, building globally leading electrolyte intelligent production lines and further strengthening our leading advantages in product quality and production efficiency.

BUSINESS

OUR PRODUCTS

Overview

We are a global supplier of lithium-ion battery electrolytes, specializing in the R&D, production and sales of electrolytes and emerging lithium-ion 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.

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.

During the Track Record Period, we generated the majority of our revenue from the sales of electrolytes for power batteries, which accounted for 77.7%, 76.8%, 68.1% and 70.4% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. As we expand our business, we continue to develop diverse electrolyte formulations tailored to our customers’ unique requirements, while advancing technologies in emerging fields such as hybrid solid-liquid electrolytes, sodium-ion electrolytes and SSE.

During the Track Record Period, substantially all of our revenue generated from the sales to customers in Mainland China. Revenue from such sales was RMB1,576.3 million, RMB1,020.3 million, RMB1,745.8 million and RMB1,971.6 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 99.98%, 99.97%, 99.98% and 99.98% of our total revenue in the respective periods. During the Track Record Period, we also generated a small portion of our revenue from the sales to overseas customers, such as in India, Spain, Vietnam, among others.

BUSINESS

The following table sets forth a breakdown of our revenue, gross profit and gross profit margin by electrolyte product category for the periods indicated:

	Year ended December 31,									Six months ended June 30,					
	2023			2024			2025			2025			2026		
	Revenue	Gross profit	Gross Profit margin (%)	Revenue	Gross profit	Gross Profit margin (%)	Revenue	Gross profit	Gross Profit margin (%)	Revenue	Gross profit	Gross Profit margin (%)	Revenue	Gross profit	Gross Profit margin (%)
(RMB in thousands, except for percentages)															
Electrolytes															
Lithium-ion electrolytes	1,559,664	169,487	10.9	1,002,373	40,788	4.1	1,692,437	142,902	8.4	628,485	35,629	5.7	1,901,762	263,870	13.9
Sodium-ion electrolytes	498	185	37.1	1,808	722	39.9	2,890	849	29.4	1,470	291	19.8	375	109	29.1
Others ⁽¹⁾	10,092	2,212	21.9	5,970	844	14.0	10,245	3,340	32.6	589	135	22.9	1,685	839	49.8
Total	1,570,254	171,884	10.9	1,010,151	42,344	4.2	1,705,572	147,091	8.6	630,544	36,055	5.7	1,903,822	264,818	13.9

Note:

- (1) Others primarily represented SSE, gel electrolytes, hybrid solid-liquid electrolytes.

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
		RMB in thousand/ton		RMB in thousand/ton		RMB in thousand/ton		RMB in thousand/ton		RMB in thousand/ton
	tons	ton	tons	ton	tons	ton	tons	ton	tons	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 generally sold under 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.

BUSINESS

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 LiPF_6 , our core raw material. According to Frost & Sullivan, the average price of LiPF_6 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 LiPF_6 decreased from approximately 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 LiPF_6 , which was approximately RMB62,500 per ton in 2024 and RMB75,800 per ton in 2025, even though the average market price of LiPF_6 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.

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.

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 applications 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 (“EV”) 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 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.

BUSINESS

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.

Key Features and Technical Specifications of Our Selected Electrolyte Products

The following table sets forth our several selected electrolyte products:

Products	Key features and technical specifications	Key applications
LFP electrolytes (磷酸鐵鋰電解液)	For LFP power batteries: Electrolytes designed for LFP power batteries. The mixed solute formulation enhances ionic conductivity and stability of the electrolytes, while appropriate acid-suppressing additives reduce corrosion and damage of cathode and anode interface. Batteries using these electrolytes can achieve: (i) wide temperature range performance and long cycle life: at 2C, capacity retention rate reaches 90% after 2,000 cycles; and (ii) excellent high-temperature thermal stability, maintaining a capacity retention rate of 80% after 600 cycles at a high temperature of 85°C.	Power batteries
	For LFP ESS batteries: Electrolytes designed for LFP ESS batteries. Utilizing composite solutes combined with high-performance additive packages, the electrolytes form low-impedance, low-consumption and high-toughness solid electrolyte interphase, ensuring interfacial stability between the electrolytes and materials, thereby significantly improving battery cycle life and high-temperature adaptability. Batteries using these electrolytes can achieve ultra-long cycle life performance: (i) at 25°C, capacity retention rate exceeds 84% after 8,000 cycles, and based on measured data, capacity retention rate is projected to reach approximately 80% after 12,000 cycles; and (ii) after 140 days of storage at 60°C and 100% state of charge, capacity retention rate reaches over 80%.	ESS batteries

BUSINESS

Products	Key features and technical specifications	Key applications
High-voltage ternary electrolytes (高電壓三元電解液)	Electrolytes designed for high-voltage ternary power batteries. Through high-voltage resistant solvent optimization and effective coordination of efficient film-forming additives, these electrolytes suppress high-voltage interfacial side reactions. By precisely regulating solvation effects, metal ion dissolution is inhibited, enhancing battery cycle life. Batteries using these electrolytes can achieve capacity retention rate exceeding 90% after 2,500 cycles at 25°C, representing a leading position compared to the industry average of 1,500 to 2,500 cycles, according to Frost & Sullivan.	Power batteries
High-voltage electrolytes for lithium cobalt oxide (鈷酸鋰高電壓電解液)	Electrolytes designed for high-voltage LCO systems. By introducing high-voltage-resistant solvents to prevent continuous oxidative decomposition of electrolytes under high-voltage conditions, and through the combined use of specific metal-stabilizing additives and interfacial protection additives, electrode interfacial degradation and cobalt dissolution are suppressed, enable the batteries to achieve higher energy density and extended cycle life. At 25°C, 4.5V high-voltage LCO batteries using these electrolytes can achieve a cycle life of 1,200 cycles, higher than the industry average of less than 1,000 cycles, according to Frost & Sullivan.	Consumer electronics batteries
Gel electrolytes (凝膠電解質)	Gel electrolytes for ternary and LFP systems. Utilizing in-situ curing gel electrolyte technology, gel electrolyte products have been developed through precise optimization and selection of polymer monomers and initiators. The gel electrolytes formed after curing possess ionic conductivity comparable to liquid electrolytes while featuring a multi-dimensional network structure that effectively suppresses side reactions between the electrolytes, cathode and anode materials. Gel electrolytes enhance the safety performance of lithium-ion batteries, ensuring batteries do not catch fire or explode during safety tests such as acupuncture, hot box, and overcharge tests. Gel electrolytes can enable lithium-ion batteries to withstand hot box temperatures up to 200°C, and reach a cycle life of 2,000 cycles at capacity retention rate of 80%.	Power batteries, consumer electronics batteries, emerging applications
Ultra-low temperature electrolytes (超低溫電解液)	Batteries using these electrolytes can significantly improve low-temperature adaptability, enabling long-term stable operation under extreme low temperatures. Capacity retention rate exceeds 90% at -40°C and rate exceeds 65% at -68°C, whereas conventional ultra-low temperature electrolytes in the industry are typically only applicable within a range of -20°C to -40°C, according to Frost & Sullivan.	Emerging applications

BUSINESS

Products	Key features and technical specifications	Key applications
Super-long cycle life/high-rate sodium-ion battery electrolytes (超長循環壽命/高倍率鈉離子電池電解液)	Electrolytes designed for sodium-ion batteries. Through solid electrolyte interphase additive optimization, a dense, stable solid electrolyte interphase with ultra-high ionic conductivity is formed on the battery anode surface, significantly reducing the solubility of solid electrolyte interphase components in electrolyte solvents and minimizing active sodium loss during long-term cycling. Sodium-ion batteries using these electrolytes simultaneously achieve ultra-long cycle life and high-rate characteristics. At 25°C and a capacity retention rate of 80%, batteries using these electrolytes can achieve a cycle life of 10,000 cycles at 1C/1C and can reach continuous discharge capacity retention rate at 25°C of over 94%.	ESS batteries, emerging applications
Flame-retardant electrolytes (阻燃電解液)	Flame-retardant electrolytes designed for LFP batteries in high-safety applications. Utilizing composite technology of novel flame-retardant solvents and flame-retardant additives, when applied to LFP batteries, the electrolytes significantly reduce heat generation during battery failure and provide wide temperature adaptability and can support high-rate charge and discharge requirements from 1C to 5C. During safety tests including short circuit, acupuncture, thermal shock, and crush tests, batteries using these electrolytes do not smoke, fire, or explode throughout the process, effectively enhancing battery safety performance.	Power batteries, ESS batteries, emerging applications
Oxide electrolytes (氧化物電解質) . . .	Taking LATP oxide electrolytes as an example, their ionic conductivity can reach 0.7 mS/cm, higher than the industry average of 0.3 mS/cm, according to Frost & Sullivan. Batteries using these electrolytes achieve performance advantages including high safety and high power.	Power batteries, ESS batteries, emerging applications
Sulfide electrolytes (硫化物電解質) . . .	Taking coarse-powder sulfide electrolytes as an example, their ionic conductivity can reach 12 mS/cm, higher than the industry average of 8 mS/cm, according to Frost & Sullivan. Batteries using these electrolytes achieve performance advantages including high safety and high energy density.	Power batteries, ESS batteries, emerging 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.

BUSINESS

RESEARCH AND DEVELOPMENT

Through our dedicated R&D efforts, we continuously improve our technical capabilities and promote product and technological innovation. We have established our own R&D bases in Xianghe, Hebei Province and Huzhou, Zhejiang Province, housing four specialized R&D centers, focusing on synthesis, electrolyte formulation, process R&D, respectively. We primarily conduct R&D independently, complemented by collaborative and commissioned R&D initiatives.

- **Synthesis R&D Center:** It focuses on developing high-yield, low-energy-consumption and environmentally-friendly synthesis routes for core components including solutes, solvents and additives, and collaborating with the procurement department to reduce raw material costs.
- **Electrolyte Formulation R&D Center:** It focuses on electrolyte formulation design, material screening, mechanism research, full-process validation and failure analysis. It delivers specifications and manufacturing processes to support mass production conversion, quality control and technology iteration, while interfacing with customers and suppliers.
- **Process Development R&D Center:** It establishes the technical pathway from laboratory formulations to industrial-scale mass production, conducting process design, optimization and validation across the entire electrolyte production workflow.
- **Frontier R&D Center:** It focuses on the development of our emerging products and technologies, such as solid-state battery related products. It also provides technical support and oversees production planning, facility construction and product delivery of our solid-state battery related products.

We are committed to investing in R&D to enhance our technology capabilities that can further empower our business operations and catalyze innovation throughout our various business lines and expand the downstream application scenarios of our products. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expense was RMB19.7 million, RMB24.1 million, RMB30.2 million, RMB11.3 million and RMB25.8 million, respectively.

Our R&D System

We have established a proprietary R&D and innovation system built upon our deep understanding of research methodologies and scientific theories such as molecular dynamics and electrochemical phase-field methods, and leveraging extensive industry experience and technical expertise accumulated over years of specialization in the lithium-ion battery electrolyte sector, which is reflected in the following aspects:

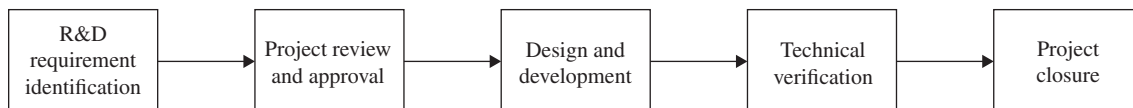
- **Electrolyte formulation R&D:** Guided by solvation theory and based on visualized solvation structures and molecular interface models, we used a quantitative design methodology for functional electrolytes and compatible battery systems grounded in solvation structural chemistry as the underlying logic. This approach has successfully transformed our R&D model from the traditional trial-and-error formulation model to a theory-driven design model.
- **Additive R&D:** We possess deep understanding of the rational combination and mechanistic principles of additives. We are leveraging AI computation to conduct R&D design driven by both data and mechanisms.
- **Product R&D:** We pursue customer-oriented development through deep collaboration and joint R&D partnerships with leading customers. In emerging battery material fields such as SSE and sodium-ion battery electrolytes, we actively pursue technological innovation and have independently developed multiple proprietary technologies. See “— Our Proprietary Technologies.”

BUSINESS

- **Engineering System:** We possess the capability to rapidly transform research into stable large-scale production. We have integrated digital and intelligent R&D tools in our R&D process management. Through refined R&D process control, we effectively reduce overall R&D costs and improve the commercial success rate of R&D projects.

Our R&D Process

We have standard operating procedures for the development of new products. The following chart sets out our procedures in developing new electrolyte products:



R&D requirement identification: This stage primarily focuses on the identifying and verifying R&D requirements. To define requirements, we analyze potential demands from both customers and internal teams, then complete a project initiation application. A project review committee is established to oversee the process. For requirements verification, we hold a project kick-off meeting to discuss the background, objectives, expected timeline, quality standards and deliverables. A research and analysis report is prepared, and the committee assigns a project classification level.

Project review and approval: The review committee evaluates the project through needs assessment and interaction review, determines the technical solution and sets project assessment indicators.

Design and development: We formulate a technical solution with clearly defined milestones and task schedules. Testing workflows and standards are established, and risk analyses are conducted to address schedule, personnel, technical and environmental risks. Based on the technical solution, we reassess project resources and workload requirements.

Technical verification: This stage includes small-scale testing and pilot-scale testing with stage reviews, where testing verification reports will be produced. Monthly progress reports are presented at regular meetings. Mass production verification follows, including process validation, review sessions, and final verification reports. Approval for mass production is granted upon successful verification, with documentation and coding standards executed in line with company-wide protocols.

Project closure: The review committee conducts project closure review on deliverables, documentation and overall performance. Results review forms, closure reports, and presentation materials are generated to formally conclude the project.

Our R&D Team

We have an experienced and highly professional team. As of June 30, 2026, our in-house R&D team consisted of 81 members, representing 10.6% of our total employees. Of these R&D professionals, 30 held a master’s degree or higher, and a significant number are graduates of leading universities in the PRC, with diverse expertise spanning the fields of new energy and materials chemistry. Leveraging their multidisciplinary knowledge and industry experience, our R&D team is well positioned to address complex technological challenges in electrolyte development. We believe their professional approaches not only contribute to the advancement of our proprietary technologies but also enhance product performance, strengthen our competitive advantages and support the sustainable growth of our business.

BUSINESS

Our Proprietary Technologies

We are committed to continuously developing technologies and products to strengthen our competitive edge. We have successfully developed several leading proprietary technologies for electrolytes, including:

- ***Flame-retardant electrolyte system:*** This system adopts a composite strategy integrating solvent and flame-retardant additive technologies to develop high-safety flame-retardant electrolytes. While preserving largely uncompromised electrochemical performance, including high and low-temperature performance and discharge performance, the product elevates the safety protection level of battery cells, ensuring no ignition or explosion occurs in rigorous safety tests such as short-circuit, nail penetration, thermal shock, overcharge and crush tests. Boasting outstanding safety performance and electrochemical compatibility, this flame-retardant electrolyte product exhibits broad application prospects and market value in sectors with stringent battery safety requirements, including rail transit, new energy storage, aerospace and NEVs.
- ***Super-long cycle life sodium-ion battery electrolyte technology:*** through additive optimization, a dense, stable sodium electrolyte interphase with ultra-high ionic conductivity is formed on the battery anode surface, reducing active sodium loss during long-term cycling. Sodium-ion batteries using these electrolytes simultaneously achieve ultra-long cycle life and high-rate characteristics, demonstrating significant application potential in communication base stations and data centers.
- ***High-nickel ternary and silicon-based anode electrolyte technology:*** By addressing silicon anode system expansion and solid electrolyte interphase film instability issues, this technology significantly improves discharge capacity retention rate to exceed 97% at 4C rate, with cycle life maintaining 80% capacity retention rate after 900 cycles. The technology is also designed for outdoor environments ranging from -30°C to 60°C, achieving 90% capacity at -30°C, and passes hot box tests at 130°C. High energy density batteries equipped with this technology are used in drones.
- ***Ultra-low temperature electrolyte technology:*** This technology significantly improves lithium-ion transmission rates at low temperatures, with capacity retention rates of over 90% at -40°C and over 65% at -68°C, enabling long-term stable battery operation under extreme low temperatures. Batteries equipped with this technology are primarily applied in northern base station communication equipment, Antarctic expeditions, and aerospace, marine, and other special applications.

In addition, we have developed core technologies in the production of solutes to help ensure supply chain security while reducing costs. Such technologies include:

- ***High-purity phosphorus pentafluoride technology:*** This technology is applied for the preparation of phosphorus pentafluoride, with the product achieving a purity of 99.99% and above. This technology has obtained the invention patent “A Method for Preparing High-Purity Phosphorus Pentafluoride Gas Using Non-aqueous LiPF₆ Ionic Liquid (一種非水六氟磷酸離子液體製備高純五氟化磷氣體的方法)”. Phosphorus pentafluoride can be used in the production of LiPF₆.
- ***Synthesis process technology for lithium bis(fluorosulfonyl)imide (雙氟磺酰亞胺鋰):*** The core intermediate in this technology adopts a green synthesis process, featuring low cost and environmental friendliness. Currently, lithium bis(fluorosulfonyl)imide can be used as an electrolyte additive or solute, which partially replaces LiPF₆, and significantly enhances the high-temperature performance and normal-temperature cycle performance of batteries.

BUSINESS

Our Key R&D Projects

We are committed to advancing our R&D projects to facilitate the development and commercialization of our products. The table below sets forth the details of our several key R&D projects as of the Latest Practicable Date.

R&D projects	Independent/ Joint R&D	Self-initiated/ customer- driven	Targeted outcomes	Development stage	Expected commercialization/ launch time
R&D and Industrialization of Oxide and Sulfide Solid Electrolytes (氧化物及硫化物固體電解質研發及產業化) . . .	Independent R&D	Self-initiated	To achieve mass production of oxide and sulfide solid electrolytes	Under verification	Commercialization of oxide solid electrolytes in 2026 and sulfide solid electrolytes in 2027
Development and Application of High-Performance Anion Exchange Membranes and Electrocatalyst Materials for High-Performance AEM Water Electrolysis Systems (用於高性能AEM電解水系統的高效陰離子交換膜與電催化劑材料的開發與應用)	Joint R&D	Self-initiated	To develop high-performance anion exchange membranes and electrocatalyst materials for AEM water electrolysis systems	Under development	Commercialization of electrocatalyst materials for AEM water electrolysis systems in 2028 and anion exchange membranes for AEM water electrolysis systems in 2029
Development of High-Safety Electrolytes (高安全電解質開發) . . .	Independent R&D	Self-initiated	To achieve satisfactory nail-penetration safety performance for high-nickel batteries without fire or smoke emission and without compromising battery performance	Under development	Commercial promotion in 2026
Development of High-Performance and Low-Cost Sodium-Ion Batteries (高性能低成本鈉離子電池研製) . . .	Joint R&D	Customer-driven	To establish a mass production platform for sodium-ion battery electrolytes	Under development of key technologies for sodium-ion battery electrolyte production process	Commercialization in 2027
Development of Safe Electrolyte – Gel Electrolyte Formulation (安全型電解液-凝膠電解液配方開發).	Independent R&D	Self-initiated	To develop a gel electrolyte that addresses thermal runaway safety issues of batteries	Under verification	Commercialization in 2027

As of June 30, 2026, we had 171 registered patents in China. Substantially all such patents were developed independently by us. As of June 30, 2026, we had two registered patents in Japan.

Our R&D efforts have received wide recognition. For example, in April 2025, our R&D and industrialization project for key technologies in high-energy-density and high-safety power lithium-ion battery electrolytes was awarded the Hebei Province Science and Technology Award (河北省科學技術獎) from the People’s Government of Hebei Province (河北省人民政府). See “—Awards and Recognitions.”

BUSINESS

Advances in Emerging Technologies

We believe the lithium-ion battery industry will continue to evolve towards higher safety, higher energy density and faster charging products. In order to take advantage of such trend, we have proactively positioned ourselves in emerging sectors.

Our developed sulfide SSE have achieved ionic conductivity of 12 mS/cm, approaching liquid electrolyte performance, and have been successfully adapted to high-nickel ternary and silicon-based anode systems. Such electrolytes can be mass produced and can be used in power batteries for passenger vehicles. Our developed oxide lithium aluminum titanium phosphate SSE have achieved ionic conductivity of 0.7 mS/cm.

For the lithium anode-free electrolyte technology, we are collaborating with downstream customers to develop electrolyte products for battery cell systems with an energy density of 400 Wh/kg. By designing and developing key electrolyte components including solvents and LiPF_6 , we have initially completed the construction of a electrolyte system, which mitigates the formation of lithium dendrites and lithium loss during battery cycling, thereby providing an effective solution for the design of high-energy-density battery cells.

For sodium-ion battery systems, we are undertaking national-level research projects. We have developed specialized electrolyte products, focusing primarily on ESS, grid peak shaving and other application scenarios, collaborating with multiple sodium battery manufacturers and achieving supply in batches.

Our R&D Cooperation

We collaborate with a number of research institutes and universities to enhance our R&D capabilities in the lithium-ion battery materials field. For example, in January 2026, a joint research project on key materials for high-safety batteries and supercapacitors, which we conducted in collaboration with a university and two of our customers, passed the acceptance check for the Zhejiang Provincial Science and Technology Program (浙江省科技計劃項目). We have also entered into strategic cooperation agreements with some leading Chinese solid-state battery customers to conduct joint development in solid-state, hybrid solid-liquid and liquid-state electrolytes. We believe these collaborations will allow us to continue to enhance and upgrade our existing technologies, while also providing valuable insights into prevailing industry trends and emerging innovations. The salient terms of our typical cooperation agreements are set forth below:

- **Objective:** The R&D objectives are specified in the cooperation agreements.
- **Costs and resources:** We may provide funding and experimental equipment for R&D, along with raw materials for development and composition data for solutions, according to the cooperation agreements. The cooperation partners provide technical guidance and support, helping us enhance relevant technologies, joint-develop relevant electrolyte products and address challenges during pilot-scale testing and facilitating the transition to mass production.
- **Milestone and profit sharing:** Our cooperation partners generally do not enjoy any rights to the subsequent income or benefits arising from the relevant technological achievements. We generally pay fixed amounts to such partners by instalments in accordance with agreed project milestones. We generally pay 10% or 20% of the total fee upon execution of the agreement. Subsequently, in accordance with the R&D progress, we pay partial fees at respective stages after the jointly-developed electrolytes meet the stage-specific technical specifications and pass the stage-specific performance tests as set forth in the agreement.

BUSINESS

- **Intellectual property rights:** Both parties will jointly own the relevant technological achievements and intellectual property rights arising from such cooperation. Each party shall have the right to make subsequent improvements to the technological achievements jointly developed under the cooperation. Any new technological achievements arising therefrom shall be owned by the improving party. Where the improving party is the cooperation partner, we shall have the right of first use in respect of such new technological achievements.
- **Confidentiality:** Both parties shall maintain confidentiality of related documents and commercial secrets, and should not disclose any information to third parties without written consent.

Commissioned R&D

We commission certain R&D projects to universities, research institutes and enterprises, which may execute certain aspects of the R&D work for us, including background studies, research planning, structural design, synthesis and performance testing. The salient terms of our typical commissioning agreements are set forth below:

- **Objective:** The commissioned party shall achieve the technological objectives as specified in the commissioning agreements.
- **Costs and resources:** We provide funding for R&D and procure raw materials for development, while the commissioned party provides premises and equipment required for R&D.
- **Intellectual property rights:** We are the sole owner of the technological achievements and intellectual property rights arising from the execution of the commissioning agreements.
- **Confidentiality:** All parties shall maintain confidentiality of any non-public information obtained during the discussion and execution of the agreement, and may not disclose such information to any third parties without prior consent of the other party.

PRODUCTION

Our Production Bases

As of the Latest Practicable Date, we operated three production bases in China, which were located in Huzhou, Zhejiang Province (“**Huzhou Production Base**”), Yibin, Sichuan Province (“**Yibin Production Base**”) and Jining, Shandong Province (“**Jining Production Base I**”). The following table sets forth detailed information relating to our production bases:

Location	GFA	Products Manufactured	Year of Commencement of Production	Key Features
Huzhou, Zhejiang Province	23,811.93 sq.m	Lithium-ion and sodium-ion electrolytes	2019	Our lithium-ion battery electrolyte production base covering Eastern and Southern China.
Yibin, Sichuan Province	34,615.29 sq.m	Lithium-ion electrolytes	2023	Our lithium-ion battery electrolyte production base covering Central and Western China.
Jining, Shandong Province	56,733.58 sq.m	LiPF ₆	2023 ⁽¹⁾	Our raw materials production base.

Note:

- (1) Our Jining Production Base I has been operated by Shandong Lizhong since it commenced production in November 2023 in which we acquired a 51.00% equity interest in November 2025.

BUSINESS

The following map sets out our current production bases and bases under planning:



Note:

- (1) 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.

Production Machinery and Equipment

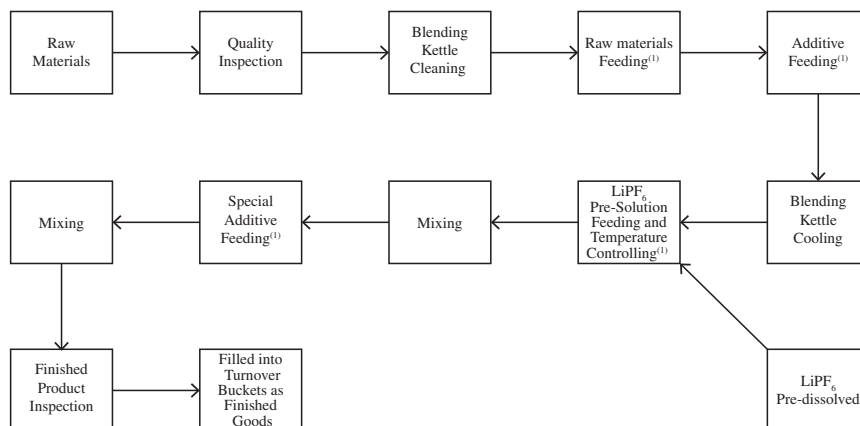
Our production bases are generally equipped with professional machinery and equipment. Our major machinery and equipment used for the production of electrolytes include: (i) container equipment, including mixing reactors and storage tanks; (ii) filling equipment, including transfer tanks and circulation tanks; (iii) compressors; (iv) pump equipment, including magnetic pumps and product filling pumps; and (v) complete equipment sets, including purified water systems.

All the machinery and equipment for production are owned by us, and were primarily purchased from reputable equipment manufacturers in the PRC during the Track Record Period. We work with our equipment suppliers to repair and maintain our machinery and equipment on a regular basis to ensure good working condition. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any prolonged suspension of the production process or significant interruption in our business operations due to production equipment failures or breakdowns.

Production Process

Our production adheres to the quality standards and product specifications required by our customers. In order to manufacture products with consistent quality, we maintain stringent technical standards in our production processes. The typical lead time from raw material preparation to finished product is approximately 48 hours. The following diagram sets out the main steps of the production process for our electrolyte products.

BUSINESS



Note:

- (1) Our various electrolyte products differ primarily in their formulations. At the feeding stages, different types and quantities of solutes, solvents and additives are introduced according to the specifications of individual production work orders.

We have independently developed a series of enhanced electrolyte production processes, which effectively improve production efficiency, reduce costs and ensure product quality. The LiPF₆ powder conveying process adopts automatic weight control to realize error prevention and foolproofing of feeding quantity, where typical industry feeding remains semi-manual and less precise, according to Frost & Sullivan. Taking the production of 24-ton pre-dissolved salt as an example, the feeding time of LiPF₆ is shortened from the original 4 hours to 2 hours, and the conveying efficiency is increased by more than 50%.

Combined with automatic feeding, our additive pre-dissolution process not only reduces the feeding time, but also improves the accuracy and reliability of feeding, surpassing conventional batch based processes and shortening the overall conventional production time by more than 20%, according to Frost & Sullivan. The solvent parallel feeding process improves the efficiency of solvent feeding by more than 50%; for the production of 20-ton electrolyte, the total solvent feeding time is reduced from the original one to 1.5 hours to less than half an hour which is approximately 50% faster than the industry average, according to Frost & Sullivan.

The ton-barrel closed solvent cleaning process reduces the loss of parts and components caused by the disassembly of ton-barrels, improves the cleaning efficiency by more than 50%, and at the same time enhances the operation efficiency of ton-barrels and reduces the cleaning labor, compared with traditional open cleaning methods with higher wear and inefficiency in industry, according to Frost & Sullivan. For packaging barrels of 200L and below, the nitrogen purging process is adopted: after the packaging barrels are cleaned and dried, nitrogen is used for purging instead of the original solvent rinsing process, which improves the adaptability of packaging barrels, reduces the introduction of foreign components caused by incorrect use of packaging barrels, reduces the work intensity of employees and improves the barrel cleaning efficiency.

In addition, we have optimized the cleaning process of the blending kettle by adjusting the cleaning method and solvent dosage, which reduces the solvent consumption for kettle cleaning by more than 50% compared with conventional cleaning methods in industry and effectively reduces the cost of kettle cleaning, according to Frost & Sullivan. These self-developed production processes form our core technical advantages in the electrolyte production field, laying a solid foundation for the stable and efficient operation of production.

BUSINESS

Production Capacity, Volume and Utilization Rate

For the construction and operation of our in-house production bases, we normally take into account not only our historical and current sales volume, but also our projections for future development of the lithium-ion battery and electrolyte industries. In addition, we plan our electrolyte production capacity to accommodate our expected business growth, including the mass production of hybrid solid-liquid electrolyte, sodium-ion electrolyte and SSE. The following table sets forth the designed production capacities, production volumes and utilization rates for our electrolyte products for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
Electrolytes					
Designed production capacity ⁽¹⁾ (tons) . . .	120,000	180,000	180,000	90,000	90,000
Production volume ⁽²⁾ (tons)	52,700	61,732	108,221	42,329	78,547
Utilization rate ⁽³⁾ (%) .	43.9	34.3	60.1	47.0	87.3

The following tables set forth the designed production capacities, production volumes and utilization rates of our production bases for the periods indicated:

Huzhou Production Base

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
Electrolytes					
Designed production capacity ⁽¹⁾ (tons) . . .	60,000	60,000	60,000	30,000	30,000
Production volume ⁽²⁾ (tons)	45,772	32,662	50,725	21,756	35,503
Utilization rate ⁽³⁾ (%) .	76.3	54.4	84.5	73.5	118.3

Yibin Production Base

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
Electrolytes					
Designed production capacity ⁽¹⁾ (tons) . . .	60,000 ⁽⁴⁾	120,000	120,000	60,000	60,000
Production volume ⁽²⁾ (tons)	6,928	29,069	57,496	20,573	43,044
Utilization rate ⁽³⁾ (%) .	11.5	24.2	47.9	34.3	71.7

Jining Production Base I⁽⁵⁾

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
LiPF₆					
Designed production capacity ⁽¹⁾ (tons) . . .	139	2,000	10,000	2,500	5,000
Production volume ⁽²⁾ (tons)	23	401	1,730	692	2,378
Utilization rate ⁽³⁾ (%) .	8.6	20.1	17.3	27.7	47.6

BUSINESS

Notes:

- (1) The designed production capacity for the year/period is calculated based on the following assumptions: (i) all the production lines are operating at full capacity; (ii) our production facilities operate for 336 days on an annual basis and 168 days on a semi-annual basis; and (iii) our production facilities operate for 24 hours on a daily basis with production personnel working in two shifts.
- (2) The actual production volume of the year/period represents the total quantity of products produced during that year/period.
- (3) The utilization rate for the year/period is calculated by dividing the actual production volume by the designed production capacity for the same year/period.
- (4) Yibin Production Base, with its annual production capacity of 120,000 tons, commenced commercial production in July 2023.
- (5) Jining Production Base I has been operated by Shandong Lizhong since it commenced production in November 2023 in which we acquired a 51.00% equity interest in November 2025. The utilization rate of Jining Production Base I remained relatively low in 2023, 2024 and 2025, primarily due to (i) its initial trial production stage, during which production volume was in a gradual ramp-up phase, (ii) the progressive customer acquisition process with the expansion of customer base, (iii) the relatively lower overall LiPF₆ prices in 2023, 2024 and 2025, resulting in a more prudent production strategy and moderate production volume levels, and (iv) following our acquisition in November 2025, additional time was required for the commissioning and optimization of all production lines, as well as for personnel recruitment and training for the operation of production facilities. The utilization rate of Jining Production Base I increased significantly to 47.6% in the six months ended June 30, 2026, primarily driven by improved market demand and increased LiPF₆ prices.

Our production capacity for our electrolyte products increased from 120,000 tons in 2023 to 180,000 tons in 2024, primarily due to the commencement of commercial production of our Yibin Production Base in July 2023, with its annual production capacity of 120,000 tons. The increase in production volume of our electrolyte products from 52,700 tons in 2023 to 61,732 tons in 2024 and 108,221 tons in 2025, and from 42,329 tons in the six months ended June 30, 2025 to 78,547 tons in the six months ended June 30, 2026, were mainly due to the increased customer orders in response to growing market demand.

The utilization rate of our electrolyte products decreased from 43.9% in 2023 to 34.3% in 2024, primarily because our newly operational Yibin Production Base was still in the process of developing customers in the surrounding area. By contrast, the utilization rate of our electrolyte products increased from 34.3% in 2024 to 60.1% in 2025, and from 47.0% in the six months ended June 30, 2025 to 87.3% in the six months ended June 30, 2026, mainly due to (i) the increasing order volumes from newly-developed customers of Yibin Production Base, and (ii) the increasing order volumes of Huzhou Production Base, as customer demand for electrolyte products continued to grow. According to Frost & Sullivan, our utilization rates of our electrolyte products during the Track Record Period were relatively higher than the industry average.

Our production capacity utilization rates were 43.9% in 2023 and 34.3% in 2024, primarily driven by two key transitional factors. First, Yibin Production Base only commenced operations in July 2023 and remained in a phase of production ramp-up and customer acquisition during 2023 and the first half of 2024, creating a timing mismatch between the actual release of production capacity and our designed capacity. Second, there was a degree of misalignment between the pace of downstream industry demand growth and our forward-looking capacity expansion strategy, which prevented capacity utilization from being fully reflected in 2023 and 2024. These utilization rates should be understood as a transitional feature of our proactive capacity planning within a growing industry cycle, rather than an indication of insufficient market demand. Furthermore, our production model is fundamentally driven by customer demand and order intake. The sales volume of our electrolyte products increased from 52,670 tons in 2023 to 60,676 tons in 2024, and further increased to 107,094 tons in 2025. Furthermore, the sales volume of our electrolyte products increased from 42,332 tons in the six months ended June 30, 2025 to 77,164 tons in the six months ended June 30, 2026. This growth trajectory closely aligns with our actual production volumes, namely 52,700 tons in 2023, 61,732 tons in 2024, 108,221 tons in 2025 and 78,547 tons in the six months ended June 30, 2026, confirming that our production planning is tightly integrated with market demand. Against this backdrop, our capacity utilization rate improved to 60.1% in 2025 and 87.3% in the six months ended June 30, 2026. This increase demonstrates that, as the downstream industry demand expanded rapidly and customer order volumes grew, our total current designed capacity of 180,000 tons was progressively and effectively utilized. The recovery in capacity utilization not only validates our capacity expansion decisions but also provides a solid foundation for meeting future market demand and expanding our business.

BUSINESS

MARKETING AND SALES

During the Track Record Period, we primarily focused our sales and marketing efforts on promoting our electrolytes. Our sales strategy emphasizes coverage of key lithium-ion battery manufacturing clusters across China. As of June 30, 2026, we had a sales and marketing team of 30 personnel, focusing on business development and customer service. Our sales and marketing personnel possess extensive industry knowledge, enabling them to effectively understand customer technical requirements and provide professional service.

When selecting a battery electrolyte supplier, customers generally focus on product performance, quality and consistency, safety standards, stable supply and on-time delivery. They also attach significant importance to strong R&D capabilities, mass production capacities, favorable industry rankings and advantageous geographical locations. Cost competitiveness, regulatory compliance, professional technical support, as well as the supplier’s financial stability and market reputation are also key considerations.

Our sales and marketing personnel regularly contact existing and potential customers about our current offerings and development plans through multiple channels including:

- ***Customer visits and on-site support:*** We maintain regular communication with customers through on-site visits, where they engage in technical discussions regarding electrolyte performance requirements and collaborate on joint product development initiatives. In addition, our technical sales personnel work closely with customers’ R&D teams to understand their battery development roadmap and electrolyte specifications ensuring that our solutions are aligned with their evolving needs.
- ***Industry conferences and exhibitions:*** We actively participate in major industry conferences and trade shows, including the International Summit on Power Battery Application (動力電池應用國際峰會) to showcase our latest product innovations, enhance brand visibility and establish connections with potential customers. These platforms enable us to demonstrate our technical capabilities and engage with industry participants.
- ***Technical seminars and workshops:*** We organize and participate in technical seminars focused on battery material innovations, where we present our latest research findings and product solutions to existing and potential customers.

Our business is not project-based. Our customers generally approach us or invite us to participate in their internal bidding processes. Where customers consider to cooperate with us, they provide us with their product customization requirements, including technical specifications and performance indicators. We undertake R&D, testing and trial production in accordance with such customization requirements. Following customers’ confirmation of satisfaction with our trial-produced products, purchase orders may be issued upon mutual agreement. We then arrange mass production in accordance with production plans and deliver the products in a timely manner. We subsequently collect payments and provide continuous after-sales support to ensure stable and long-term cooperation with customers.

As of the Latest Practicable Date, we had an order backlog of RMB212.6 million for our electrolyte products that had not yet been delivered. Future growth is expected to be further amplified with the industry development and market demand.

Salient Terms of Framework Sales Agreements with Major Customers

We enter into framework sales agreements with major customers, pursuant to which the customers issue specific purchase orders to us. The salient terms of such agreements typically include:

- ***Duration:*** The term of the agreement is typically one to three years.

BUSINESS

- **Scope of terms:** We supply products according to the specifications outlined in purchase orders issued by our customer from time to time.
- **Pricing and Payment:** The price is determined on a transaction-by-transaction basis as set out in the purchase orders.
- **Minimum Purchase Commitment:** There is no agreed minimum purchase commitment under the framework agreements. Payment is made after the customer accepts the delivered products, in accordance with the purchase orders.
- **Delivery arrangement:** We are responsible for delivering products to the customer’s designated location at our own expense.

During the Track Record Period and up to the Latest Practicable Date, other than one settled litigation as described in “— Legal Proceedings and Compliance — Litigation,” we did not experience any material breach of the agreements with our customers, nor did we have any material disputes with our customers.

Pricing

We price our products based on various factors, including, among others, raw material costs, labor and production costs, market supply and demand conditions, expected profit margins and customer negotiations. We closely monitor price fluctuations of key raw materials and actively seek to reduce procurement and production costs, reassessing our product pricing levels when necessary. Our framework sales agreements and long-term procurement agreements incorporate price adjustment mechanisms that allow us to flexibly adjust product prices in response to changes in supply and demand dynamics or the commercial environment. For our suppliers, we generally enter into long-term price linkage agreements with respect to our raw materials that are tied to the prices of their upstream raw materials. These agreements include provisions that grant us the right to adjust purchase volumes or terminate the agreement for renegotiation of raw material prices in the event of significant fluctuations in raw material costs. We also adopt a purchase order-based approach for procurement with certain suppliers. For customer agreements, we typically agree with customers that product prices will be adjusted and confirmed separately for each specific order to respond to changes in market prices. During the Track Record Period, benefiting from our practice of determining specific product prices on an order-by-order basis, we had not exercised any price adjustment mechanisms or recognized any related revenue therefrom.

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 period. The main payment methods of the five largest customers in each period during the Track Record Period were bank acceptance bills.

BUSINESS

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

Year Ended December 31, 2023

Rank	Customer	Background	Primary Products Provided	Year of Establishing Business Relationship	Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
					Days	RMB'000	%
1. . .	Group A	A public company located in Fujian Province, the PRC and listed both on Shenzhen Stock Exchange and the Stock Exchange, with registered capital of RMB4,403.3 million, primarily engaging in R&D, production and sales of batteries	Electrolytes	2018	90 days upon issuing the invoice	947,499	60.1
2. . .	Group B	A limited liability company located in Jiangsu Province, the PRC, with registered capital of RMB110.0 million, primarily engaging in R&D, production and sales of new energy equipment and electrolytes	Electrolytes	2020	60 days upon issuing the invoice	198,388	12.6
3. . .	Group C	A limited liability company located in Jiangxi Province, the PRC, with registered capital of RMB3,175.6 million, primarily engaging in production of lithium products	Electrolytes	2021	60 to 90 days upon issuing the invoice	101,259	6.4
4. . .	Jiangsu Tianhui Lithium Battery Co., Ltd. (江蘇天輝鋰電池有限公司)	A limited liability company located in Jiangsu Province, the PRC, with registered capital of RMB300.0 million, primarily engaging in R&D, production and sales of lithium-ion batteries	Electrolytes	2021	90 days upon issuing the invoice	25,168	1.6
5. . .	Customer D	A public company located in Guangdong Province, the PRC and listed on Shenzhen Stock Exchange, with registered capital of RMB2,045.7 million, primarily engaging in R&D, production and sales of lithium batteries	Electrolytes	2021	90 days upon issuing the invoice	24,829	1.6
Total.						<u>1,297,143</u>	<u>82.3</u>

BUSINESS

Year Ended December 31, 2024

Rank	Customer	Background	Primary Products Provided	Year of Establishing Business Relationship	Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
					Days	RMB'000	%
1. . .	Group A	A public company located in Fujian Province, the PRC and listed both on Shenzhen Stock Exchange and the Stock Exchange, with registered capital of RMB4,403.3 million, primarily engaging in R&D, production and sales of batteries	Electrolytes	2018	90 days upon issuing the invoice	604,994	59.3
2. . .	Jiangsu Zenergy Battery Technologies Group Co., Ltd. (江蘇正力新能電池技術股份有限公司)	A public company located in Jiangsu Province, the PRC and listed on the Stock Exchange, with registered capital of RMB2,554.5 million, primarily engaging in R&D, production and sales of battery products	Electrolytes	2023	60 to 90 days upon issuing the invoice	58,907	5.8
3. . .	Group B	A limited liability company located in Jiangsu Province, the PRC, with registered capital of RMB110.0 million, primarily engaging in R&D, production and sales of new energy equipment and electrolytes	Electrolytes	2020	60 days upon issuing the invoice	32,948	3.2
4. . .	Customer E	A limited liability company located in Fujian Province, the PRC, with registered capital of RMB1,094.7 million, primarily engaging in R&D, production and sales of ESS batteries	Electrolytes	2023	180 days upon issuing the invoice	28,528	2.8
5. . .	Rept Battero Co., Ltd. (瑞浦蘭鈞能源股份有限公司)	A public company located in Zhejiang Province, the PRC, with registered capital of RMB2,276.9 million, primarily engaging in R&D, production and sales of batteries	Electrolytes	2022	90 days upon issuing the invoice	19,629	1.9
Total.						745,006	73.0

BUSINESS

Year Ended December 31, 2025

Rank	Customer	Background	Primary Products Provided	Year of Establishing Business Relationship	Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
					Days	RMB'000	%
1. . .	Group A	A public company located in Fujian Province, the PRC and listed both on Shenzhen Stock Exchange and the Stock Exchange, with registered capital of RMB4,403.3 million, primarily engaging in R&D, production and sales of batteries	Electrolytes	2018	90 days upon issuing the invoice	844,671	48.4
2. . .	Customer E	A limited liability company located in Fujian Province, the PRC, with registered capital of RMB1,094.7 million, primarily engaging in R&D, production and sales of ESS batteries	Electrolytes	2023	180 days upon issuing the invoice	132,010	7.6
3. . .	Customer F	A limited liability company located in Jiangsu Province, the PRC, with registered capital of USD600.0 million, primarily engaging in R&D, production and sales of battery systems	Electrolytes	2024	90 days upon issuing the invoice	123,711	7.1
4. . .	Jiangsu Zenergy Battery Technologies Group Co., Ltd.	A public company located in Jiangsu Province, the PRC and listed on the Stock Exchange, with registered capital of RMB2,554.5 million, primarily engaging in R&D, production and sales of battery products	Electrolytes	2023	60 to 90 days upon issuing the invoice	113,585	6.5
5. . .	Phylion Battery Co., LTD. (星恒电源股份有限公司) (“Phylion”)	A limited liability company located in Jiangsu Province, the PRC, with registered capital of RMB321.6 million, primarily engaging in R&D and production of power batteries	Electrolytes	2021	150 days upon issuing the invoice	47,470	2.6
Total.						1,261,447	72.2

BUSINESS

Six Months Ended June 30, 2026

Rank	Customer	Background	Primary Products Provided	Year of Establishing Business Relationship	Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
1 . .	Group A	A public company located in Fujian Province, the PRC and listed both on Shenzhen Stock Exchange and the Stock Exchange, with registered capital of RMB4,403.3 million, primarily engaging in R&D, production and sales of batteries	Electrolytes	2018	90 days upon issuing the invoice	1,105,317	56.1
2 . .	Customer E	A limited liability company located in Fujian Province, the PRC, with registered capital of RMB1,094.7 million, primarily engaging in R&D, production and sales of ESS batteries	Electrolytes	2023	180 days upon issuing the invoice	106,787	5.4
3 . .	Group C	A limited liability company located in Jiangxi Province, the PRC, with registered capital of RMB3,175.6 million, primarily engaging in production of lithium products	Electrolytes	2021	60 to 90 days upon issuing the invoice	102,748	5.2
4 . .	Jiangsu Zenergy Battery Technologies Group Co., Ltd.	A public company located in Jiangsu Province, the PRC and listed on the Stock Exchange, with registered capital of RMB2,554.5 million, primarily engaging in R&D, production and sales of battery products	Electrolytes	2023	60 to 90 days upon issuing the invoice	83,666	4.2
5 . .	Customer F	A limited liability company located in Jiangsu Province, the PRC, with registered capital of USD600.0 million, primarily engaging in R&D, production and sales of battery systems	Electrolytes	2024	90 days upon issuing the invoice	76,797	3.9
Total						<u>1,475,315</u>	<u>74.8</u>

As of the Latest Practicable Date, none of our Directors or their respective close associates or any of our shareholders (who, to the knowledge of the Directors, owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each period during the Track Record Period.

BUSINESS

Customer E, Customer F and Phylion each became one of our five largest customers within one to four years after commencing business cooperation with us. The underlying reasons for, and circumstances leading to, the significant increase in our sales to these customers, particularly in 2025, primarily include the following factors:

- **Favorable Industry Dynamics.** The new energy sector, particularly the lithium-ion battery industry and electrolyte industry, experienced rapid growth in the past several years. According to Frost & Sullivan, for example, the global electrolyte industry market size in terms of revenue increased from RMB13.8 billion in 2021 to RMB48.7 billion in 2025, with a CAGR of 37.1% between 2021 and 2025. Driven by the increasing penetration of new energy vehicles, battery manufacturers accelerated capacity expansion, leading to a significant increase in demand for upstream materials.

In February 2025, the promulgation of 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品質發展的通知) (the “**Notice**”) drove China’s energy storage sector to transition from policy-driven mandatory supporting storage allocation to market-oriented development. Notably, we primarily supplied electrolytes for ESS batteries to Customer E and Customer F. Following the promulgation of the Notice, the PRC ESS market drove increased deployment of ESS projects and, in turn, higher demand for ESS batteries. As leading participants in the ESS battery segment, Customer E and Customer F benefited from such industry developments, which consequently contributed to the growth in demand for our electrolyte products.

In addition, several industry adjustments took place in the electric two-wheeler power lithium battery sector in 2024. On the one hand, the nationwide trade-in program for electric bicycles was rolled out, driving replacement demand for complete vehicles and supporting batteries. On the other hand, GB 43854-2024 Safety Specification for Lithium-ion Batteries Used in Electric Bicycles (電動自行車用鋰離子蓄電池安全技術規範) came into full force, imposing stricter requirements on product safety, performance and traceability management and phasing out all types of non-compliant battery products. Driven by the dual policies, market concentration continued to rise, and the penetration rate of lithium batteries in the electric two-wheeler market increased substantially. As leading participant in the electric two-wheeler power lithium battery sector, Phylion benefited from such industry developments, which consequently contributed to the growth in demand for our electrolyte products.

- **Rapid Expansion of Key Customers.** Customer E, Customer F and Phylion are all competitive battery manufacturers within the industry. During the Track Record Period, to our best knowledge, these customers experienced rapid business expansion and continuous capacity ramp-up, which in turn drove a corresponding increase in their procurement volumes from us.
- **Targeted Marketing Strategy and Deepened Cooperation.** From the perspective of our own development and marketing strategy, we identified the Customer E, Customer F and Phylion as key accounts and successfully established cooperation with them in 2023, 2024 and 2021, respectively, through proactive business development efforts. After entering their respective supply chains, we actively promoted deeper cooperation with the goal of becoming a core supplier leveraging our industry position and mass production capabilities. Under this strategic direction, we continuously improved product quality consistency, enhanced our supply capabilities, and strengthened customer service and technical support, thereby progressively increasing our share in the customers’ procurement systems.

Customer Concentration

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 period.

Our Directors consider that our customer concentration during the Track Record Period is mainly due to the high concentration of the downstream lithium-ion battery industry, and our ability to meet our customers’ requirements for product innovation and for stable supply at large scale. As

BUSINESS

of the Latest Practicable Date, our business relationships with our five largest customers during each period of the Track Record Period ranged from around two to seven years. We believe that we have maintained our customers’ loyalty through providing a broad spectrum of products that have met, and continue to meet, our customers’ specific functional needs and technical requirement. Our performance over the years has helped us secure recurring business opportunities from these customers. During the Track Record Period, we did not have any material dispute regarding our product quality with any customer who was one of our five largest customers in any period of the Track Record Period.

Despite our revenue concentration from our five largest customers during each period of the Track Record Period, we consider that our business is sustainable on the following grounds:

- except for Group A, none of our five largest customers in any period of the Track Record Period individually accounted for more than 15% of our total revenue during any period of the Track Record Period;
- we believe that it is mutually beneficial and complementary for both our major customers and us to maintain our business relationships. According to Frost & Sullivan, it is common in the electrolyte industry to have high concentration rate of customers, primarily because leading electrolyte companies, including our Company, leverage large-scale operations, cross-regional coordination, and reliable supply capabilities to create strong competitive barriers, making it difficult for new entrants to achieve comprehensive competitiveness in pricing, delivery and service in the short term. In addition, with the rapid growth in the demand for power batteries and ESS, global new energy materials customers require their suppliers possessing product consistency, reliability and sustainable supply. We believe our industry-leading R&D capabilities, customer satisfaction, manufacturing technologies and equipment, substantial production capacity and broad portfolio of lithium-ion battery materials form the foundation for our deep and stable relationships with major customers; and
- According to Frost & Sullivan, the new energy materials industry is concentrated. Thus, our reliance on our major customers is consistent with the industry norm.

Relationship with Group A

Group A is a globally leading new energy technology company, primarily engaged in the R&D, production, and sales of EV batteries and ESS batteries. Group A has been our largest customer during each year/period of the Track Record Period and was also among our top five suppliers in 2025. Group A has played a significant role in the development and growth of our business.

We commenced our business relationship with Group A in 2018 and were one of the important electrolyte suppliers for Group A during the Track Record Period. In 2021, Group A also became a supplier of additives for lithium-ion battery materials to us. Over the course of our relationship, we have actively supported Group A’s product development by providing technical expertise and tailored products.

Sales to Group A

Group A primarily procures electrolyte products from us. We have been supplying Group A with our electrolyte products on a continuous basis since 2018 and are currently party to a three-year framework agreement with Group A. Our Directors are of the view that this approach enables both parties to respond flexibly to fluctuations in market conditions, technological advancements and changes in end-market demand.

In 2023, 2024, 2025 and the six months ended June 30, 2026, revenue generated from Group A 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 period.

BUSINESS

Procurement from Group A

During the Track Record Period, we sourced raw materials such as additives from Group A. As a globally leading new energy technology company, Group A may designate the specific raw materials to be used in electrolyte formulations. In order to comply with its formulation requirements and product quality standards, we procured these designated raw materials directly from Group A.

In 2023, 2024, 2025 and the six months ended June 30, 2026, the amount of purchases we made with Group A amounted to RMB1.7 million, RMB28.0 million, RMB110.5 million and RMB517.9 million, respectively, accounting for 0.1%, 3.1%, 7.0% and 27.7% of our total purchases in the respective period. The terms and conditions of the procurement agreement with Group A were negotiated on an arm’s length basis and were generally in line with the terms and conditions with other comparable suppliers.

We believe that our relationship with Group A is mutually beneficial. While Group A is significantly larger in scale and has stronger bargaining power in the industry, our relationship is underpinned by long-term strategic interdependence rather than purely transactional dynamics. For Group A, we possess stable and mass production capacity that can effectively support its global expansion and production layout. Our R&D capabilities and close technical collaboration enable us to keep pace with its technological iteration and product upgrading demands. Our established customer stickiness and high industry entry barriers reduce the risks and costs associated with supplier replacement, thereby supporting its production continuity and operational stability. For us, Group A’s stable procurement volume provides us with solid revenue support and economies of scale, which improves our overall business development. Group A’s leading position in the industry offers us forward-looking technical guidance and insights that facilitate our R&D advancement. Its global footprint enables synergistic cooperation and resource integration, which in turn supports our overseas expansion strategy, such as our proposed construction in Hungary, see “Future Plans and [REDACTED].” Therefore, our Directors consider that our business relationship with Group A is unlikely to materially adversely change or terminate. This expectation is supported by the strategic interdependence and substantial switching costs embedded in our long-standing collaboration. As one of the few qualified electrolyte suppliers capable of meeting Group A’s stringent requirements for product consistency, quality stability, technical customization and large-scale reliable supply, we provide essential support for its production continuity and global expansion plans. According to Frost & Sullivan, Group A maintains stringent qualification requirements for electrolyte suppliers, encompassing quality management systems, manufacturing capabilities, product performance, supply reliability and compliance standards. Suppliers are generally required to complete a comprehensive qualification process involving multiple stages of testing, validation and quality assessment before they can be approved. Therefore, according to Frost & Sullivan, we are one of a limited number of electrolyte suppliers that have been able to meet such stringent requirement of Group A and thus establish and maintain long-term supply relationships with Group A. Any replacement or reduction of our supply would involve lengthy supplier qualification procedures, potential disruptions to production stability, increased operational risks and significant incremental costs for Group A. According to Frost & Sullivan, the qualification process for a new electrolyte supplier generally takes approximately six to 24 months for Group A, depending on the relevant product specifications and application scenarios. The replacement of an existing qualified supplier would typically require extensive additional testing, product validation, certification procedures and production-line verification, resulting in additional costs and resource commitments. As electrolytes are key materials that directly affect battery performance, safety and reliability, supplier replacement may also pose risks to product consistency, operational efficiency and security of supply during the transition period. Consequently, battery manufacturers generally prefer to maintain stable and long-term relationships with approved suppliers.

Meanwhile, our continued capacity expansion, sustained R&D investment and synchronized technical development further strengthen our ability to satisfy Group A’s evolving and demanding specifications. Coupled with Group A’s established practice of maintaining a diversified yet stable core supplier base to ensure supply chain security and operational resilience, the combination of technical barriers, supply reliability, strategic synergy and high switching costs provides a solid foundation for the stability and continuity of our relationship.

BUSINESS

Based on information available to our Directors, during the Track Record Period, Group A sourced the majority of its electrolyte products from a selected group of suppliers, including our Group. Our Directors further believe that it is the business plan of Group A to maintain a stable and diversified base of key suppliers in order to ensure continuity, quality and supply chain reliability.

We expect our relationship with Group A will remain stable for the following reasons: (i) engaging new suppliers introduces significant risks and uncertainties, including potential product quality concerns, divergence in commercial terms, and risks of delay in product delivery, any of which could materially disrupt a customer’s production processes and downstream relationships, and would also impose substantial qualification costs and transition burdens that compromise operational efficiency; (ii) according to Frost & Sullivan, leading electrolyte companies, including our Company, leverage large-scale operations, cross-regional coordination and reliable supply capabilities to create strong competitive barriers, making it difficult for new entrants to achieve comprehensive competitiveness in pricing, delivery and service in the short term; (iii) only a limited number of global market participants, including our Group, possess the integrated technological strengths necessary to meet the rigorous requirements of major customers such as Group A, reflecting the high entry barriers and specialized qualification system in the electrolyte industry. According to Frost & Sullivan, supplying leading battery manufacturers requires strong capabilities in product formulation, process development, quality management, large-scale manufacturing and customer qualification. Owing to the technological complexity of electrolyte products, the extensive qualification procedures imposed by leading battery manufacturers, and the demanding standards for product consistency, quality assurance and supply reliability, only a limited number of market participants are able to develop the integrated capabilities required to become qualified suppliers to major customers such as Group A. As a result, the electrolyte industry is characterised by relatively high entry barriers and a highly specialised supplier qualification framework; (iv) our R&D efforts and proprietary technical capabilities in developing, customizing and consistently producing high-performance electrolyte products have been instrumental in meeting Group A’s evolving and stringent technical standards, forming long-term technical synergy and mutual adaptation that is difficult to replicate; and (v) we have established a well-planned production capacity layout with strategically located production bases and orderly production expansion. As of the Latest Practicable Date, our electrolyte production capacity was 180,000 tons per year. 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 electrolyte production capacity will exceed 500,000 tons per year. This multi-location and mass production capacity layout enables us to effectively support Group A’s domestic and overseas production deployment and long-term growth strategy. Our supply to Group A with stable and timely deliveries at scale has further reinforced our ability to support Group A’s demands and expectations. We believe that our outstanding R&D capabilities and know-how have added significant value to our customers and have further strengthened customer loyalty, supporting the sustainability and stability of our long-term strategic cooperation. See “— Research and Development.” In addition, Group A has a well-established practice of maintaining a diversified and stable core supplier base to safeguard supply chain security and reduce reliance on single sources, which further supports the continuity of our cooperation. Moreover, the mutual strategic alignment and complementary business objectives between Group A and us create a solid foundation for long-term collaboration, as both parties share a common interest in promoting technological advancement, improving product performance and enhancing industry competitiveness. Therefore, our Directors are of the view, and the Joint Sponsors concur, that the likelihood of any material adverse change to, or termination of, our relationship with Group A is remote.

Our Directors believe that we will be able to mitigate our exposure to material adverse change to, or termination of, our relationship with our major customers since we believe that the [REDACTED] will enhance our profile and recognition, strengthening our ability to attract new businesses. The [REDACTED] also demonstrates our financial strength, which is an important consideration for potential customers. In addition, our [REDACTED] status would offer extra confidence to potential customers as they can obtain our public disclosure of information. The [REDACTED] from the [REDACTED] would strengthen our financial capability and provide us with additional capital to expand and diversify our business operations such that we will be able to undertake new projects, expand our customer base and reduce the risk of customer concentration. See “Risk Factors — Risks Relating to Our Business and Industry — We are subject to customer concentration risk.”

After-Sales Services

We have established an efficient and responsive customer service mechanism, acknowledging feedback and providing solutions swiftly, forming a complete closed loop of feedback, resolution, improvement and verification.

BUSINESS

We typically enter into quality assurance agreements with our customers to formalize our quality commitments and service standards. Internally, we have established a comprehensive Non-Conforming Output Management Procedure (不合格輸出管理程序) to systematically handle product replacements and returns. When customer feedback identifies defective products, our sales department records the details and requirements, then promptly informs the quality department. The quality team investigates to determine responsibility. For issues confirmed as our fault, we perform root cause analysis, implement corrective actions, and provide investigation and improvement reports to customers in line with their requirements and timelines. Confirmed non-conforming products are reviewed by our material review board—comprising quality, R&D, and relevant departments—which decides on appropriate disposition methods. Throughout the process, we maintain full traceability and record all quality issues in our knowledge management system to drive continuous improvement.

During the Track Record Period and up to the Latest Practicable Date, (i) we were not subject to any material administrative or other penalties from any governmental authority in connection with product quality, (ii) we did not experience any material product recall or product issue and were not ordered to undertake any mandatory product recalls as required by any government authorities, which could have a material adverse effect on our business, financial condition and results of operations, (iii) other than one settled litigation as described in “— Legal Proceedings and Compliance — Litigation,” we did not experience any incidents related to material product liability exposure, (iv) we did not receive any material complaints from customers in connection with product quality, and (v) we did not experience any sales of non-conforming products nor any material returns requested due to non-conforming products. See “Risk factors — Risks Relating to Our Business and Industry — Our products may not meet customers’ expectations and could potentially contain defects. We may be subject to financial and reputational risks due to product recalls and product liability claims arising from such defects.”

Third-Party Payment Arrangements

During the Track Record Period, certain of our customers (the “**Relevant Customers**”) settled payments with us through accounts held by third parties (the “**Third-Party Payment Arrangements**”). For the majority of arrangements under the Third-Party Payment Arrangements, trilateral payment agreements were executed among our Company, the Relevant Customers, and the third-party payors (the “**Third-party Payors**”). According to trilateral payment agreements, the designated Third-party Payors are authorized by the Relevant Customers to settle payments with us. For arrangements where no tripartite payment agreement has been entered into, the Relevant Customers were required to issue a written statement to us confirming that the designated Third-Party Payors have made the relevant payments to us. In 2023, 2024, 2025 and the six months ended June 30, 2026, the aggregate amount settled with the Relevant Customers under the Third-Party Payment Arrangements was RMB6.5 million, RMB1.1 million, RMB2.8 million and RMB7.7 million, respectively, representing 0.4%, 0.1%, 0.2% and 0.4% of our total revenue in the respective periods. In the six months ended June 30, 2026, the corporate bank accounts of one of our customers were frozen as a result of ongoing litigation. In order to continue to collect outstanding trade receivables due from this customer, we accepted third-party payments from its trade counterparties in accordance with tripartite agreements entered into among this customer, its trade counterparties and us. We anticipate that we will continue to collect outstanding trade receivables through Third-party Payors in the foreseeable future as this customer’s bank accounts remain frozen, until we collect all outstanding trade receivables from such customer. Save for this isolated non-recurring circumstance, as of the Latest Practicable Date, we had ceased all other Third-Party Payment Arrangements. Our Directors confirm that, save for this isolated non-recurring circumstance, there will not be any other Third-Party Payment Arrangements subsequent to the [REDACTED].

During the Track Record Period, save as discussed above, the Third-party Payors primarily consisted of associates of the Relevant Customers. During the Track Record Period, to the best knowledge of our Directors, all Relevant Customers and the designated Third-party Payors who settled payments under the Third-Party Payment Arrangements were Independent Third Parties. To the best knowledge of our Directors, the Relevant Customers utilized Third-party Payment Arrangements to settle their payments with us primarily due to their internal payment arrangements. According to the Frost & Sullivan, it is not uncommon for companies in the electrolyte industry in China to settle payments using the third-party payment arrangement. During the Track Record Period, we did not initiate any Third-Party Payment Arrangements, and the Third-Party Payment Arrangements were arranged based on the Relevant Customers’ requests. We did not provide any discount, commission, rebate or other benefits to any of the Relevant Customers or the designated third-party payors to facilitate or incentivize the Third-Party Payment Arrangements.

BUSINESS

During the Track Record Period, we implemented internal control measures to monitor and manage the Third-Party Payment Arrangements. We required the Relevant Customers to communicate with us the relevant information, including, among others, the reasons for the Third-Party Payment Arrangements and the identity of the involved third-party payors. We entered into the trilateral payment agreements with Relevant Customers and the Third-party Payors, or requested the Relevant Customers to issue written statements, both of which specify that the designated Third-party Payors are authorized by the Relevant Customers to settle payments with us. During the Track Record Period and up to the Latest Practicable Date, the relevant payments were based on *bona fide* underlying transactions and valid contractual relationships. The pricing and payment terms we provided to the Relevant Customers were in line with those provided to customers not involved in the Third-Party Payment Arrangements. During the Track Record Period and up to the Latest Practicable Date, we have duly booked all payments received under the Third-party Payment Arrangement according to our internal accounting policies and tax related laws and regulations.

To the best of our knowledge, we had not been subject of any investigations, enquiries, penalties or surcharges as a result of our involvement in the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. In addition, we had not encountered any refund requests, actual or pending disputes or disagreements due to Third-Party Payment Arrangements or any material claims against us in relation to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any money laundering issues, fabricated transactions, violation of tax laws or other illegal activities under the Third-party Payment Arrangement.

As advised by our PRC Legal Advisor, the Third-Party Payment Arrangements during the Track Record Period did not contravene the mandatory provisions of the Civil Code of the PRC in material aspects. Our Directors are of the view that, as (i) except for one isolated non-recurring circumstance discussed above, we had ceased all other Third-Party Payment Arrangements as of the Latest Practicable Date, and (ii) the aggregate amount settled and expected to be settled under the Third-Party Payment Arrangements is insignificant as compared to our total revenue during the Track Record Period, the foregoing internal control measures are sufficient and can substantially mitigate the risk we face for the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date.

SUPPLIERS AND PROCUREMENT

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. Our main payment methods for the five largest suppliers for each period during the Track Record Period were bank acceptance bills. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage or delay in the supply of raw materials and finished products from our suppliers.

BUSINESS

The following table sets forth the details of our top five suppliers in each period during the Track Record Period:

Year Ended December 31, 2023

Rank	Supplier	Background	Primary Products provided to us	Year of Establishing Business Relationship	Credit Term	Purchase Amount	As Percentage of Our Total Purchases
					Days	RMB'000	%
1. . .	Group D	A public company located in Henan Province, the PRC and listed on Shenzhen Stock Exchange, with registered capital of RMB1,190.4 million, primarily engaging in R&D and production of inorganic fluorides, electronic chemicals and lithium-ion batteries	Solutes	2015	30 days upon issuing the invoice	228,396	18.4
2. . .	Group B	A limited liability company located in Jiangsu Province, the PRC, with registered capital of RMB110.0 million, primarily engaging in R&D, production and sales of new energy equipment and electrolytes	Solutes, solvents and additives	2021	30 days upon issuing the invoice	176,956	14.3
3. . .	Supplier E	A public company located in Shandong Province, the PRC and listed on Shenzhen Stock Exchange, with registered capital of RMB222.8 million, primarily engaging in R&D, production and sales of electrolyte solvents	Solvents	2015	60 to 90 days upon issuing the invoice	111,359	9.0
4. . .	Jiangsu Jiujiajiu Technology Co., Ltd. (江蘇九九科技有限公司)	A limited liability company located in Jiangsu Province, the PRC, with registered capital of RMB628.0 million, primarily engaging in production of battery materials	Solutes	2015	30 days upon issuing the invoice	89,709	7.2
5. . .	Supplier F	A limited liability company located in Fujian Province, the PRC, with registered capital of RMB100.0 million, primarily engaging in R&D, production and sales of LiPF ₆	Solutes	2020	30 days upon issuing the invoice	83,891	6.7
Total.						690,311	55.6

BUSINESS

Year Ended December 31, 2024

Rank	Supplier	Background	Primary Products provided to us	Year of Establishing Business Relationship	Credit Term	Purchase Amount	As Percentage of Our Total Purchases
					Days	RMB'000	%
1. . .	Group D	A public company located in Henan Province, the PRC and listed on Shenzhen Stock Exchange, with registered capital of RMB1,190.4 million, primarily engaging in R&D and production of inorganic fluorides, electronic chemicals and lithium-ion batteries	Solutes	2015	30 days upon issuing the invoice	189,539	20.9
2. . .	Supplier E	A public company located in Shandong Province, the PRC and listed on Shenzhen Stock Exchange, with registered capital of RMB222.8 million, primarily engaging in R&D, production and sales of electrolyte solvents	Solvents	2015	60 to 90 days upon issuing the invoice	177,087	19.5
3. . .	Supplier F	A limited liability company located in Fujian Province, the PRC, with registered capital of RMB100.0 million, primarily engaging in R&D, production and sales of LiPF ₆	Solutes	2020	30 days upon issuing the invoice	61,240	6.7
4. . .	Hubei Hongyuan Pharmaceutical Technology Co., Ltd. (湖北省宏源藥業科技股份有限公司)	A public company located in Hubei Province, the PRC and listed on Shenzhen Stock Exchange, with registered capital of RMB400.0 million, primarily engaging in R&D, production and sales of new energy and polymer materials	Solutes	2021	60 days upon issuing the invoice	55,602	6.1
5. . .	Jiangsu Xintai Materials Technology Co., Ltd. (江蘇新泰材料科技有限公司)	A limited liability company located in Jiangsu Province, the PRC, with registered capital of RMB130.0 million, primarily engaging in R&D, production and sales of LiPF ₆ and battery additives	Solutes	2021	60 to 90 days upon issuing the invoice	40,951	4.5
Total.						524,419	57.7

BUSINESS

Year Ended December 31, 2025

Rank	Supplier	Background	Primary Products provided to us	Year of Establishing Business Relationship	Credit Term	Purchase Amount	As Percentage of Our Total Purchases
					Days	RMB'000	%
1. . .	Supplier E	A public company located in Shandong Province, the PRC and listed on Shenzhen Stock Exchange, with registered capital of RMB222.8 million, primarily engaging in R&D, production and sales of electrolyte solvents	Solvents	2015	60 to 90 days upon issuing the invoice	266,242	16.9
2. . .	Ganzhou Shilei New Energy Technology Co., Ltd. (赣州石磊新能源科技有限公司)	A limited liability company located in Jiangxi Province, the PRC, with registered capital of RMB50.0 million, primarily engaging in R&D, production and sales of battery materials	Solutes	2022	60 days upon issuing the invoice	204,110	13.0
3. . .	Group D	A public company located in Henan Province, the PRC and listed on Shenzhen Stock Exchange, with registered capital of RMB1,190.4 million, primarily engaging in R&D and production of inorganic fluorides, electronic chemicals and lithium-ion batteries	Solutes	2015	30 days upon issuing the invoice	178,880	11.3
4. . .	Supplier F	A limited liability company located in Fujian Province, the PRC, with registered capital of RMB100.0 million, primarily engaging in R&D, production and sales of LiPF ₆	Solutes	2020	30 days upon issuing the invoice	125,355	8.0
5. . .	Group A	A public company located in Fujian Province, the PRC and listed on both Shenzhen Stock Exchange and the Stock Exchange, with registered capital of RMB4,403.3 million, primarily engaging in R&D, production and sales of batteries	Additives	2018	90 days upon issuing the invoice	110,465	7.0
Total.						885,052	56.2

BUSINESS

Six Months Ended June 30, 2026

Rank	Supplier	Background	Primary Products provided to us	Year of Establishing Business Relationship	Credit Term	Purchase Amount	As Percentage of Our Total Purchases
					Days	RMB'000	%
1 . .	Group A	A public company located in Fujian Province, the PRC and listed both on Shenzhen Stock Exchange and the Stock Exchange, with registered capital of RMB4,403.3 million, primarily engaging in R&D, production and sales of batteries	Additives	2018	90 days upon issuing the invoice	517,900	27.7
2 . .	Supplier E	A public company located in Shandong Province, the PRC and listed on Shenzhen Stock Exchange, with registered capital of RMB222.8 million, primarily engaging in R&D, production and sales of electrolyte solvents	Solvents	2015	60 to 90 days upon issuing the invoice	229,226	12.3
3 . .	Supplier F	A limited liability company located in Fujian Province, the PRC, with registered capital of RMB100.0 million, primarily engaging in R&D, production and sales of LiPF ₆	Solutes	2020	30 days upon issuing the invoice	120,310	6.4
4 . .	Guizhou Phosphating New Energy Technology Co., Ltd. (貴州磷化新能源科技有限責任公司)	A state-owned company located in Guizhou Province, the PRC, with registered capital of RMB2,000.0 million, primarily engaging in R&D of new energy battery materials and technologies	Solutes	2024	30 days upon issuing the invoice	114,547	6.1
5 . .	Shandong Shida Shenghua Chemical Group Co., Ltd. (石大勝華新材料集團股份有限公司)	A public company located in Shandong Province, the PRC and listed on Shanghai Stock Exchange, with the registered capital of RMB1,250.0 million, primarily engaging in R&D, production and sales of lithium battery materials	Lithium fluoride and solvents	2008	90 days upon issuing the invoice	86,251	4.6
Total						<u>1,068,234</u>	<u>57.1</u>

BUSINESS

As of the Latest Practicable Date, none of our Directors or their respective close associates or any of our shareholders (who, to the knowledge of the Directors, owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each period during the Track Record Period.

Procurement Process

Our procurement pace is primarily based on our actual needs. During the Track Record Period, we primarily procured, among other things, (i) raw materials such as solutes, solvents and additives as well as other materials used for the production of LiPF_6 , such as lithium fluoride; (ii) equipment such as mixing tanks and tanks for production workshops; and (iii) auxiliary materials such as molecular sieves and filter cartridges. During the Track Record Period, all of our raw materials were purchased in the PRC. In order to ensure the stability of our supply chain and optimize our procurement cost, we have (i) made minority investments in upstream raw material providers, including Yingkou Changcheng and Sichuan Mingfang; and (ii) acquired Shandong Lizhong, which manufactures LiPF_6 , one of the key raw materials for our electrolyte production. In terms of the purchase amount of additives, in 2023, 2024, 2025 and the six months ended June 30, 2026, in-house supply, primarily representing the procurement from Yingkou Changcheng, accounted for 29.0%, 23.2%, 8.7% and 48.3% of our total procurement, respectively. In addition, since we acquired a 51.00% equity interest in Shandong Lizhong in November 2025, the in-house supply of LiPF_6 accounted for 3.6% and 16.7% of our total procurement quantity in 2025 and the six months ended June 30, 2026, respectively.

For raw materials procurement, our sales department provides the following month's plan to our technical department, which calculates the material requirements and synchronizes them with our procurement department. Our procurement department places orders based on the requirements and notifies our warehouse of the delivery schedule. Our quality department is responsible for inspection and acceptance of the materials into inventory. Our finance department is responsible for reconciliation and payment of procurement fees upon verification.

For equipment and auxiliary materials procurement, the requesting department submits requirements with clearly defined parameters and budgets for review and approval. Our procurement department then selects suppliers through inquiry or tender processes. Our technical and engineering departments coordinate on technical specifications and design drawings. Following due diligence and confirmation, we execute procurement contracts and technical agreements with the selected suppliers. Upon delivery of the equipment, we organize multi-departmental joint acceptance inspections, complete installation, commissioning and performance testing, and execute final acceptance reports. Progress payments and retention monies are paid in accordance with the agreed terms. Our finance department records the assets, while we maintain after-sales service tracking and comprehensive documentation archiving throughout the process.

Selection of Suppliers

We have established standard procedures for selecting suppliers, which are illustrated below:

- **Supplier Identification and Investigation:** Our procurement department identifies potential suppliers, giving preference to those with product advantages, recognized quality certifications, compliant operations, or customer designation. Suppliers complete a survey form, after which our procurement team screens them and submits qualified candidates to the quality department for evaluation.
- **Sample Testing and On-site Inspection:** Suppliers must submit samples for testing by our quality and R&D departments. Those failing tests will have their introduction process suspended until improvement reports are provided. We also conduct on-site inspections covering commercial, quality, technical, and system aspects. Suppliers rated A are directly qualified, those rated B must make corrections, and those rated C are disqualified.
- **Approval:** Our procurement department confirms pricing and delivery terms, and suppliers must sign quality agreements before trial production. Qualified suppliers then submit production approval documents and environmental reports, which we evaluate before seeking general manager approval to add them to our qualified supplier list.

BUSINESS

During the Track Record Period, we had established long-term stable cooperative relationships with leading suppliers of our major raw material categories, including solutes, solvents and additives.

Salient Terms of Framework Procurement Agreements with Suppliers

We generally enter into framework procurement agreements with major raw materials suppliers. The salient terms of such agreements typically include:

- **Product:** The product to be supplied is included in the framework procurement agreement, while the quantity, specifications and other details of the products are specified in the individual purchase order.
- **Duration:** Typically ranges from one year to three years.
- **Pricing and Payment:** Prices may be adjusted based on market prices. We typically settle payments with suppliers based on their invoices within the period specified in the framework procurement agreements.
- **Minimum procurement amount:** The framework procurement agreements typically do not specify a minimum procurement amount. They typically include an estimated procurement amount, with actual purchases subject to mutual negotiation.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of the agreements with our suppliers, nor did we have any material disputes with our suppliers.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, (i) Group A, one of our five largest customers in 2023, 2024, 2025 and the six months ended June 30, 2026, was also one of our suppliers during the same periods and one of our five largest suppliers in 2025 and the six months ended June 30, 2026; (ii) Group B, one of our five largest customers in 2023 and 2024, was also one of our suppliers during the same periods and one of our five largest suppliers in 2023; (iii) Group C, one of our five largest customer in 2023, was also one of our suppliers in 2024, 2025 and the six months ended June 30, 2026; and (iv) Group D, one of our five largest suppliers in 2023, 2024 and 2025, was also one of our customers in 2023, 2024, 2025 and the six months ended June 30, 2026.

For details about our relationship with Group A, see “— Marketing and Sales — Customer Concentration — Relationship with Group A.”

With respect to Group B, in 2023, 2024, 2025 and the six months ended June 30, 2026, we provided electrolytes for Group B with the revenue of RMB198.4 million, RMB32.9 million, RMB10.7 million and RMB10.6 million, respectively, representing 12.6%, 3.2%, 0.6% and 0.5% of our total revenue in the respective periods. In separate transactions, we primarily purchased solutes, solvents and additives in 2023 and 2024, with the purchase amount of RMB177.0 million and RMB24.4 million, respectively, representing 14.3% and 2.7% of our total purchases in the respective years. Since October 2024, Group B has discontinued its cooperation with our Company, as it had established its own in-house production capacity.

With respect to Group C, in 2023, 2024, 2025 and the six months ended June 30, 2026, we provided electrolytes for Group C with the revenue of RMB101.3 million, RMB3.2 million, RMB5.6 million and RMB102.7 million, respectively, representing 6.4%, 0.3%, 0.3% and 5.2% of our total revenue in the respective periods. In separate transactions, we primarily purchased solutes in 2024, 2025 and the six months ended June 30, 2026, with the purchase amount of RMB0.5 million, RMB4.8 million and RMB0.2 million, representing 0.1%, 0.3% and 0.01% of our total purchases in the respective periods.

BUSINESS

With respect to Group D, in 2023, 2024, 2025 and the six months ended June 30, 2026, we primarily purchased solutes from Group D with the purchase amount of RMB228.4 million, RMB189.5 million, RMB178.9 million and RMB47.8 million, respectively, representing 18.4%, 20.9%, 11.4% and 2.6% of our total purchases in the respective periods. In separate transactions, we provided electrolytes to Group D with the revenue of RMB21.4 million, RMB18.2 million and RMB2.1 million in 2023, 2024 and 2025, respectively, representing 1.4%, 1.8% and 0.1% of our total revenue in the respective years.

In 2023, 2024, 2025 and the six months ended June 30, 2026, aggregate sales to Group A, Group B, Group C and Group D accounted for revenue of RMB1,268.6 million, RMB659.3 million, RMB863.1 million and RMB1,218.6 million, respectively, and gross profit of RMB150.2 million, RMB33.8 million, RMB98.4 million and RMB174.9 million, respectively. Gross profit margin with respect to such sales was 11.8%, 5.1%, 11.4% and 14.4% in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

According to Frost & Sullivan, given considerations including raw materials quality control, cost management, supply chain security and deepened industrial chain collaboration, it is common for large customers in the electrolyte industry to require suppliers to purchase raw materials from them. Therefore, our procurement of raw materials from our major customers is in line with industry practice.

The raw materials purchased by us from the suppliers are of a general nature and are not limited to use in the production of products for such suppliers; they may also be used in the production of products for other customers. Upon delivery and acceptance of the raw materials purchased from our suppliers, we obtain legal title to such materials and have full discretion to determine their usage. Our procurement and sales transactions are separately entered into with our respective customers and suppliers.

Negotiations of the terms of sales to the companies mentioned above and purchases from them were conducted separately, and the sales and purchases were neither connected nor conditional upon each other. Our Directors are of the view that such arrangements are mutually beneficial, given that we negotiated with such companies on an arm’s-length basis. In addition, the terms of transactions with the companies mentioned above are in line with market practice and similar to those with our other customers and suppliers. Save as disclosed, to the best of our knowledge, none of our major customers during each year/period of the Track Record Period was a supplier of ours and vice versa.

BUSINESS SUSTAINABILITY

Industry Cyclicity and Impact on Our Financial Performance

During the Track Record Period, the electrolyte industry underwent cyclical adjustments, which adversely affected our financial performance. As a result, our revenue decreased by 35.3% from RMB1,576.6 million in 2023 to RMB1,020.6 million in 2024. Our gross profit margin decreased from 11.0% in 2023 to 4.4% in 2024. In addition, while we recorded a net profit of RMB86.2 million in 2023, we incurred a net loss of RMB27.6 million in 2024. These challenges were primarily attributable to industry-wide factors affecting the entire electrolyte industry, including, among others:

- **Raw material price.** As the primary raw material for lithium-ion battery electrolytes, the price of LiPF_6 directly affects our cost of sales and financial performance. The price of LiPF_6 is influenced by a combination of factors, including macro-level demand for new energy, changes in supply chain capacity, lithium carbonate price fluctuations, policy guidance and global battery market price trends. According to Frost & Sullivan, the average price of LiPF_6 experienced a surge from 2021 to 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 LiPF_6 decreased from approximately RMB130,200 per ton in 2023 to RMB62,500 per ton in 2024. See “Industry Overview — Price Analysis of Raw Materials and Electrolyte Products.” Largely as a result, the prices of our electrolyte products, which typically adjust in accordance with the market price of solutes, such as LiPF_6 , our core raw material, declined from approximately

BUSINESS

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.

- **Market competition.** As the market competition is intensifying, industry players have been continuing to leverage large-scale operations, cross-regional coordination and reliable supply capabilities to achieve comprehensive competitiveness in pricing, delivery and service in the short term, leading to pricing pressure across the industry. See “Industry Overview — Market Challenge Analysis of Global Electrolyte Industry.” According to Frost & Sullivan, the global electrolyte industry is a relatively concentrated market, with top five electrolyte suppliers accounting for a combined market share of 49.2% in terms of the revenue in 2025. As a result, our pricing is influenced by competitive dynamics within the industry.

Notwithstanding the industry challenges encountered in 2024, our financial performance demonstrated strong resilience. Our revenue increased by 71.1% from RMB1,020.6 million in 2024 to RMB1,746.1 million in 2025. Our gross profit margin improved from 4.4% in 2024 to 9.4% in 2025. In addition, while we recorded net loss of RMB27.6 million in 2024, we recorded net profit of RMB36.1 million in 2025. In addition, our revenue increased significantly from RMB636.5 million in the six months ended June 30, 2025 to RMB1,971.9 million in the same period in 2026. Our gross profit margin increased from 5.9% in the six months ended June 30, 2025 to 14.2% in the same period in 2026. This recovery trajectory was primarily driven by:

- **Continuously increased sales volume with relatively stabilized prices:** In line with our expanded customer base and growth in downstream EV batteries and ESS batteries industries, the sales volume of our electrolyte products increased by 76.5% from 60,676 tons in 2024 to 107,094 tons in 2025 and increased by 82.3% from 42,332 tons in the six months ended June 30, 2025 to 77,164 tons in the same period in 2026. In addition, our 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 and increased from approximately RMB15,000 per ton in the six months ended June 30, 2025 to approximately RMB25,000 per ton in the same period in 2026. Consequently, revenue contribution from sales volume growth more than offset the minor decrease in selling prices. Notably, in the fourth quarter of 2025 and the six months ended June 30, 2026, with growth in downstream NEVs and the progress of ESS project rollouts, demand for both EV batteries and ESS batteries recovered, leading to a further improvement in electrolyte demand. See “Industry Overview — Price Analysis of Raw Materials and Electrolyte Products.”
- **Enhanced cost efficiency:** We continued to enhance our cost efficiency by implementing systematic operational improvements across our production bases. We leveraged the distinct regional advantages of each base, such as proximity to major customers, access to local supply chains and favorable infrastructure, to minimize logistics expenses and improve delivery timeliness. By situating our production bases closer to end-markets, we not only reduced transportation costs but also enhanced responsiveness to customer demand.

Notably, the fluctuation of the raw materials prices are in line with a pronounced capacity cycle of China’s electrolyte industry. According to Frost & Sullivan, in 2020, China’s electrolyte production capacity reached approximately 450 thousand tons, with a utilization rate exceeding 60%, reflecting relatively balanced supply and demand. Since 2022, rapid capacity expansion combined with a moderation in downstream demand led to industry-wide overcapacity. Total capacity increased from approximately 2.1 million tons in 2022 to around 5.0 million tons in 2024, while utilization declined to about 30% in 2024, resulting in downward pressure on electrolyte prices in China. As China accounts for approximately 90% of global electrolyte shipments, global electrolyte price trends have remained highly aligned with those in China. With the gradual exit of outdated and inefficient capacity, improving industry concentration, and renewed demand growth driven by NEVs, energy storage systems and emerging applications, overcapacity conditions are expected to ease. In 2025, effective capacity adjusted to approximately 4,000 thousand tons, and utilization recovered to around 55%, indicating improving supply-demand balance. From 2026 to

BUSINESS

2030, electrolyte capacity growth is expected to become more disciplined, shifting from aggressive expansion to utilization and efficiency optimization. Against this backdrop, as downstream battery installation demand continues to expand and industry rationalization progresses, electrolyte prices are expected to gradually rebound from 2026 to 2030, thereby providing stronger revenue stability and margin support for our sustainable development. Moving into the longer term towards 2030, as upstream raw material prices stabilize and supply-demand dynamics gradually rebalance, electrolyte prices are expected to ease from peak levels and gradually normalize, ultimately stabilizing within a more rational and sustainable range.

Our Path to Sustainable Profitability

Despite our financial fluctuation during the Track Record Period, we believe that we have a clear and viable path to achieve sustainable profitability and long-term business growth. Our confidence is based on the following key factors: (i) growing industry landscape and favorable policy support; (ii) increasing sales volume and expansive customer base; (iii) cost control and economies of scales; and (iv) product diversification.

Growing Industry Landscape and Favorable Policy Support

We operate in an industry with substantial long-term growth potential supported by the global transition to clean energy and electrification. According to Frost & Sullivan, it is expected that the lithium-ion battery shipment volume in China will exceed 3,300 GWh by 2030, representing a CAGR of 16.9% from 2025 onwards. In addition, driven by the continued penetration of NEVs worldwide, accelerated development of ESS, efficiency and integration upgrades in consumer electronics, and rapid expansion in emerging applications such as robots and low-altitude economy applications, global electrolyte revenue are expected to reach over RMB120 billion by 2030, with a projected CAGR of over 20% from 2025 to 2030. This substantial market expansion is underpinned by strong growth of revenue across multiple downstream application segments, especially the EV batteries electrolytes (expected CAGR of 18.0% from 2025 to 2030) and ESS battery electrolytes (expected CAGR of 21.1% from 2025 to 2030), consumer electronics batteries (expected CAGR of 14.1% from 2025 to 2030).

Although China’s battery industry experienced a phase of rapid capacity expansion that led to periodic oversupply, the excess is expected to gradually ease under coordinated effects from policy guidance, supply-side adjustment and sustained downstream demand growth. For example, the lithium-ion battery industry benefits from favorable government policies and regulatory support. Notably, supported by “the Opinions of the CPC Central Committee and the State Council on Accelerating the Comprehensive Green Transformation of Economic and Social Development” (《中共中央、國務院關於加快經濟社會發展全面綠色轉型的意見》), policy frameworks have clearly emphasized accelerated progress in high energy density, long cycle life and high safety battery technologies, while continuing to advance the electrification of the new energy vehicle sector. From a supply-side perspective, intensified competition and margin pressure have driven the gradual exit or consolidation of weaker and low-end producers, resulting in structural capacity rationalization and improved industry concentration, particularly benefiting leading manufacturers. From a demand perspective, continued growth in NEVs, rapid expansion of energy storage installations, steady demand from consumer electronics, and emerging applications such as robots and low-altitude economy collectively provide diversified and resilient end-market support. As a result, overcapacity of the battery industry eased since the second half of 2025, supporting stable production growth of major battery manufacturers and, in turn, sustaining demand for upstream electrolyte products. Consequently, the structural optimization of the battery industry is expected to mitigate the impact of prior overcapacity and provide a more stable and supportive operating environment for the electrolyte industry and the Group’s long-term development.

We believe that the combination of a growing industry landscape with robust demand growth across key application sectors, and favorable policy support positions us well to capture future growth opportunities and enhance our long-term competitiveness.

BUSINESS

Increasing Sales Volume and Expansive Customer Base

Notwithstanding the average selling price pressures we faced during the Track Record Period, the total sales volume of our electrolyte products continuously increased from 52,670 tons in 2023 to 60,676 tons in 2024 and further to 107,094 tons in 2025, and increased from 42,332 tons in the six months ended June 30, 2025 to 77,164 tons in the same period in 2026. By virtue of our robust delivery capacity, we steadily expanded our market share. According to Frost & Sullivan, in 2025, in terms of electrolyte revenue, we ranked third among global electrolyte suppliers, with a market share of 3.6%.

We also focused our sales and marketing efforts on promoting our electrolytes. In 2023, 2024, 2025 and the six months ended June 30, 2026, we had a total of 188, 274, 314 and 226 customers, respectively, with the newly-acquired customers of 95, 131, 93 and 42 customers in the respective period. Notably, our electrolyte customer retention rate was 61.6%, 74.5%, 65.3% and 54.8% in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. In addition, we attach importance to the coordinated development of our business lines. The number of customers for our four business lines, namely electrolytes for power batteries, electrolytes for ESS batteries, electrolytes for consumer electronics batteries and electrolytes for emerging applications, increased by 63.3%, 65.1%, 61.8% and 16.7% respectively from 2023 to 2025. The following table sets forth the number of our customers by business line during the Track Record Period:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Electrolytes for power batteries	109	129	178	121
Electrolytes for ESS batteries	63	104	104	89
Electrolytes for consumer electronics batteries	68	132	110 ⁽²⁾	66
Electrolytes for emerging applications	6	27	7	41

Notes:

- (1) As certain customers purchase multiple types of electrolyte products, the total number of customers as summed in the table may exceed our actual number of customers.
- (2) The number of customers of electrolytes for consumer electronics batteries declined from 132 in 2024 to 110 in 2025, primarily due to a combination of industry dynamics and our strategic initiatives. On the industry side, small and mid-sized battery manufacturers accelerated market consolidation and reduced the overall number of our upstream customers. On our side, we proactively optimized our customer mix by allocating more resources to key customers while gradually reducing business with smaller customers that exhibited relatively higher credit risk.

In addition, we are constantly optimizing customer diversification and reducing customer concentration risk based on the following strategies:

- *Customer structure optimization.* We focus on intensive cultivation of core customers to deepen cooperation stickiness and consolidate market share. We prioritize expanding medium-sized customers by providing differentiated services and establishing a cultivation mechanism. Meanwhile, we layout emerging fields and small and medium-sized customers to tap long-term growth potential. Through the establishment of a customer hierarchical evaluation, we dynamically adjust cooperation strategies.
- *Product and technology driven.* We plan to continue to build differentiated advantages through innovation and technological upgrading, and attract customers from different fields with diversified and high-value-added products to promote customer diversification. On the one hand, we plan to continuously develop electrolyte products suitable for multiple fields on the basis of the existing product line, and layout emerging products to expand customer coverage. On the other hand, we increase R&D investment to optimize product formulations, establish a rapid customized R&D mechanism, and provide full-process technical support and value-added services to enhance customer stickiness.

BUSINESS

- *Production capacity and supply network.* A stable and diversified supply capacity is the premise of customer diversification. We have established a well-planned production capacity layout, with an electrolyte production capacity of 180,000 tons per year. We plan to construct and expand electrolyte production bases both domestically and overseas, and the total production capacity will exceed 500,000 tons per year upon completion. In addition, we will continue to strengthen our presence in the upstream segment of the industrial chain by identifying and cooperating with additional raw material manufacturers through approaches such as equity investments and long-term cooperation agreements. See “— Our Strategies — Vertical Industry Chain Extension — Continuous Enhancement of Upstream Integration.” As production scale and market presence continue to grow, we expect to deepen our participation in industry collaboration, technology development and standard-setting initiatives. A larger manufacturing platform may enhance our ability to influence future technological and product development trends within the battery materials industry.
- *Proactive expansion of diversified sales channels.* We will continue to tap customer resources in different regions and fields to rapidly expand customer coverage. Domestically, we explore customers through multiple channels such as participating in industry exhibitions, setting up regional sales teams and utilizing online platforms. Overseas, we establish dedicated teams and cooperate with local distributors to expand the market. Meanwhile, we link upstream and downstream enterprises and research institutions to share customer resources, supplemented by refined customer relationship management to enhance customer stickiness, promote customer referrals and reduce customer churn.

As a result of our ongoing customer diversification initiatives, the revenue contribution from our five largest customers decreased from 82.3% in 2023 to 73.0% in 2024, 72.2% in 2025 and 74.8% in the six months ended June 30, 2026. This trend reflects our continued efforts to expand and diversify our customer base and reduce customer concentration.

To meet increasing market demand and expanded customer base, we are steadily expanding our production capacity and expect to continue such expansion in line with our business growth. See “— Our Competitive Strengths — Comprehensive Production Capacity Layout Covering Core Customers” and “Future Plans and [REDACTED].”

Increasing R&D Efforts for Electrolyte Products and Production

We are committed to strengthening electrolyte products and production innovation as a core strategy to underpin our sustainable profitability. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses were RMB19.7 million, RMB24.1 million, RMB30.2 million, RMB11.3 million and RMB25.8 million, respectively. Leveraging our in-house R&D capabilities, customized formulations and long-standing customer collaborations, we have been continuously enhancing product performance and added value, and consolidating our competitive advantages in high-growth segments such as power batteries, ESS and consumer electronics batteries.

We intensify R&D investment in high-performance electrolytes, focusing on improvements in key indicators including ionic conductivity, low-or-high-temperature performance, cycle life and safety stability. By optimizing electrolyte formulations, we aim to launch differentiated and high-margin products that meet the evolving customer requirements. We have also strategically positioned ourselves in emerging battery material fields, including SSE, gel electrolytes, hybrid solid-liquid electrolytes and sodium-ion electrolytes, for all of which we possessed mass production capabilities and provided small-batch production services to satisfy niche and tailored customer demand. In addition, we are committed to upgrading production processes. For example, we have optimized the feeding and conveying process of LiPF_6 through R&D, which enables automatic control of input volume and weight and achieves fool-proof, error-free dosing, resulting in an improvement of over 50% in the conveying efficiency of LiPF_6 . We will also accelerate the industrialization of advanced products such as high-voltage electrolytes, low-temperature electrolytes and long-cycle electrolytes to capture incremental demand in high-end applications.

BUSINESS

In addition, we have strengthened customer-centric product verification, customized development and integrated support. For example, during the Track Record Period, we achieved effective cost reduction of raw materials through process optimization and performance verification, and such technical improvements enabled us to conduct more technical cooperation with customers, which to a certain extent increased customer order volume and expanded our market share. By establishing close cooperative R&D mechanisms with core customers, we can better align our product roadmap with their technical routes and capacity expansion plans, thereby increasing customer stickiness, securing long-term supply agreements and stabilizing recurring income.

We also emphasize the development of technical standards and have translated our core R&D achievements into local standards and group standards. During the Track Record Period, we led or participated in the formulation of a number of key industry standards covering core fields such as lithium-ion battery electrolytes and sodium-ion batteries, including the local standard Cleaning Treatment and Recycling of Cleaning Agents in the Production of Lithium-Ion Battery Electrolytes (鋰離子電池電解液生產中清洗處理及清洗劑循環利用), as well as group standards including General Specification for Sodium-Ion Batteries (鈉離子電池通用規範) and Lithium Hexafluorophosphate Electrolytes Containing Thermosensitive Special Additives (含溫敏性特殊添加劑的六氟磷酸鋰電解液).

Cost Control and Economies of Scale

Our future profitability depends significantly on our ability to control costs and operating expenses, which are affected by a number of factors, such as costs of components, raw materials and other supplies, as well as our operational efficiency. We believe that as we ramp up the sales of our products, we will achieve economies of scale such that our costs as a percentage of our total revenue will decrease.

We place a strong emphasis on cost control and supply-chain efficiency. To this end, we have developed proprietary core technologies for key raw materials, such as functional additives and LiPF_6 , which enhances supply-chain security while helping to reduce procurement and production costs. In September 2022, we invested in Yingkou Changcheng. The average procurement prices of additives purchased from Yingkou Changcheng during the Track Record Period were relatively lower than our average external procurement prices. For example, in 2023, 2024, 2025 and the six months ended June 30, 2026, the procurement price of methylene methanedisulfonate (甲基二磺酸亞甲酯) from Yingkou Changcheng was 6.7%, 12.2%, 6.5% and 9.9% lower, respectively, than that from other suppliers. In addition, during the Track Record Period, 61.9% of our ethylene sulfate (硫酸乙烯酯) by procurement value was sourced from Yingkou Changcheng, generating cumulative procurement cost savings of RMB2.4 million compared with prices offered by other suppliers during the same periods. Meanwhile, we are committed to enhancing profitability through flexible and data-driven procurement adjustment strategies. We continuously monitor price differentials between internal suppliers and external markets and promptly optimize our procurement structure. For example, in 2023, 87.3% of our succinonitrile (丁二腈) by procurement value was sourced from external suppliers. The average price of succinonitrile purchased by us from Yingkou Changcheng in 2023 was 32.2% lower than the average external procurement price. Accordingly, we adjusted our procurement strategy. In 2024, 2025 and the six months ended June 30, 2026, 98.4%, 100.0% and 100.0% of our succinonitrile was purchased from Yingkou Changcheng, respectively. In addition, in November 2025, we acquired a 51.00% equity interest in Shandong Lizhong, providing us with a supply of LiPF_6 each year. See “History and Corporate Structure — Acquisitions and Disposals — Acquisition of Shandong Lizhong.” In 2025 and the six months ended June 30, 2026, 3.9% and 15.8% of our LiPF_6 by procurement value was sourced from Shandong Lizhong, respectively, at an average procurement price 13.4% and 7.6% lower than the average external procurement price in the respective period. Such self-sufficiency helps to ensure stable supply and we believe it enables us to achieve cost reductions.

BUSINESS

In addition, we expect to achieve effective reductions in unit production costs as we continue to expand our production capacity and improve overall utilization rates. As production volumes increase, our fixed production costs per ton are expected to decline due to improved economies of scale, thereby enhancing operating efficiency and cost competitiveness. Our expanded scale is also expected to strengthen our bargaining power with suppliers. Furthermore, production expansion enhances production line efficiency, which further contributes to the absorption of fixed costs. The integration of our production facilities with automation technologies not only improves production efficiency and consistency, but also shortens production cycles and accelerates time-to-market for new and upgraded products.

Product Diversification

Leveraging our comprehensive R&D system and technological advances, and reinforcing our production processes through iterative upgrades, we have developed a diversified product portfolio covering multiple application scenarios including power, ESS, consumer electronics and emerging applications. See “— Our Products — Electrolytes.”

Furthermore, we are continuing to expand and enhance our product portfolio to capture future growth opportunities and address evolving industry trends. In the near term, we will focus on the development of emerging electrolyte formulations aimed at improving critical performance parameters, including safety, cycle life, temperature adaptability, energy density and fast-charging capability, in response to increasingly stringent performance expectations in downstream applications. In the medium term, we intend to develop a portfolio of differentiated specialty products, including specialty performance additives, high-safety flame-retardant liquid electrolyte formulations, high-safety hybrid solid-liquid battery electrolytes, and electrolyte systems tailored for high-voltage capacity and high-silicon battery architectures, with a view to expanding our value-added offerings and strengthening product differentiation. In the long term, we plan to conduct frontier research into sodium-ion battery electrolyte, oxide-based and sulfide-based solid-state battery electrolyte and other next-generation battery technologies, including anion exchange membranes for fuel cells, with the objective of maintaining technological leadership and positioning ourselves to benefit from future breakthroughs in robots and low-altitude economy applications.

Going forward, we will align with electrolyte industry trends and leverage our core strengths to systematically adjust our product portfolio, focusing on product structure upgrading, core material self-supply, downstream application optimization, production scale effects and customized product deepening. As our products are primarily customized electrolytes, tailored to customers’ exclusive needs through specialized formulation R&D, customized production and supporting services, we will continue to prioritize high-value-added, high-margin customized electrolytes, such as high-voltage, fast-charging and long cycle life products to further increase their revenue share. We will also enhance the self-supply rate of key raw materials, including solutes, solvents and additives, to reduce external procurement dependence, mitigate cost pressures from raw material price fluctuations and lower unit production costs. Additionally, we will optimize our downstream application mix by focusing on high-quality segments such as power batteries and ESS, improve customer and application diversification and unlock scale effects through well-planned capacity layout and automation upgrades. Locating production bases near customers will reduce logistics costs and mass production will offset the relatively high unit costs of customization, strengthening overall profitability resilience.

In terms of pricing strategy, given the significant impact of raw material price fluctuations on revenue during the Track Record Period, we will focus on refining a linkage mechanism between major raw material prices and customized electrolyte selling prices to lock in stable profit margins and minimize the impact of raw material volatility on revenue and profits. Leveraging our electrolyte products’ customized nature, we will implement a differentiated pricing strategy based on customization degree, technological content, application fields, customer cooperation depth and order size. For highly specialized, technologically advanced customized products, we will adopt a

BUSINESS

reasonable premium strategy, while balancing market competitiveness and capacity utilization, and flexibly adjust pricing to reflect their customized value and technological advantages. Furthermore, we will sign long-term customized cooperation framework agreements with core customers to stabilize sales volume, price expectations and collection quality, dynamically balancing market share and profitability to further mitigate the impact of raw material and market fluctuations.

The product portfolio optimization and pricing strategy adjustments are expected to effectively improve our gross profit margin and profitability stability. Specifically, higher revenue share of high-value-added and high-profit-margin customized products, increased core material self-supply and scale effect realization will directly enhance gross profit levels, offsetting customization-related cost pressures. A smooth raw material cost transmission mechanism will weaken the impact of cyclical raw material fluctuations on revenue and profits, reducing operational risks. Additionally, optimizing customer structure, efficient operations and refined cost control will further improve capital efficiency.

We believe that our phased development roadmap positions us to respond effectively to industry trends, enhance technological competitiveness and achieve sustainable and high-quality growth over the long term.

QUALITY CONTROL

We place significant emphasis on quality control with regard to our products. We believe that quality control is essential in establishing and strengthening the reputation of our brand. To ensure product quality and compliance with relevant laws and regulations, we have established a system of quality control policies and procedures. Our quality management system is built on three core principles, including full-process closed-loop control, data-driven decision making and risk prevention and control.

For raw materials, we have established a rigorous supplier inspection mechanism. See “—Suppliers and Procurement — Selection of Suppliers.” Every incoming batch of raw materials undergoes comprehensive inspection covering critical parameters. Non-conforming materials are identified, isolated and subject to root cause traceability and disposal procedures. We maintain a raw material retention sample system to ensure quality stability throughout the storage period.

With respect to production, critical production processes are conducted in clean rooms. We monitor key parameters in real-time, with abnormalities triggering automatic alarms and process lockouts. Each production batch is subject to comprehensive recording of all production elements, ensuring forward traceability and backward tracking capabilities.

We have established a comprehensive electrolyte quality control system. We have obtained ISO 9001, ISO 14001, ISO 27001, ISO 45001 and IATF 16949 system certifications, which reflects our capabilities in ensuring consistent electrolyte quality and effective manufacturing process management. We own testing equipment such as ion chromatography, gas chromatography and gas chromatography-mass spectrometry, and conduct full-component and full-process testing and monitoring of electrolytes, ensuring production quality and production process efficiency. We have established specific testing methods and strict technical standards for different raw materials, effectively controlling the quality of electrolyte raw materials. For finished electrolyte products, we continuously introduce new testing methods and improve testing technology levels, having advantages in component ratio control, material parameter control, and foreign object control capabilities. Our product’s first pass yield rate reached 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 DPPM 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. In August 2026, we were invited to participate in 2035 Value-Chain Carbon Neutrality Pathway session of such globally leading new energy technology enterprise as the only electrolyte supplier.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, there had been no incidents of penalties by regulatory authorities for violations of applicable laws and regulations of product quality.

INVENTORY

During the Track Record Period, our inventories included raw materials, work-in-progress and finished goods. Our finished goods primarily consist of electrolytes. Our warehouses are equipped with comprehensive fire protection, lighting and other auxiliary facilities and equipment, with dedicated personnel conducting regular inspections and patrols. We strive to maintain optimal inventory levels to meet our sales plans. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our inventories amounted to RMB30.3 million, RMB53.7 million, RMB177.0 million and RMB281.1 million, respectively. In 2023, 2024, 2025 and the six months ended June 30, 2026, our inventory turnover days were 20 days, 18 days, 28 days and 25 days, respectively. The typical shelf life of our electrolytes ranges from one month to six months.

We have adopted an inventory management policy of production based on sales and procurement based on production. We dynamically determine our safety stock and optimal inventory levels by taking into account sales orders, production plans, market prices and raw material supply conditions. Inventory turnover is monitored in real time through our MES system and manual dynamic tracking to strictly control inventory scale and improve operational efficiency. We conduct regular comprehensive inventory checks. Provision is made when the carrying cost of inventories exceeds their net realizable value, where inventories are damaged, slow-moving or impaired, or when their future net realizable value is lower than cost due to declining market prices, product upgrades or other factors. Such provisions are reversed within the original amount previously provided if the factors causing the impairment cease to exist. In 2023, 2024, 2025 and the six months ended June 30, 2026, the amounts of inventory write-downs made were RMB4.3 million, RMB1.1 million, RMB4.8 million and RMB1.4 million, respectively.

LOGISTICS AND TRANSPORTATION

Our products are typically delivered directly from our warehouses to the venue specified by our customers, with the shipping costs borne by us. We engage qualified third-party logistics service providers for delivery to our customers in compliance with product specifications. For those products containing highly reactive or easily decomposable additives, we require third-party logistic service providers to provide (i) appropriate vehicle types such as standard hazardous materials transport vehicles or refrigerated hazardous materials vehicles based on our temperature control requirements for transportation, with vehicles equipped with online temperature monitoring devices featuring real-time data upload and temperature alarm and warning functions for effective monitoring and management; (ii) positioning and tracking systems throughout the transportation process to monitor delivery timeliness and ensure on-time delivery; and (iii) real-time monitoring and transmission of temperature and pressure data for products. To the best of our knowledge, all logistics service providers during the Track Record Period are Independent Third Parties.

COMPETITION

We primarily compete with a number of suppliers of lithium-ion battery electrolytes. See “Risk Factors — Risks Relating to Our Business and 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 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 “— Our Competitive Strengths” and “Industry Overview.”

BUSINESS

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our products, technology and innovation. The following table sets out major awards and recognitions we received during the Track Record Period:

Award Year	Award/Recognition	Awarding Institution/Authority
2025	2024 Zhejiang Province Characteristic Industrial Cluster Core Area (2024年浙江省特色產業集群核心區)	Department of Economy and Information Technology of Zhejiang Province (浙江省經濟和信息化廳)
2025	Zhejiang Province Science and Technology Plan Project (浙江省科技計劃項目)	Department of Science and Technology of Zhejiang Province (浙江省科學技術廳)
2025	Hebei Province Science and Technology Award (河北省科學技術獎)	Hebei Provincial People’s Government (河北省人民政府)
2024	Hebei Province Science and Technology Achievement Certificate (河北省科學技術成果證書)	Department of Science and Technology of Hebei Province (河北省科學技術廳)
2024	Hebei Province Industrial Enterprise New Energy Materials Technology R&D Center – Self-established (Grade A) (河北省工業企業新能源材料技術研發中心-自建(A級))	Department of Industry and Information Technology of Hebei Province (河北省工業和信息化廳)
2023	Provincial Clean Production Project (省級清潔生產項目)	Department of Economy and Information Technology of Zhejiang Province (浙江省經濟和信息化廳)
2023	Hebei Province Innovative Small and Medium-sized Enterprise (河北省創新型中小企業)	Department of Industry and Information Technology of Hebei Province (河北省工業和信息化廳)

INTELLECTUAL PROPERTY

We protect our intellectual property with various patents, trademarks and copyright, among others. As of June 30, 2026, we had 171 registered patents, 16 trademarks and four copyrights in China. As of June 30, 2026, we also had two registered patents in Japan.

We take a proactive approach to managing our intellectual property portfolio. We have established clear division of responsibilities for the protection of intellectual property and proprietary technologies. The R&D department is responsible for the identification of technological achievements. Patent engineers are responsible for the application and maintenance of intellectual properties, as well as classified management of technical secrets. The marketing department monitors potential infringement clues, forming a collaborative mechanism. We have established a series of processes regarding the application, analysis, invalidation, operation, purchase and asset evaluation of patents. These processes help us manage our intellectual property operations throughout their cycle life. We will take actions when we become aware of a potential infringement of our intellectual property rights. We incorporate intellectual property output into performance evaluations, and provide incentives such as bonuses to teams that achieve intellectual property registrations and successful rights protection. We maintain encrypted storage and access control for commercial secret documents, ensure physical isolation of core areas, and implement data anonymization and complete operation log retention. In addition, we seek to protect our proprietary technologies and processes, in part, by entering into confidentiality arrangements with all of our Directors, senior management and other key personnel. We also regularly organize intellectual property training to enhance awareness of protection among all employees, and establish an intellectual property information database to integrate internal and external resources for dynamic monitoring.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material infringement of our intellectual properties or any material disputes or claims against us in relation to the infringement of the intellectual properties of third parties arising from our business. See “Risk Factors — Risks Relating to Our Business and Industry — We may be unable to protect our intellectual properties, and may be subject to infringement claims from third parties, either of which could reduce the value of our brands and harm our business and competitive market position.”

INFORMATION TECHNOLOGY

Our information technology systems are critical to our operations, including contract management, safety and quality control, documentation management, engineering management, human resources and accounting and finance. From time to time, we procure or develop new or upgrade existing information technology systems based on our business needs. We ensure the integrity and security of operational data through strict network security protocols and access control mechanisms. During the Track Record Period, we did not suffer any major information technology system failures or related losses.

The information technology systems we use in our business operations include, among others: (i) an enterprise resource planning (ERP) platform covering financial management, supply chain, manufacturing and collaboration modules, enabling integrated business and financial management; (ii) a manufacturing execution system (MES), a real-time production management system that achieves transparent, efficient and traceable production through real-time data collection, work order execution, quality traceability, and equipment and resource scheduling; (iii) DingTalk, an intelligent collaborative office platform that integrates communication, conferencing, approval workflows and document management, supporting multi-device collaboration; and (iv) WeCom, which integrates instant messaging and audio/video conferencing capabilities, and facilitates internal and external communications.

EMPLOYEES

As of June 30, 2026, we had a total of 762 employees. As of the same date, 760 of our employees were located in Mainland China and two employees were located in Hungary. The table below sets forth a breakdown of our employees by function as of June 30, 2026.

Function	Number of employees	% of total
Production	400	52.5
Administration	155	20.3
R&D	81	10.6
Management	33	4.3
Sales and marketing	30	3.9
Finance	21	2.8
Others ⁽¹⁾	42	5.5
Total	762	100.0

Note:

(1) Others mainly include supporting staff such as security guards.

We believe that our success depends in part on our ability to attract, recruit and retain quality employees. We aim to establish a collaborative work environment that encourages them to develop their career with us. In addition, we have an effective training system that includes onboarding training for new employees and ongoing job-specific training aimed at accelerating learning progress and enhancing the knowledge and skills of our employees.

BUSINESS

We regularly review our capabilities and adjust our workforce to ensure we have the right mix of expertise to meet the demand for the products we sell. We offer employees competitive salaries and performance-based cash bonuses. We believe that our reputation, work environment, training system and remuneration package are advantageous and attract qualified candidates. During the Track Record Period, we adopted internet recruitment, social recruitment, campus recruitment and internal referral by existing employees, among other recruitment approaches. When considering and selecting qualified employment candidates, we take into consideration their education background, work experience, relevant expertise and specific skills, as well as the demand for and the objectives of the vacant positions.

We have established labor unions that protect employees’ rights, encourage employee participation in management decisions and assist in mediating disputes between us and union members. During the Track Record Period and up to the Latest Practicable Date, we had maintained a good relationship with our employees and did not have any material labor dispute.

LICENSES AND PERMITS

We are required to obtain various licenses and permits for our business. We had obtained all requisite licenses and permits from applicable authorities which are material to our operations in the PRC, and such licenses and permits were valid and subsisting as of the Latest Practicable Date. During the Track Record Period, the material licenses and permits held by us for our operations in the PRC primarily included Safety Production License (安全生產許可證), Hazardous Chemicals Business License (危險化學品經營許可證), Hazardous Chemicals Registration Certificate (危險化學品登記證) and Pollutant Discharge License (排污許可證). See “Risk Factors — Risks Relating to Our Business and Industry — We are required to obtain, maintain and renew various approvals, permits, licenses, registration and certificates for our business operations, which may be subject to potential delays or changes in standards.”

The following table sets forth the details of our material licenses and permits for our operations in the PRC as of the Latest Practicable Date:

Licenses/permits	Issuing Authority	Issue Date	Expiry Date
Safety Production License (安全生產許可證)	Yibin Municipal Emergency Management Bureau	November 27, 2024	November 27, 2027
	Shandong Provincial Emergency Management Department	April 8, 2025	April 7, 2028
	Zhejiang Provincial Emergency Management Department	May 5, 2025	May 4, 2028
Hazardous Chemicals Business License (危險化學品經營許可證)	Jiang’an County Emergency Management Bureau	November 22, 2023	November 21, 2026
	Yichang High-tech Industrial Development Zone Management Committee Emergency Management Bureau	March 3, 2026	March 2, 2029
Hazardous Chemicals Registration Certificate (危險化學品登記證)	Shandong Province Hazardous Chemicals Registration Center, Chemical Registration Center of the Ministry of Emergency Management	October 19, 2023	October 18, 2026

BUSINESS

Licenses/permits	Issuing Authority	Issue Date	Expiry Date
	Zhejiang Province Hazardous Chemicals Registration Center, Chemical Registration Center of the Ministry of Emergency Management	November 18, 2024	November 17, 2027
	Sichuan Provincial Hazardous Chemicals Registration Center and Chemical Registration Center of the Ministry of Emergency Management	October 23, 2023	October 22, 2026
Pollutant Discharge License (排污許可證)	Jining Municipal Ecology and Environment Bureau	September 19, 2024	September 18, 2029
Record-Filing Certificate for the Production of Non-Pharmaceutical Chemicals (非藥品類易制毒化學品生產備案證明)	Jining Municipal Emergency Management Bureau	August 26, 2025	August 25, 2028
National Industrial Product Production License (全國工業產品生產許可證) .	Shandong Provincial Administration for Market Regulation	October 9, 2025	October 8, 2030

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, nothing had come to its attention that would indicate any legal impediment to renewing these licenses and permits upon expiry.

PROPERTIES

We own and lease properties in China and overseas. As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (WUMP) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (WUMP) Ordinance.

As of the Latest Practicable Date, we owned land use rights of seven parcels of land in the PRC with an aggregate GFA of approximately 115,160.8 sq.m., which were primarily used for R&D and production purposes. As of the Latest Practicable Date, we had obtained the land use right certificate for a parcel of land in Huzhou, Zhejiang Province which was under construction for R&D purposes, covering an aggregate GFA of approximately 57,735.0 sq.m. As of the Latest Practicable Date, we owned a real estate property with 150,075 sq.m. located in Szolnok, Hungary.

As of the Latest Practicable Date, we leased four properties in the PRC with an aggregate GFA of approximately 5,411.44 sq.m., which were primarily used for office and R&D purposes. As of the Latest Practicable Date, our lease agreements for the above leased properties had not been registered with relevant authorities, primarily because the lessors are unwilling to cooperate with the procedures. See “Business — Legal Proceedings and Compliance — Non-Compliance.” See “Risk Factors — Risks Relating to our Business and Industry — Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties and to renew our leases could adversely affect our business.”

BUSINESS

DATA PRIVACY AND INFORMATION SECURITY

We are committed to ensuring data privacy and information security. In our business operations, we primarily collect personal data related to employee information, customer information and other data essential for operation and management. We endeavor to obtain proper authorization and consent from our customers for the collection and processing of their business information. We adhere to the principle of data minimization regarding storage duration, setting appropriate retention periods based on actual business needs. Data exceeding these storage periods is either deleted or anonymized. Directly identifiable personal information is encrypted or desensitized, while other data undergoes database-level encryption. In addition, we enforce access controls for database queries.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material incidents of theft, leakage, damage, illegal use or illegal export of core data, important data or a large amount of personal information; we had not received any investigations, inquiries, rectification orders or penalties from relevant government departments related to network security, data protection or any network security review; we had not been involved in any material lawsuits, arbitrations, penalties or potential disputes or controversies regarding network security and data protection.

INSURANCE

As of June 30, 2026, we maintained property insurance, work safety liability insurance and group accident insurance. Most of our insurance policies are subject to standard deductions, exclusions and limitations. We believe that these insurance policies cover the major risks in our day-to-day operations. During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies. According to Frost & Sullivan, our insurance coverage during the Track Record Period and up to the Latest Practicable Date was in line with industry practices. However, the risks related to our business and operations may not be fully covered by insurance. See “Risk Factors — Risks relating to Our Business and Industry — We may not have sufficient insurance to cover our business risks.”

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to 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 the litigation as disclosed below in this sub-section, 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.

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

Litigation

During the Track Record Period, we were involved as a defendant in a litigation matter (the “**Litigation**”) concerning a dispute in relation to the electrolytes we sold to a customer (the “**Plaintiff**”) from June 2024 to January 2025.

BUSINESS

In December 2025, we learned that the Plaintiff had filed a complaint with Changxing County People’s Court (the “**Court**”) alleging that quality defects in the electrolytes we sold to it led to complaints from its customers and the eventual need to recall its products (the “**Allegation**”). The Plaintiff is a limited liability company located in Guangdong Province, primarily engaging in the R&D, production and sales of lithium-ion battery. The Plaintiff initiated to purchase our electrolyte products since 2023. In 2023, 2024, 2025 and the six months ended June 30, 2026, the revenue from the Plaintiff was RMB0.02 million, RMB0.9 million, RMB0.05 million and nil, respectively, which was insignificant compared to our total revenue in the respective period.

The Plaintiff has claimed compensation of RMB15.0 million and reimbursement of RMB0.1 million in relation to the lawyer’s fees from us. In January 2026, the Court granted the Plaintiff’s application for pre-litigation property preservation and ordered the freezing of our bank account deposits in the amount of RMB5.0 million. Save for the freezing of our bank account deposits, no other assets of the Group have been subject to any preservation measures.

We engaged a litigation legal advisor to advise on the Litigation. We disagree with the Allegation and have defended against it. On March 12, 2026, the Court held a hearing for the Litigation and requested both parties to provide further evidence. In June 2026, taking into account our business relationship with the Plaintiff, its operational circumstances, as well as the time and costs associated with protracted Litigation, and upon the Plaintiff’s proposal, we entered into a mediation agreement with the Plaintiff, pursuant to which, we agreed to make a one-time payment of RMB1.0 million to settle with the Plaintiff. Both parties confirmed that (i) this settlement payment was made solely as a commercial agreement in light of the above considerations and does not represent compensation for any product quality issues or similar claims, (ii) the electrolyte products supplied by us to the Plaintiff did not have any quality issue, and (iii) the dispute underlying the Litigation has been fully and finally resolved, and the parties have no further disputes in relation thereto. Following the execution of the mediation agreement, the Court issued an official mediation statement to give effect to the settlement, and the freeze on our bank account deposits was subsequently lifted.

Given that (i) the settlement amount we paid was only RMB1.0 million, which is immaterial in comparison with our total revenue and assets, and (ii) the Plaintiff confirmed in the mediation agreement that our electrolyte products did not have any quality issues, we are of the view that the Litigation did not and will not have a material adverse effect on our business, financial condition and results of operations.

Non-Compliance

Underpayment of Social Insurance and Housing Provident Fund

During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations, primarily because (i) certain employees were unwilling to pay the social insurance and housing provident funds in full as additional contributions were required from them; or (ii) our employees did not fully understand the relevant requirements of the relevant PRC laws and regulations. See “Risk Factors — Risks Relating to Our Business and Industry — Failure to make adequate contributions to various employee benefits plans according to the procedures under the relevant PRC laws and regulations may subject us to penalties or other consequences.” In 2023, 2024, 2025 and the six months ended June 30, 2026, the shortfall amount of housing provident funds was RMB3.2 million, RMB1.8 million, RMB1.7 million and RMB1.0 million, respectively, and the shortfall amount of social insurance was RMB9.5 million, RMB5.9 million, RMB5.6 million and RMB1.9 million, respectively.

According to the Social Insurance Law of the PRC, if we fail to make contribution to our employee’s social insurance timely and sufficiently in accordance with the requirements under the relevant PRC laws and regulations, we may be ordered to pay the shortfall amount and a late payment fee of up to 0.05% of the shortfall amount for each day of delay within a prescribed time limit, and if we fail to pay up the shortfall amount and the late payment fee within the newly prescribed time limit, we may be imposed fines in an aggregate amount ranging from one to three times of the shortfall amount. Therefore, the maximum potential penalty for the shortfall in social insurance contributions during the Track Record Period is RMB68.7 million. In the event that we

BUSINESS

fail to pay the housing provident fund in full, the housing provident fund management center may order us to pay the shortfall amount within a prescribed time limit. If we fail to do so upon the expiration of the abovementioned time limit, further application may be made to the People’s Court for compulsory enforcement. Therefore, the maximum potential penalty for the shortfall in housing provident fund contributions is the compulsory enforcement of the shortfalls applied by the PRC court.

As of the Latest Practicable Date, we had not received any notice or been subject to any administrative penalties or other disciplinary actions from the relevant governmental authorities in relation to the above-mentioned arrangements as to our social insurance and housing provident funds contribution. As advised by our PRC Legal Advisor, based on the interviews with relevant competent government authorities, assuming that there is no material employee claims or material change to current PRC laws and regulations and the practice in policy implementation and inspection of local governments, the likelihood that we would be required by relevant authorities to pay all of the shortfall and late fees for social insurance and housing provident fund contributions and/or be subject to material administrative penalties due to failure to make full contributions is remote.

If the relevant authorities order us to pay the shortfall in our social insurance and/or housing provident funds or take any rectification measures in accordance with applicable laws and regulations, we undertake that we will rectify as requested as soon as practicable.

Failure to Register Leases of Properties

As of the Latest Practicable Date, our lease agreements for all of four leased properties had not been registered with relevant authorities, primarily because the lessors are unwilling to cooperate with the procedures and our relevant employees did not fully understand the relevant requirements of the relevant PRC laws and regulations. As advised by our PRC Legal Advisor, the non-registration of lease agreements will not affect the validity of the lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine of between RMB1,000 and RMB10,000 for any delay in making registration for each of these lease agreements. The aggregate amount of maximum fine will be RMB40,000. As of the Latest Practicable Date, we had not been required by the relevant local housing administrative authorities to complete the registrations, nor been penalized or fined by the relevant authorities. To minimize the potential negative impact of the above incident, we will continue to maintain sustained and active communications with such lessors, clearly explaining the legal obligations and potential risks of lease registration and thus seeking their cooperation to complete a late registration of the relevant leases. In addition, we will seek the landlord’s or lessor’s cooperation to register the lease agreement with the competent authority after execution in order to ensure compliance with applicable PRC laws and regulations in the future.

Considering (i) as advised by our PRC Legal Advisor, the non-registration of lease agreements does not affect the legal validity of the relevant leases under applicable PRC laws and regulations; (ii) the non-registration resulted primarily from the lessors’ unwillingness to cooperate with the procedural requirements, which is beyond our control and not due to any intentional non-compliance or negligence on our part; (iii) as of the Latest Practicable Date, we had not received any notice from the relevant housing authorities requiring us to complete the lease registration, nor had we been subject to any administrative penalty or fine in connection with the non-registration; and (iv) the maximum potential penalty for non-registration of all relevant leases, if imposed in full, would amount to approximately RMB40,000, which is immaterial relative to our overall operating costs and would not have a material financial impact on our Group, our Directors are of the view that the abovementioned incidents do not constitute material or systemic non-compliance of our Group, and will not, individually or in the aggregate, have any material adverse effect on our business, financial position or results of operations.

Failure to Obtain the Safety Review Opinion

During the Track Record Period, the construction of two production facilities were commenced before obtaining the safety review opinions. The competent authority has imposed an administrative penalty of RMB30,000 on one of such production facilities. In February 2023, the competent authority issued a certificate confirming that we had fully settled the penalty and completed the relevant administrative procedures, and that it would not impose any other

BUSINESS

administrative penalties upon us in respect of the aforesaid matter. For the other production facility, the competent authority has confirmed that it has not received any complaints or reports relating to our work safety, identified no major violations of laws and regulations pertaining to work safety management, or imposed any administrative penalties or other administrative measures on us, and that it will not impose any such penalties or measures on us in connection with the aforesaid matter. As of the Latest Practicable Date, we had obtained the safety condition review opinion for this production facility, while we had not yet obtained the review opinion on the design of safety facilities as the design work for the safety facilities was still in progress.

In addition, we received a penalty of RMB48,000 from the relevant competent authority in March 2024 because, in connection with a construction project, the work permit for hot work did not specify the completion time of the hot work and the acceptance and completion date, and we failed to enter into a special safety management agreement with the contractor. In December 2025, the competent authority issued a confirmation letter certifying the completion of the project's acceptance procedures and the issuance of the Work Safety Certificate, and further confirming that no hidden risks of major work safety accidents in relation to the Company had been identified and that the Company had not been subject to any major administrative penalties.

Save as disclosed above, we had not experience any other non-compliance during the Track Record Period and we have obtained all requisite licences and approvals for our production bases or production lines, including work safety and fire safety. We have established a pre-construction and pre-operation compliance approval mechanism. We have set up a special compliance review node for project commencement or operation to ensure that all production facilities are constructed and operated in full compliance with safety laws and regulations.

Hazardous Chemical Storage

In August 2026, we were fined RMB60,000 by the competent authority for exceeding the permitted storage quantity of hazardous chemicals in our warehouse due to a delay in the internal relocation of raw materials. As of the Latest Practicable Date, we had fully settled the fine and completed the relevant rectification measures. According to a certificate issued by the competent authority, the incident did not constitute a material violation of applicable laws and regulations, nor did the penalty constitute a material administrative penalty.

Rectification and Internal Control Measure

In addition, we have taken and enhanced the following enhanced rectification and internal control measures to prevent future occurrences of above non-compliance: (i) enhancing our management policies and improving operational risk analysis capabilities, which explicitly require social insurance, housing provident fund contributions, registration of leased properties, safety review opinion and hazardous chemical storage to be made in accordance with applicable laws and regulations; (ii) strengthening the training of our personnel, including training on various compliance-related topics for our employees; (iii) regularly keeping abreast of the latest developments in PRC laws and regulations; (iv) requiring relevant personnel to monitor our ongoing compliance with relevant laws and regulations and oversee the implementation of any necessary measures; and (v) consulting our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments and actively communicate with relevant authorities to ensure we have the most updated information about the relevant laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MATTERS

We are committed to integrating ESG considerations into our corporate management and core business decisions. We undertake to comply with Appendix C2 Environmental, Social and Governance Reporting Code to the Listing Rules upon [REDACTED] and fulfill our responsibility to publish an ESG report annually.

ESG Governance

The Board, as the highest responsible body for our ESG matters, fulfills its responsibilities of identifying, analyzing and overseeing relevant issues, including reviewing ESG objectives and their progress, reviewing ESG reports and ensuring the integration of ESG considerations into our business strategy.

BUSINESS

We plan to gradually establish a robust ESG governance framework upon [REDACTED]. We plan to set up an ESG Task Force to assist the Board in fulfilling its ESG responsibilities. The ESG working group will be responsible for assessing and determining ESG-related risks and material issues we face, and formulating and overseeing our ESG management mechanisms, goals, systems and specific action plans. We will also maintain ongoing communication with key stakeholders and focus our resources on ESG areas that receive significant attention and have a substantial impact on our business.

Environmental Matters

We comply with the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) and other relevant laws and regulations of our operating locations in our daily operations, and earnestly fulfill our environmental protection responsibilities. We have established a systematic environmental governance framework, relying on internal systems such as environmental operational control procedures to manage and oversee issues related to emissions treatment and resource utilization.

Upholding the sustainable development philosophy of environmental protection, we integrate environmental awareness into our product management. We are committed to advancing the construction of “zero-carbon factories”, and gradually optimizing our energy structure by launching carbon neutrality-related projects and selecting environmentally friendly raw materials. In 2025, our Yibin Production Base was certified as a “zero-carbon factory” by SGS, a globally-leading testing, inspection and certification institution headquartered in Switzerland. We aim to leverage scientific management methods and technological means to minimize the impact of our production operations on the environment and strive to strike a balance between business growth and ecological conservation.

Emission Management

We adhere to an emission control strategy that combines reduction of emissions at source with process monitoring. We have established a traceability system for waste generation and developed targeted emission reduction plans. In terms of exhaust gas management, we are committed to promoting green production at source, reducing air pollutants by optimizing production processes, selecting non-hazardous raw materials and implementing equipment upgrades, and conducting real-time monitoring of emissions during the production process to ensure that exhaust gas emission concentrations remain in stable compliance with applicable national and local emission standards.

We follow relevant laws and regulations on waste disposal and implement standardized management of waste generated during the production process. For chemical waste and other hazardous waste involved in the production process, we have established procedures for classified collection and storage and engage qualified entities for harmless treatment. Meanwhile, we actively implement resource recycling to reduce waste at source. We have set a target of achieving a 100% compliance rate for waste gas, wastewater and solid waste discharges, and there were no incidents of noncompliance with waste disposal laws and regulations during the Track Record Period.

The following table sets forth the volumes of hazardous waste generated during the periods indicated:

	Unit	Year ended December 31,			Six months ended June 30,
		2023	2024	2025	2026
Hazardous waste	ton	74.28	213.69	149.53	209.25
Hazardous waste intensity	ton/RMB ten thousand revenue	0.0005	0.0021	0.0009	0.0011

BUSINESS

Resource Management

We place great emphasis on energy efficiency, adhering to relevant laws and regulations such as the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》). Under the guidance of internal policies and systems, we uphold the management policy of “Fulfilling Compliance Obligations, Pursuing Continuous Improvement, and Protecting the Environment.” In practice, we encourage technological improvements and application of energy-saving measures, monitor and control energy consumption during the production process, and actively explore the utilization of renewable energy. We are committed to steadily reducing energy consumption per unit of output through management optimization and equipment upgrades.

The following table sets forth the energy consumption during the periods indicated:

	Unit	Year ended December 31,			Six months ended June 30,
		2023	2024	2025	2026
Total purchased electricity	kWh	9,025,658	8,460,625	9,407,892	15,482,861 ⁽³⁾
Direct energy consumption ⁽¹⁾	kWh	–	–	–	–
Indirect energy consumption ⁽²⁾	kWh	9,025,658	8,460,625	9,407,892	15,482,861
Comprehensive energy consumption	kWh	9,025,658	8,460,625	9,407,892	15,482,861
Comprehensive energy consumption intensity	kWh/RMB ten thousand revenue	57.25	82.90	53.80	78.52

Notes:

- (1) During the Track Record Period, our operations did not involve the consumption of gasoline, diesel or any other direct fuels, and therefore direct energy consumption was nil.
- (2) During the Track Record Period, our indirect energy consumption arose from purchased electricity.
- (3) The increase in total purchased electricity in the six months ended June 30, 2026 was primarily driven by the acquisition of Shandong Lizhong in November 2025. As Shandong Lizhong’s manufacturing process includes an electricity-intensive drying procedure, its operations resulted in higher electricity consumption and corresponding increases in greenhouse gas emissions.

We are committed to enhancing water resource utilization efficiency and minimizing the impact of our business operations on water resources. We adhere to relevant laws and regulations such as the Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) and rely on our internal environmental management processes to monitor and manage water consumption and wastewater discharge. We focus on water resource consumption during operations and actively explore the feasibility of water-saving technologies and water recycling in production processes, aiming to reduce the intensity of water consumption.

The following table sets forth the water resource consumption during the periods indicated:

	Unit	Year ended December 31,			Six months ended June 30,
		2023	2024	2025	2026
Water consumption	m ³	67,965	53,716	62,910	59,642
Water consumption intensity	m ³ /RMB ten thousand revenue	0.43	0.53	0.36	0.30

BUSINESS

We practice the philosophy of the circular economy and focus on resource efficiency in the packaging process. Based on the morphological characteristics of our electrolyte products, we primarily use reusable stainless steel packaging drums for transportation and delivery to support the recycling of packaging resources. We will continue to promote the optimization of packaging management based on compliance and operational needs, enhancing the level of our green operations.

Response to Climate Change

We recognize the impact of climate change on the global economy and the lithium-ion battery industry chain and consider it a crucial issue for our sustainable development. In terms of risk identification, we pay close attention to changes in regulatory policies and market demands in the context of the transition to a low-carbon economy, and are committed to maintaining our competitive advantages by optimizing our energy structure. Meanwhile, we have identified physical risks that may potentially trigger abnormal greenhouse gas emissions, such as fire hazards, and incorporated them into our environmental monitoring framework. By assessing these risks, we aim to develop targeted response strategies.

We have implemented a greenhouse gas inventory control procedure to standardize the quantification and reporting of greenhouse gases. At the operational level, we have implemented emission reduction control measures for operation of production equipment, management of air-conditioning refrigerants and employee commuting, such as arranging production schedules reasonably, regularly identifying potential hazards and encouraging low-carbon travel. In addition, we are committed to increasing the application of green and low-carbon products, striving to achieve carbon neutrality in our operations by enhancing resource utilization efficiency.

The following table sets forth the greenhouse gas emissions during the periods indicated:

	Unit	Year ended December 31,			Six months ended June 30,
		2023	2024	2025	2026
Total greenhouse gas emissions (Scope 1 and Scope 2)	tCO ₂ e	4,789.01	4,489.21	4,991.83	8,215.21
Greenhouse gas emission intensity (Scope 1 and Scope 2)	tCO ₂ e/ RMB ten thousand revenue	0.0304	0.0440	0.0286	0.0417
Scope 1 emissions ⁽¹⁾ . . .	tCO ₂ e	–	–	–	–
Scope 2 emissions ⁽²⁾ . . .	tCO ₂ e	4,789.01	4,489.21	4,991.83	8,215.21
Scope 3 emissions ⁽³⁾ . . .	tCO ₂ e	617.36	578.71	643.50	1,059.03

Notes:

- (1) During the Track Record Period, our operations did not involve the consumption of gasoline, diesel or any other direct fuels, and accordingly, our Scope 1 greenhouse gas emissions were nil.
- (2) During the Track Record Period, the indirect greenhouse gas emissions generated in the production process of our purchased electricity. We calculated the indirect greenhouse gas emissions using the electricity carbon dioxide emission factor of 0.5306 kgCO₂/kWh published by the Ministry of Ecology and Environment of the PRC for 2023.
- (3) We have compiled and calculated the emission data corresponding to Category 3 fuel- and energy-related activities. In the future, we will gradually improve the data compilation and calculation for Scope 3 greenhouse gas emissions in other categories and enhance the disclosure completeness and transparency of Scope 3 greenhouse gas emissions.

BUSINESS

Social Matters

We strive to deeply integrate social values into our daily operations and organizational strategies to jointly build a sustainable development ecosystem with our employees, supply chain partners and communities for win-win cooperation.

Labor Management

Based on our Social Responsibility Management Handbook and human resources management system, we focus on the professional capabilities and qualities of candidates in talent selection. We are committed to establishing a fair compensation and benefits system, standardizing salary payments and providing employees with social security in accordance with the law. We adhere to statutory working hour standards and rest and vacation systems to ensure employees’ right to rest. We advocate for an equal workplace culture, strictly prohibit any form of discrimination or harassment, and place emphasis on safeguarding the legitimate rights and interests of female employees.

Occupational Health and Safety

We are committed to establishing a safety production control framework. Relying on our internal safety regulations and rules, we aim to integrate safety considerations into every aspect of production and operation by implementing a safety production accountability system. To foster a safe working environment, we have established a risk identification and hierarchical control mechanism. During the production process, we dynamically monitor potential risks, equip necessary occupational disease prevention facilities based on job characteristics, and organize occupational health examinations. Additionally, we are committed to reducing safety hazards in the workplace by optimizing operational processes and upgrading equipment and technologies. We regularly organize safety skills training and emergency drills to enhance employees’ accident prevention and emergency response capabilities. Meanwhile, we have established a hidden danger investigation mechanism and continuously monitor occupational health and safety performance through regular management reviews. We have made efforts to maintain a strong safety record and are committed to controlling the risks of work-related injuries, fatalities and industrial accidents. In view of the high flammability of electrolytes, we have established and rigorously implemented a comprehensive fire safety management system. We ensure safety and controllability across all stages of production, operation, storage and handling through a multi-dimensional approach encompassing institutional frameworks, routine inspections, specialized training, facility maintenance and emergency drills.

Employee Development and Training

To support the construction of talent pool, we have established a career advancement pathway dedicated to providing employees with clear professional development paths. To enhance the quality of our talents, we have established a comprehensive training system covering different stages. During the onboarding stage, we offer a new hire orientation program that covers corporate culture, professional skills and safety regulations to assist new hires in integrating into our Group. For current employees, we regularly provide training on R&D technologies, management skills and professional skills based on our business needs. Through a combination of internal and external resources, we assist employees in acquiring relevant professional knowledge and practical skills. By evaluating the implementation of training, we continuously optimize course offerings and encourage employees to actively participate in labor competitions and professional qualification certifications to build a learning-oriented organization.

Supply Chain Management

We are committed to building a compliant and responsible supply chain system. In strict compliance with the laws and regulations of the jurisdictions in which we operate, we have established and implemented the Sustainable Procurement Management Policy, incorporating ESG factors into our supplier management process.

BUSINESS

We implement supplier admission review and performance evaluation mechanisms, under which suppliers are assessed comprehensively on multiple aspects, including product quality, environmental protection, safety management, social responsibility and business ethics. Through written reviews or on-site spot checks, we track and assess suppliers’ ESG performance, urge them to rectify identified risks, and continuously improve their sustainability performance. We have set sustainable procurement targets and achieved a 100% signing rate of the Social Responsibility Commitment Letter by suppliers. In addition, to implement responsible mineral sourcing, we strictly enforce the Conflict Minerals Management Policy, require suppliers to sign conflict minerals commitment letters, and have completed due diligence on all direct suppliers involved in lithium mining-related business to ensure supply chain compliance. During the Track Record Period, no supplier was involved in any violation.

Business Ethics

To foster a standardized business environment, we have established internal systems for anti-fraud and anti-bribery risk management, clarifying the code of professional ethics for our employees. To prevent and identify the risks of commercial violations, we have established a reporting and investigation mechanism, which includes channels such as reporting emails, telephone hotlines and letters, encouraging stakeholders including employees, customers and suppliers to report suspected corruptions with their real names or anonymously. We undertake to keep the information of whistleblowers confidential and strictly prohibit any form of retaliation, aiming to protect stakeholders’ right of supervision. For the reported clues received, relevant departments will conduct investigations in accordance with the regulations and report the results to the management.

We attach great importance to the cultivation of an ethical business culture and are committed to enhancing the integrity awareness of all staff through publicity and promotion. We incorporate anti-fraud and anti-bribery into our training programs and management meetings, guiding employees to consciously resist violations. Meanwhile, we promote an integrity-focused supply chain by requiring our partners to sign integrity commitments or include anti-corruption clauses in agreements, with the objective of reducing external commercial risks through compliance reviews.

Social Responsibilities

We are committed to fulfilling our corporate citizenship responsibilities. We focus on talent cultivation and care for vulnerable groups, actively participate in the Three-Year Action Plan for “Youths Supporting and Underprivileged Individuals Caring” (“百青千護”三年行動計劃) and visit and express sympathy and solicitude for adolescents from disadvantaged families to bring warmth to them. Additionally, we consistently carry out assistance initiatives for employees in need, offering necessary care and assistance to employees and their families facing life difficulties, and thereby spreading warmth within our Group and surrounding communities.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a robust risk management and internal control system which we continually enhance to ensure the compliance of our business operations. Our internal control mechanisms are regularly reviewed and updated to maintain their effectiveness and adequacy. Additionally, we conduct periodic assessments of our risk management policies and internal control measures to ensure they align with our operational needs and regulatory requirements.

BUSINESS

Financial Management

Our financial management covers accounting, budgeting, financial reporting and internal controls over cash and asset management. To foster accountability and operational efficiency, we maintain a clear segregation of duties within the finance team by assigning distinct roles and responsibilities. All financial activities are subject to rigorous approval procedures, with regular financial and variance analysis conducted to uphold accuracy, transparency and sound decision-making. Comprehensive policies guide our budgeting, forecasting, investment and cash management practices, while ongoing training and development for finance personnel ensure excellence, professionalism and compliance in all aspects of our financial operations.

Compliance Management

Our compliance management framework is structured to proactively monitor and address changes in laws and regulations, upholding the highest standards of integrity through strong anti-fraud, anti-bribery, anti-money laundering and anti-economic sanctions controls. Regular compliance training equips our staff with the knowledge needed to foster a culture of accountability and awareness. Robust systems are in place to identify, report and resolve non-compliance issues, supported by well-established procedures for managing compliance matters and legal disputes. Designated personnel continuously track regulatory developments to ensure our policies and procedures remain up to date.

Intellectual Property Management

We take a systematic approach to intellectual property management by developing clear policies for the application, registration, maintenance, renewal and protection of patents, trademarks and copyrights. Our intellectual property assets are routinely audited and recorded in dedicated registers to ensure proper oversight. Procedures are in place to identify and address potential infringements, and employees and partners are generally required to sign confidentiality and intellectual property protection agreements. To reinforce compliance, we conduct regular training and awareness programs to ensure that all staff understand the importance of safeguarding intellectual property.

Human Resource Management

We have implemented clear policies covering recruitment, onboarding, performance appraisal, compensation, benefits and disciplinary actions. Strict measures are in place to manage personnel files, control access and maintain the confidentiality of employee information. Employees receive regular training and development opportunities, including orientation, compliance and professional development programs. We have established channels for employee feedback and complaints, with safeguards to protect those who raise concerns. Additionally, we are dedicated to promoting diversity, equity and inclusion while ensuring full compliance with all applicable labor laws and regulations.

To ensure the effectiveness of our risk management policies, we have established an audit committee to oversee our financial reporting and internal control systems. The committee reviews the effectiveness of these systems and addresses any identified weaknesses, reporting significant issues to the Board of Directors in a timely manner.