The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements as of and for each of the years ended December 31, 2023, 2024, 2025, and the six months ended June 30, 2026 together with the accompanying notes thereto, and our unaudited but reviewed consolidated financial statements as of and for the six months ended June 30, 2025, as included in the Accountants' Report set out in Appendix I to this document. We have prepared our historical financial information in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board, which may differ in certain material respects from generally accepted accounting principles in other jurisdictions, including, without limitation, the United States and the United Kingdom.

The following discussion contains forward-looking statements that reflect our current views with respect to future events and our financial performance. These forward-looking statements are based on our assumptions and analysis made in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, actual results may differ materially from those expressed or implied by these forward-looking statements as a result of various factors. Factors that could cause or contribute to such differences include, without limitation, those discussed in the sections headed "Forward-Looking Statements", "Risk Factors" and "Business" in this document.

OVERVIEW

We are one of the major suppliers of lithium-ion battery electrolytes, distinguished by our strong research and development capabilities, large-scale manufacturing capacity and vertically integrated business model. Our business is mainly divided into three major segments, namely battery chemicals, organic fluorochemicals and electronic information chemicals. Our battery chemicals are widely used in power batteries, ESS applications and consumer electronics. Our organic fluorochemicals are applied in the AI and digital infrastructure industrial chain, pharmaceuticals, clean energy and other related fields. Our electronic information chemicals are primarily used in a range of electronic applications, including capacitors and semiconductor manufacturing. Together, these segments provide the Group with a relatively diversified revenue base.

For the year ended December 31, 2023, 2024, 2025, and for the six months ended June 30, 2025 and 2026, our revenue amounted to RMB7,472.4 million, RMB7,835.7 million and RMB9,628.5 million, RMB4,242.5 million, and RMB7,455.3 million, respectively. Our gross profit for the corresponding years/periods amounted to RMB2,123.4 million, RMB2,004.9 million, RMB2,253.3 million, RMB1,028.4 million, and RMB1,751.3 million, respectively. Our profit for the years/periods amounted to RMB1,013.9 million, RMB950.6 million, RMB1,097.4 million, RMB501.5 million, and RMB998.9 million, respectively.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the historical financial information throughout the Track Record Period.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The results of operations and financial condition of our Group have been, and are expected to continue to be, affected by a number of factors, including the following.

Demand for Our Products in the Downstream Markets

Our results of operations and financial condition are materially affected by demand in the downstream industries served by our three major business segments, battery chemicals, organic fluorochemicals and electronic information chemicals, as well as the pace of technology upgrades and adoption in those industries. Our products are applied in end-markets including NEV, ESS, consumer electronics, AI and digital infrastructure, semiconductor manufacturing, pharmaceuticals, and changes in demand in these end-markets may affect our sales volume, selling prices, product mix, capacity utilisation and profitability.

Demand for our battery chemicals is primarily linked to activity levels and technology upgrades in NEV, ESS and consumer batteries, including shifts in battery chemistry and performance requirements, which in turn drive changes in electrolyte formulation needs and purchasing patterns. As a result, changes in production volumes, inventory cycles and investment decisions of downstream battery manufacturers directly affect our sales volume and revenue. Demand for our organic fluorochemicals is influenced by growth and product adoption across application areas such as AI and digital infrastructure, as well as favourable product mix dynamics associated with higher-margin applications, such as polymers and other emerging applications in clean energy and other high-end industrial fields. Demand for our electronic information chemicals is affected by conditions in end markets such as consumer electronics, new energy, AI and digital infrastructure, which determine production rates and procurement cycles at downstream manufacturers. In particular, the ongoing rapid development of digital infrastructure and data centres, driven by cloud computing and AI workload growth, has supported steady growth in demand for capacitor chemicals and thermal management solutions, including semiconductor cooling liquids. Accordingly, changes in downstream build-out schedules, utilisation rates and technology choices can directly affect our order volumes, product mix and pricing dynamics.

Supply of Raw Materials and Our Ability to Secure and Manage Cost of Raw Materials

Our operations depend on a stable supply of raw materials, the prices of which are subject to volatility and market fluctuations. Our raw materials for all segments in the aggregate account for 78.5%, 74.8%, 76.9%, 76.1%, and 83.6% of our cost of sales in 2023, 2024, 2025, and for the six months ended June 30, 2025 and 2026. We have taken measures to mitigate the impact of raw material price volatility, including enhancing upstream integration, strengthening supplier management, optimising procurement strategies and improving production efficiency. As we have further expanded our operations to integrate upstream resources, we are capable of self supplying solutes and a portion of solvents and additives for production of our electrolytes from our upstream production facilities. Raw materials required for the production of such self-supplied upstream key materials are primarily sourced from external suppliers.

Raw material costs represented a significant component of our cost of sales during these periods. For illustrative purposes only, assuming that all other factors affecting our financial performance remain constant (including assuming that material price fluctuations cannot be passed on to customers through price adjustment mechanisms), the sensitivity analysis of the impact of fluctuations in the average price of raw materials being 1% and 5% on our profit before income tax during the Track Record Period is as follows:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Fluctuations in the average price of raw materials[1]				
-/+1%	+/- 41,756	+/- 43,454	+/- 56,485	+/- 47,518
-/+5%	+/- 208,779	+/- 217,269	+/- 282,425	+/- 237,590

(1) The calculation set out in the above table excludes the impact of by-products generated from organic fluorochemical production and revenue from others.

Product Pricing Mechanisms and Pass-through of Raw Material Costs

Our revenue, gross profit and gross profit margin are materially affected by the selling prices of our products and our ability to manage changes in raw material costs. We determine the selling prices of our products primarily based on a combination of factors including (i) product category and technical specifications, (ii) quality grade and application scenarios, (iii) order volume and the length and stability of the customer relationship, (iv) our procurement and production costs (including raw material costs), and (v) prevailing market prices and the competitive landscape for comparable products. Changes in the prices of raw materials may be reflected, in whole or in part, in the prices we charge our customers. However, the extent and timing of such adjustments may differ by customer and product line, and may also be affected by factors such as contract terms, customer order cycles, and competitive conditions and volatility of raw material prices.

Effective Production Management, Cost Control and R&D-Driven Product Differentiation

Our financial performance depends significantly on our ability to operate our production network efficiently, maintain stable yields and utilisation, and control costs across procurement, manufacturing and logistics. In particular, our results are sensitive to the effectiveness of production scheduling and capacity allocation across sites and product lines, as well as our ability to manage fixed manufacturing costs as new facilities commenced operation and ramped up. If utilisation is lower than expected, yields are unstable, or commencement of operation and ramp-up are delayed, our unit costs, margins and operating cash flows may be adversely affected.

Our profitability and growth also depend on our R&D capabilities and our ability to commercialise differentiated products that address evolving customer requirements and expand application scenarios. We pursue R&D to enhance existing products and develop higher value-added materials and tailored solutions, including in segments such as organic fluorochemicals and capacitor chemicals where technical barriers and customer qualification requirements are meaningful. R&D and industrialisation involve execution risks, longer validation and qualification cycles and upfront investment, and any inability to translate R&D outcomes into stable mass production on an economic basis could adversely affect our product mix, margins and results of operations.

Change in Product Mix

Our results of operations and financial condition have been, and are expected to continue to be, affected by changes in the mix of products we sell. Our business is principally focused on battery chemicals, particularly lithium-ion battery electrolytes and related battery materials, and a substantial portion of our revenue during the Track Record Period was generated from battery chemicals. In 2023, 2024, 2025 and for the six months ended June 30, 2025 and 2026, revenue derived from battery chemicals amounted to RMB5,053.1 million, RMB5,115.6 million, RMB6,679.4 million, RMB2,815.4 million, and RMB5,748.2 million, representing 67.6%, 65.3%, 69.4%, 66.4% and 77.1% of our total revenue for the respective periods. The gross profit margin of battery chemicals amounted to 15.7%, 11.6%, 10.3%, 9.2%, and 15.0% for the corresponding periods. During the Track Record Period, revenue from organic fluorochemicals amounted to RMB1,425.4 million, RMB1,528.8 million, RMB1,426.4 million, RMB721.9 million, and RMB708.3 million, representing 19.1%, 19.5%, 14.8%, 17.0%, and 9.5% of our total revenue for the respective periods. The gross profit margin of this segment amounted to 69.2%, 59.1%, 59.8%, 61.0%, and 54.6%, respectively. At the same time, revenue from our electronic information chemicals amounted to RMB939.4 million, RMB1,134.2 million, RMB1,464.6 million, RMB679.2 million, and RMB956.3 million, representing 12.6%, 14.5%, 15.2%, 16.0%, and 12.8% of our total revenue for the respective periods. The gross profit margin of this segment amounted to 35.1%, 42.4%, 47.5%, 47.3%, and 51.1%, respectively. As the profit margins, cost structures and market dynamics vary across our business segments, changes in the relative contribution of these products have had, and are expected to continue to have, a direct impact on our overall gross profit margin, and in turn, expected to affect our results of operations and financial condition more broadly.

MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The preparation of our historical financial information in conformity with IFRS Accounting Standards requires our management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Note 2.3 to "Appendix I — Accountants' Report" to this document sets forth certain material accounting policies, which are important for understanding our financial conditions and results of operations. In the application of our accounting policies, our management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Our estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. See note 3 to "Appendix I — Accountants' Report."

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated results of operations for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
REVENUE	7,472,419	7,835,681	9,628,479	4,242,498	7,455,314
Cost of sales	(5,349,041)	(5,830,811)	(7,375,211)	(3,214,142)	(5,704,032)
Gross profit	2,123,378	2,004,870	2,253,268	1,028,356	1,751,282
Other income and gains	236,632	190,973	231,736	145,763	86,455

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Selling and distribution expenses	(99,704)	(118,760)	(149,077)	(76,144)	(88,461)
Administrative expenses	(424,233)	(413,426)	(467,170)	(209,302)	(280,080)
Research and development expenses	(485,132)	(392,852)	(501,872)	(252,445)	(294,589)
Impairment losses on financial assets, net	(25,923)	(21,861)	(64,647)	(18,330)	(79,319)
Other expenses	(54,529)	(55,491)	(61,897)	(8,175)	(46,490)
Finance costs	(41,891)	(60,781)	(77,093)	(37,282)	(39,798)
Share of profits and losses of:					
Joint ventures	–	402	122,680	7,654	174,815
Associates	(60,823)	(39,691)	(26,892)	(12,132)	(12,130)
PROFIT BEFORE TAX	1,167,775	1,093,383	1,259,036	567,963	1,171,685
Income tax expense	(153,860)	(142,797)	(161,630)	(66,503)	(172,785)
PROFIT FOR THE YEAR/PERIOD	1,013,915	950,586	1,097,406	501,460	998,900
Attributable to:					
Owners of the parent	1,014,035	940,432	1,096,058	490,280	984,807
Non-controlling interests	(120)	10,154	1,348	11,180	14,093

Revenue

Revenue by Business Segment

During the Track Record Period, we primarily generated our revenue through three main business segments, namely (i) battery chemicals, (ii) organic fluorochemicals, and (iii) electronic information chemicals.

The table below sets forth a breakdown of our revenue by our business segments for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (Unaudited)*	*%*	*RMB'000*	*%*
Battery chemicals	5,053,113	67.6	5,115,623	65.3	6,679,414	69.4	2,815,372	66.4	5,748,190	77.1
Organic fluorochemicals	1,425,415	19.1	1,528,765	19.5	1,426,358	14.8	721,855	17.0	708,296	9.5
Electronic information chemicals	939,390	12.6	1,134,169	14.5	1,464,610	15.2	679,177	16.0	956,280	12.8
Others [(1)]	54,501	0.7	57,124	0.7	58,097	0.6	26,094	0.6	42,548	0.6
Total	**7,472,419**	**100.0**	**7,835,681**	**100.0**	**9,628,479**	**100.0**	**4,242,498**	**100.0**	**7,455,314**	**100.0**

Note:

(1) Others primarily consists of the sale of cover plates and other functional materials.

Sales Volume and Average Selling Price

The following table sets forth the sales volume and average selling price by product categories during the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Sales volume (thousand tonnes)	*Average selling price (RMB per tonne)*	*Sales volume (thousand tonnes)*	*Average selling price (RMB per tonne)*	*Sales volume (thousand tonnes)*	*Average selling price (RMB per tonne)*	*Sales volume (thousand tonnes)*	*Average selling price (RMB per tonne)*	*Sales volume (thousand tonnes)*	*Average selling price (RMB per tonne)*
Battery chemicals . . .	212	23,853	343	14,916	530	12,613	222	12,693	332	17,302
Organic fluorochemicals[(1)] . .	5	317,060	7	230,624	7	194,259	3	210,019	4	159,246
Electronic information chemicals	73	12,909	85	13,354	97	15,026	47	14,604	62	15,421

Note:

(1) The calculation of the sales volume and average selling price set out in the above table excludes the impact of by-products generated from organic fluorochemical production.

Battery chemicals

Battery chemicals remained our largest business segment throughout the Track Record Period, accounting for approximately 67.6%, 65.3%, 69.4%, 66.4%, and 77.1% of total revenue in 2023, 2024, 2025, and for the six months ended 2025 and 2026, respectively. The decline in average selling price from approximately RMB23,853 per tonne in 2023 to approximately RMB14,916 per tonne in 2024 and approximately RMB12,613 per tonne in 2025 was driven primarily by the fall in electrolyte prices, as lithium-ion battery electrolytes accounted for a significant majority of battery chemicals revenue in the respective periods. Electrolyte prices are closely linked to the cost of $LiPF_6$, which represents approximately 40% to 50% of total electrolyte production cost. From 2023 to 2025, rapid industrywide capacity expansion created a temporary oversupply condition, which caused the decline of average selling price of $LiPF_6$ and electrolyte from 2023 to 2025. Battery chemicals sales volumes increasing from approximately 212 thousand tonnes in 2023 to approximately 343 thousand tonnes in 2024 and approximately 530 thousand tonnes in 2025, primarily reflecting the robust demand growth from downstream NEV and ESS customers, which in turn increased demand for electrolytes. For the six months ended June 30, 2025 and 2026, the average selling price of battery chemicals increased by approximately 36.3% from approximately RMB12,693 per tonne for the six months ended June 30, 2025 to approximately RMB17,302 per tonne for the six months ended June 30, 2026, alongside with the increasing sales volume by approximately 49.8% from approximately 222 thousand tonnes for the six months ended June 30, 2025 to approximately 332 thousand tonnes for the six months ended June 30, 2026, driven by continued expansion in downstream NEV and ESS demand and the broadening of our customer base.

Battery chemicals will remain our principal business focus going forward. The Directors believe that the battery chemicals segment is positioned for volume-led growth as global NEV and ESS demand continues to expand, and that the short-term pricing environment does not alter the long-term strategic importance of the segment. $LiPF_6$ prices have begun to recover since October 2025, and we expect average selling prices of battery chemicals to partially recover as supply-demand conditions rebalance. More importantly, our strategy is to increase profitability in battery chemicals not primarily through price recovery but through: (i) overseas market development, where electrolyte prices have historically commanded a meaningful premium over domestic prices; (ii) continued vertical integration in solutes, solvents and additives, which reduces raw material cost and dependency on external suppliers; and (iii) selective product mix upgrades towards higher-specification electrolyte formulations.

Organic fluorochemicals

The average selling price declined from approximately RMB317,060 per tonne in 2023 to approximately RMB230,624 per tonne in 2024 and approximately RMB194,259 per tonne in 2025. This decline reflected three concurrent factors. First, in AI and digital infrastructure, we made selective price adjustments to support customer relationships and market expansion in the context of strong volume growth (approximately 39.0% CAGR from 2023 to 2025). Second, in fluorinated pharmaceutical intermediates, average selling prices declined due to centralised procurement policies in the PRC pharmaceutical sector, which compressed downstream customer profitability and created corresponding pressure on input pricing. Third, the revenue contribution of product categories carrying comparatively lower average selling prices grew as a proportion of total segment revenue from 2023 to 2025, reducing the segment-level weighted average price as the growth in AI and digital infrastructure and other fluorochemical categories outpaced that of fluorinated polyimide monomers, which command a materially higher per-tonne price. The average selling price further decreased by approximately 24.2% from approximately RMB210,019 per tonne for the six months ended June 30, 2025 to approximately RMB159,246 per tonne for the six months ended June 30, 2026, primarily due to (i) a large portion of our organic fluorochemicals products were sold to overseas markets, and the continued foreign exchange fluctuations during the six months ended June 30, 2026 adversely affected the pricing of our export sales; and (ii) increased supply from other industry participants in the PRC further intensified market competition, resulting in continued and increasing pricing pressure across the industry.

Despite the decline in average selling prices, segment revenue remained broadly stable over the Track Record Period, at RMB1,425.4 million in 2023, RMB1,528.8 million in 2024 and RMB1,426.4 million in 2025, and to RMB721.9 million and RMB708.3 million for the six months ended June 30, 2025 and 2026 respectively, as volume-driven growth partially offset the impact of lower average selling prices.

Electronic information chemicals

Average selling prices increased from approximately RMB12,909 per tonne in 2023 to approximately RMB13,354 per tonne in 2024 and approximately RMB15,026 per tonne in 2025, driven by a structural shift in product mix towards higher-value semiconductor chemicals, as the revenue contribution of semiconductor cooling liquids and pan-semiconductor cleaning liquids grew progressively from 2023 to 2025, reflecting progress in customer qualification with PRC integrated circuit manufacturers and growing end-market demand. Sales volumes also grew, from approximately 73 thousand tonnes in 2023 to approximately 85 thousand tonnes in 2024 and to approximately 97 thousand tonnes in 2025, supported by the recovery and growth in downstream electronics and semiconductor demand.

For the six months ended June 30, 2026, average selling price increased by approximately 5.6% to RMB15,421 per tonne and sales volume increased from approximately 47 thousand tonnes to 62 thousand tonnes, primarily due to the contribution from higher-priced semiconductor cooling liquids to meet customer specifications. Segment revenue accordingly increased by approximately 40.8% to RMB956.3 million.

Revenue by Geographic Region

During the Track Record Period, we generated most of our revenue from operations in Chinese Mainland, and our overseas revenue primarily derived from Asia, the Americas, and Europe, with the United States, Japan, Vietnam, South Korea, and Hungary contributing the largest amounts of overseas sales. The table below sets forth a breakdown of our revenue by geographic region for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
PRC	**5,585,081**	**74.7**	**5,891,039**	**75.2**	**8,013,368**	**83.2**	**3,357,169**	**79.1**	**6,619,821**	**88.8**
Total: other region	**1,887,338**	**25.3**	**1,944,642**	**24.8**	**1,615,111**	**16.8**	**885,329**	**20.9**	**835,493**	**11.2**
Asia	535,039	7.2	640,253	8.2	751,338	7.8	382,674	9.0	565,914	7.6
The Americas	825,373	11.0	579,290	7.4	510,747	5.3	327,462	7.7	125,425	1.7
Europe	492,642	6.6	654,968	8.4	270,474	2.8	166,841	3.9	136,994	1.8
Other regions	34,284	0.5	70,131	0.9	82,553	0.9	8,352	0.2	7,160	0.1
Total	**7,472,419**	**100.0**	**7,835,681**	**100.0**	**9,628,479**	**100.0**	**4,242,498**	**100.0**	**7,455,314**	**100.0**

Cost of Sales

Our cost of sales mainly consisted of (i) raw material costs, (ii) manufacturing costs and others, (iii) labour costs, and (iv) impairment losses on inventories all of which are incurred in connection with the production of our products.

The table below sets forth a breakdown of our cost of sales by nature for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Raw material costs	4,200,059	78.5	4,363,864	74.8	5,671,890	76.9	2,444,363	76.1	4,771,349	83.6
Manufacturing costs and others	957,014	17.9	1,251,060	21.5	1,451,200	19.7	650,564	20.2	791,467	13.9
Labour costs	176,726	3.3	179,442	3.1	211,895	2.9	96,730	3.0	125,126	2.2
Impairment losses on inventories	15,242	0.3	36,444	0.6	40,226	0.5	22,485	0.7	16,090	0.3
Total	**5,349,041**	**100.0**	**5,830,811**	**100.0**	**7,375,211**	**100.0**	**3,214,142**	**100.0**	**5,704,032**	**100.0**

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin by business segments for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit (RMB'000)	*Gross profit margin (%)*	*Gross profit (RMB'000)*	*Gross profit margin (%)*	*Gross profit (RMB'000)*	*Gross profit margin (%)*	*Gross profit (RMB'000)*	*Gross profit margin (%)*	*Gross profit (RMB'000)*	*Gross profit margin (%)*
							(Unaudited)			
Battery chemicals	793,166	15.7	594,690	11.6	687,231	10.3	258,886	9.2	864,980	15.0
Organic fluorochemicals	985,683	69.2	903,923	59.1	853,434	59.8	440,385	61.0	387,067	54.6

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit (RMB'000)	*Gross profit margin (%)*	*Gross profit (RMB'000)*	*Gross profit margin (%)*	*Gross profit (RMB'000)*	*Gross profit margin (%)*	*Gross profit (RMB'000)*	*Gross profit margin (%)*	*Gross profit (RMB'000)*	*Gross profit margin (%)*
							(Unaudited)			
Electronic information chemicals	329,974	35.1	480,751	42.4	695,821	47.5	321,020	47.3	488,995	51.1
Others[(1)]	14,555	26.7	25,506	44.7	16,782	28.9	8,065	30.9	10,240	24.1
Total	**2,123,378**	**28.4**	**2,004,870**	**25.6**	**2,253,268**	**23.4**	**1,028,356**	**24.2**	**1,751,282**	**23.5**

Note:

(1) Others primarily consists of the sale of cover plates and other functional materials.

Other Income and Gains

Other Income

Our other income mainly consisted of (i) bank interest income, (ii) other interest income from financial assets at fair value from profit or loss, (iii) government grants, (iv) investment income, (v) gross rental income from operating leases, and (vi) others. Other income may vary from period to period depending on factors such as cash balances, interest rates and the timing and amount of government support received.

The following table sets forth a breakdown of our other income both in absolute amounts for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Other income					
Bank interest income	59,746	80,238	77,799	40,134	31,766
Other interest income from financial assets at fair value from profit or loss	14,406	–	–	–	–
Government grants	57,755	35,248	46,147	24,091	17,699
Investment income	793	10,336	1,453	1,096	512
Gross rental income from operating leases	11,532	11,106	10,689	5,770	7,240
Others	32,909	49,134	52,514	31,888	22,831
Total	**177,141**	**186,062**	**188,602**	**102,979**	**80,048**

The interest income from financial assets at fair value through profit or loss of RMB14.4 million recognised in 2023 relates to structured deposits financial instrument, in which the Company invested during that year. These products are issued by licensed PRC financial institutions, including securities companies and fund management companies, whose

underlying assets primarily comprise fixed-income and money-market instruments. The return mechanism of these products is linked to the performance of the underlying portfolio, and the RMB14.4 million recognised in 2023 represents the fair value change on these instruments, which is classified as interest income given the nature of the underlying return. These instruments are classified as financial assets at FVTPL given that they do not meet the criteria for measurement at amortised cost or FVTOCI under IFRS 9. The counterparties are regulated PRC financial institutions.

Investment income in 2023 of RMB0.8 million comprised returns on small-scale equity investments in the ordinary course of business. The substantial increase in investment income in 2024 to RMB10.3 million was attributable primarily to the disposal by the Company of its equity interest in Zhangjiagang Hicomer Chemical, during 2024. The gain on disposal of Zhangjiagang Hicomer Chemical was recognised as investment income in 2024 and represented substantially all of the investment income for that year. The disposal was a non-recurring event and the investment income in 2024 is therefore non-recurring in nature. Investment income amounted to RMB1.5 million for the year ended December 31, 2025 and RMB1.1 million and RMB0.5 million for the six months ended June 30, 2025 and 2026, respectively, mainly representing returns on residual equity investments.

Gains

The table below sets forth a breakdown of our gains for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Gains					
Gains on disposal of items of property, plant and equipment	427	–	–	13	1,557
Fair value gains on financial instruments at fair value through profit or loss	36,885	–	20,316	7,576	4,850
Net foreign exchange differences	22,179	4,911	22,818	35,195	–
Total	**59,491**	**4,911**	**43,134**	**42,784**	**6,407**

Our gains mainly consisted of (i) gains on disposal of items of property, plant and equipment, being the difference between disposal proceeds and the carrying amount of the relevant assets, (ii) fair value gains on financial instruments at fair value through profit or loss during the Track Record Period primarily relate to equity investments in listed companies and fair value gains on structured deposit. For equity investments, these investments are measured at fair value at each reporting date based on the quoted market price of the relevant listed shares. Fair value gains were recognised in 2023, reflecting an increase in the market prices of the relevant listed equity investments during that year. No fair value gain was recognised in 2024 due to decrease of the market prices and fair value losses was recognised in other expenses. Fair value gains were recognised in 2025, reflecting a recovery in the market prices of the relevant listed equity investments during that period. Fair value gains on financial instruments at fair value through profit or loss for the six months ended June 30, 2026 were

lower than those for the corresponding period in 2025, primarily attributable to lower fair value gains on our structured deposits and, to a lesser extent, lower fair value gains on our equity investments in listed companies. These fair value gains and losses are driven by movements in quoted market prices and are therefore subject to market fluctuation; they are non-recurring in nature in the sense that they depend on market conditions at each reporting date and cannot be reliably predicted, and (iii) foreign exchange gains, net, arise from changes in foreign exchange rates affecting our foreign-currency-denominated monetary items in the ordinary course of business, as the Company incurred a net foreign exchange loss of RMB27.5 million for the six months ended June 30, 2026, which were recognised under other expenses.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of (i) employee benefit expenses for our sales and marketing personnel, (ii) logistics-related expenses, including transportation and handling costs, (iii) office expenses, (iv) advertising and agency fees, (v) travel and business development expense, (vi) amortisation and depreciation expenses, (vii) share-based payments, (viii) intermediary and product certification fees, comprising product certification fees, being fees paid to third-party service providers engaged to carry out registration and filing work in connection with REACH certification and other regulatory compliance requirements for our products in overseas markets; and intermediary and consultancy fees, being fees paid to third-party intermediaries and consultants engaged to support our sales and market development activities, and (ix) others. In addition, we recognised share-based payments for our sales and marketing employees; such expenses may fluctuate from period to period, including reversals where the relevant vesting or performance conditions were not satisfied.

The table below sets forth a breakdown of our selling and distribution expenses, both in absolute amounts and as a percentage of total selling and distribution expenses, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Employee benefit expenses	47,993	48.1	63,314	53.3	78,876	52.9	38,961	51.2	41,801	47.3
Logistics-related expenses	9,274	9.3	16,691	14.1	17,842	12.0	10,862	14.3	11,745	13.3
Office expenses	948	1.0	697	0.6	1,066	0.7	501	0.7	565	0.6
Advertising and agency fees	4,718	4.7	7,220	6.1	12,816	8.6	6,027	7.9	5,169	5.8
Travel and business development expenses	11,834	11.9	14,829	12.5	16,427	11.0	6,901	9.1	7,936	9.0
Amortisation and depreciation expenses	655	0.7	2,029	1.7	2,949	2.0	1,481	1.9	1,415	1.6
Share-based payments	16,604	16.7	5,506	4.6	8,546	5.7	6,268	8.2	9,597	10.8
Intermediary and product certification fees	2,148	2.2	2,335	2.0	6,037	4.0	3,497	4.6	5,747	6.5
Others[(1)]	5,530	5.4	6,139	5.1	4,518	3.1	1,646	2.1	4,486	5.1
Total	**99,704**	**100.0**	**118,760**	**100.0**	**149,077**	**100.0**	**76,144**	**100.0**	**88,461**	**100.0**

Note:

(1) Others primarily consisted of quality control related costs and labour service fees.

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses for our administrative, finance, legal, HR and other corporate support personnel, (ii) depreciation and amortisation attributable to general and administrative facilities, equipment and right-of-use assets, (iii) share-based payments to administrative employees, (iv) intermediary and professional service fees, including audit, legal, consulting and other professional services, (v) office expenses, (vi) taxes and surcharges, (vii) travel expenses incurred in connection with corporate management and coordination, (viii) utilities and operation expenses, and (ix) others.

The table below sets forth a breakdown of our administrative expenses, both in absolute amounts and as a percentage of administrative expenses, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Employee benefit expenses	197,892	46.6	202,168	48.9	232,398	49.7	96,280	46.0	152,476	54.4
Depreciation and amortisation	59,273	14.0	57,326	13.9	71,978	15.4	35,631	17.0	31,581	11.3
Share-based payments	46,144	10.9	21,273	5.1	27,039	5.8	19,667	9.4	27,877	10.0
Intermediary and professional service fees	23,576	5.6	32,688	7.9	29,778	6.4	8,722	4.2	9,588	3.4
Office expenses	13,810	3.3	15,303	3.7	15,541	3.3	7,191	3.4	8,023	2.9
Taxes and surcharges	21,583	5.1	27,193	6.6	32,748	7.0	15,684	7.5	18,881	6.7
Travel expenses	14,067	3.3	13,767	3.3	15,020	3.2	6,257	3.0	8,195	2.9
Utilities and operation expenses	14,026	3.3	15,342	3.7	12,597	2.7	6,483	3.1	5,975	2.1
Others[(1)]	33,862	7.9	28,366	6.9	30,071	6.5	13,387	6.4	17,484	6.3
Total	**424,233**	**100.0**	**413,426**	**100.0**	**467,170**	**100.0**	**209,302**	**100.0**	**280,080**	**100.0**

Note:

(1) Others primarily consisted of certification fees, labour service fees and bank charges.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee benefit expenses for our R&D and technical personnel, (ii) material costs incurred in connection with R&D activities (iii) depreciation and amortisation attributable to R&D facilities, laboratories and equipment, (iv) share-based payments to R&D employees, (v) fuel and power expenses, and (vi) others.

The table below sets forth a breakdown of our research and development expenses, both in absolute amounts and as a percentage of total research and development expenses, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(Unaudited)*	*%*	*RMB'000*	*%*
Employee benefit expenses	218,039	44.9	196,591	50.0	219,753	43.8	122,074	48.4	114,378	38.8
Material costs	131,498	27.1	93,381	23.8	155,014	30.9	61,834	24.5	123,318	41.9
Depreciation and amortisation	46,194	9.5	53,637	13.7	57,858	11.5	29,791	11.8	27,635	9.4
Share-based payments	45,185	9.3	16,062	4.1	17,341	3.5	16,825	6.7	15,724	5.3
Fuel and power expenses	6,002	1.2	3,753	0.9	4,642	0.9	2,229	0.9	2,224	0.8
Others[(1)]	38,214	8.0	29,428	7.5	47,264	9.4	19,692	7.7	11,310	3.8
Total	**485,132**	**100.0**	**392,852**	**100.0**	**501,872**	**100.0**	**252,445**	**100.0**	**294,589**	**100.0**

Note:

(1) Others primarily consisted of outsourced testing fees, technical consulting fees and patent application fee.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net primarily comprised expected credit loss allowances on trade receivables and on financial assets included in prepayments, other receivables and other assets.

The table below sets forth a breakdown of our impairment losses on financial assets, net for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Impairment losses on trade receivables, net	25,520	20,651	63,633	17,656	78,613
Impairment losses on financial assets included in prepayments, other receivables and other assets, net	403	1,210	172	674	488
Impairment of bill receivables, net	–	–	841	–	218
Total	**25,923**	**21,861**	**64,647**	**18,330**	**79,319**

Other Expenses

Our other expenses mainly comprised (i) impairment losses on property, plant and equipment; (ii) loss on sale or disposal of equipment; (iii) net fair value losses on financial assets measured at FVTPL; (iv) forfeited deposit for land acquisition; and (v) others, mainly comprised rental cost, donation expenses and other expenses. Forfeited deposits for land acquisition mainly represent the difference between land premium payments made by us and the amounts recovered upon the return of the relevant land to the government authority. The amount recognised in 2023 and 2025 arose from the return of land held by our Zhuhai subsidiary and Fujian subsidiary in connection with termination of planned projects. No such amount was recognised in 2024 or in the six months ended June 30, 2025 and 2026.

The table below sets forth a breakdown of our other expenses for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Impairment losses on property, plant and equipment	2,073	8,785	14,022	65	–
Loss on sale or disposal of equipment	5,465	3,555	15,869	1,429	4,728
Forfeited deposit for land acquisition	20,733	–	4,836	–	–
Net fair value losses on financial assets at FVTPL	4,403	27,460	100	208	–
Foreign exchange losses, net	–	–	–	–	27,528
Others	21,855	15,691	27,070	6,473	14,234
Total	**54,529**	**55,491**	**61,897**	**8,175**	**46,490**

Finance Costs

Our finance costs primarily consisted of (i) interest on bank loans, convertible bonds, (ii) interest on lease liabilities, less (iii) interest capitalised.

The table below sets forth a breakdown of our finance costs for the periods indicated.

	Year ended December 31,			Six Months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest on bank loans, convertible bonds	79,674	96,607	92,592	49,186	43,916
Interest on lease liabilities	1,344	1,100	1,265	512	390
Total interest expense	81,018	97,707	93,857	49,698	44,306
Less: interest capitalised	(39,127)	(36,926)	(16,764)	(12,416)	(4,508)
Total	**41,891**	**60,781**	**77,093**	**37,282**	**39,798**

Share of Results of Associates and Joint Ventures, Net

Our share of results of associates and joint ventures represents our share of the post-acquisition profits or losses accounted for using the equity method. We had no joint venture during 2023. In December 2024, the Company completed a capital injection into Shilei Fluorine Materials and achieved joint control, from which point it has been accounted for as a joint venture.

The share of results of associates, comprising principally Fujian Yongjing, amounted to a net loss of RMB60.8 million, RMB39.7 million, and RMB26.9 million in 2023, 2024, and 2025 respectively, reflecting a gradual narrowing of losses as Fujian Yongjing's operating performance improved, and to a net loss of RMB12.1 million and RMB12.1 million for the six months ended June 30, 2025 and 2026 respectively, primarily reflecting the aggregate operating results of our associates during the period.

Our share of results of joint ventures increased from a net profit of RMB7.7 million for the six months ended June 30, 2025 to RMB174.8 million for the six months ended June 30, 2026, primarily attributable to the significant increase in the net profit of Shilei Fluorine Materials, whose key product $LiPF_6$ benefited from a relatively sustained elevated level in market prices during the period. Correspondingly, the carrying amount of our investment in joint ventures increased from RMB491.9 million as of December 31, 2025 to RMB677.1 million as of June 30, 2026.

Income Tax Expense

Our income tax expense represents tax expenses arising in, or derived from, the tax jurisdictions in which companies comprising our Group are domiciled or operate. In 2023, 2024, 2025, and the six months ended June 30, 2025 and 2026, our income tax expenses amounted to RMB153.9 million, RMB142.8 million, RMB161.6 million, RMB66.5 million, and RMB172.8 million, respectively. During the Track Record Period, the Group was subject to income tax in multiple jurisdictions, including the PRC, Hong Kong, and other jurisdictions where our subsidiaries operate.

Chinese Mainland

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for certain PRC entities of the Group are calculated at the statutory tax of 25% on their estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof. During the Track Record Period, certain of our subsidiaries were qualified as "High and New Technology Enterprise" and under the relevant PRC laws and regulations or as entities engaged in industries supported by government in the western region of the PRC. In either case, these subsidiaries were entitled to the 15% rate. According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim additional 100% of the qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits during the Track Record Period.

Hong Kong

Our subsidiaries domiciled in Hong Kong were subject to Hong Kong profits tax at a rate of 16.5% during the Track Record Period.

Other Jurisdictions

Certain subsidiaries of the Group in overseas jurisdictions are subject to corporate income tax at a rate ranging from 9% to 24% during the Track Record Period. See note 10 of the Accountants' Report in Appendix I to this document.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared with Six Months Ended June 30, 2025

Revenue

Our revenue increased by 75.7% from RMB4,242.5 million for the six months ended June 30, 2025 to RMB7,455.3 million for the six months ended June 30, 2026. The increase was primarily attributable to growth in revenue from our battery chemicals business.

Revenue from battery chemicals increased by 104.2% from RMB2,815.4 million for the six months ended June 30, 2025 to RMB5,748.2 million for the six months ended June 30, 2026. This increase was driven by both higher sales volumes and higher average selling prices. Sales volumes increased by approximately 49.8% from approximately 222 thousand tonnes to approximately 332 thousand tonnes, reflecting continued expansion in downstream NEV and ESS demand and the broadening of our customer base. Average selling prices increased by approximately 36.3% from approximately RMB12,693 per tonne to approximately RMB17,302 per tonne, reversing the downward trend recorded during the three years ended December 31, 2025.

Revenue from organic fluorochemicals decreased by 1.9% from RMB721.9 million for the six months ended June 30, 2025 to RMB708.3 million for the six months ended June 30, 2026. Sales volumes increased over the period, while average selling prices declined by approximately 24.2% from approximately RMB210,019 per tonne to approximately RMB159,246 per tonne. The impact of lower average selling prices substantially offset the contribution from volume growth, resulting a decline in segment revenue. The decline in average selling prices was primarily attributable to (i) a large proportion of our organic fluorochemicals products were sold to overseas markets, and the continued foreign exchange fluctuations during the six months ended June 30, 2026 adversely affected the pricing of our export sales; and (ii) increased supply from other industry participants in the PRC further intensified market competition, resulting in continued and increasing pricing pressure across the industry.

Revenue from electronic information chemicals increased by 40.8% from RMB679.2 million for the six months ended June 30, 2025 to RMB956.3 million for the six months ended June 30, 2026. Sales volumes increased by approximately 33.3% from approximately 47 thousand tonnes to approximately 62 thousand tonnes, while average selling prices increased by approximately 5.6% from approximately RMB14,604 per tonne to approximately RMB15,421 per tonne. The increase in average selling prices was primarily attributable to a relatively higher revenue contribution from higher-priced semiconductor cooling liquids to meet customer specifications, driving average selling prices higher.

Revenue from others primarily represented sales of capacitor packaging materials and components produced and sold by Nantong Top. It increased by 63.1% from RMB26.1 million for the six months ended June 30, 2025 to RMB42.5 million for the six months ended June 30, 2026, primarily due to an increase in sales volumes of capacitor packaging materials and components, driven by higher customer orders amid growing downstream demand.

Cost of Sales

Our cost of sales increased by 77.5% from RMB3,214.1 million for the six months ended June 30, 2025 to RMB5,704.0 million for the six months ended June 30, 2026, primarily due to (i) the overall expansion of our sales scale, with revenue increasing by 75.7% from RMB4,242.5 million to RMB7,455.3 million, and the corresponding increase in sales volume; (ii) the increase in the prices of raw materials, mainly those used in our battery chemicals, which drove the overall increase in our costs; and (iii) higher depreciation and amortisation charges as newly commissioned production lines and facilities were brought into use.

Gross Profit and Gross Profit Margin

Our gross profit increased by 70.3% from RMB1,028.4 million for the six months ended June 30, 2025 to RMB1,751.3 million for the six months ended June 30, 2026.

Our gross profit margin decreased from 24.2% for the six months ended June 30, 2025 to 23.5% for the six months ended June 30, 2026. The decrease was primarily attributable to a change in our revenue mix and the decrease in the gross profit margin of our organic fluorochemicals segment, partially offset by improvements in the gross profit margins of our battery chemicals and electronic information chemicals segments. Revenue from battery chemicals, which had the lowest gross profit margin among our principal business segments, increased as a proportion of our total revenue from 66.4% to 77.1%, while revenue from organic fluorochemicals, which had the highest gross profit margin, decreased as a proportion of our total revenue from 17.0% to 9.5%.

The adverse impact of the change in revenue mix was partially offset by improvements in the gross profit margins of certain business segments. In particular, (i) the gross profit margin of our battery chemicals segment increased from 9.2% to 15.0%, and its gross profit increased significantly from RMB258.9 million to RMB865.0 million, primarily reflecting the improvement in average selling prices; and (ii) the gross profit margin of our electronic information chemicals segment increased from 47.3% to 51.1%, and its gross profit increased from RMB321.0 million to RMB489.0 million, primarily reflecting increased economies of scale arising from sales volume growth, higher average selling prices and enhanced production and cost efficiencies.

Other Income and Gains

Our other income and gains decreased by 40.7% from RMB145.8 million for the six months ended June 30, 2025 to RMB86.5 million for the six months ended June 30, 2026, primarily due to (i) a decrease in gains from RMB42.8 million to RMB6.4 million, mainly because foreign exchange gains, net of RMB35.2 million for the six months ended June 30, 2025 were replaced by foreign exchange losses, net of RMB27.5 million for the six months ended June 30, 2026, which were recognised under other expenses; and (ii) a decrease in other income from RMB103.0 million to RMB80.0 million, mainly reflecting decreases in government grants from RMB24.1 million to RMB17.7 million and in bank interest income from RMB40.1 million to RMB31.8 million.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 16.2% from RMB76.1 million for the six months ended June 30, 2025 to RMB88.5 million for the six months ended June 30, 2026, primarily due to increases in employee benefit expenses (including share-based payments) in connection with expanded sales activities and intermediary and product certification fees in connection with our expanded sales activities.

Administrative Expenses

Our administrative expenses increased by 33.8% from RMB209.3 million for the six months ended June 30, 2025 to RMB280.1 million for the six months ended June 30, 2026, primarily attributable to increased employee benefit expenses (including share-based payments) and taxes and surcharges in line with the expansion of our business scale, partially offset by decreased depreciation and amortisation charges.

Research and Development Expenses

Our research and development expenses increased by 16.7% from RMB252.4 million for the six months ended June 30, 2025 to RMB294.6 million for the six months ended June 30, 2026, primarily attributable to an increase in material costs, as the prices of raw materials generally rose during the six months ended June 30, 2026 and the materials consumed in our research and development activities across our business segments were correspondingly affected.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net increased by 332.7% from RMB18.3 million for the six months ended June 30, 2025 to RMB79.3 million for the six months ended June 30, 2026, primarily due to the significant increase in our revenue during the six months ended June 30, 2026, of which majority portion of the revenue generated in the period had not yet fallen due for collection as at June 30, 2026, resulting in a higher period-end trade receivables balance and a corresponding increase in the provision for impairment of trade receivables.

Other Expenses

Our other expenses increased from RMB8.2 million for the six months ended June 30, 2025 to RMB46.5 million for the six months ended June 30, 2026, primarily due to (i) the recognition of foreign exchange losses, net of RMB27.5 million for the six months ended June 30, 2026; and (ii) an increase in loss on disposal of items of property, plant and equipment from RMB1.4 million to RMB4.7 million over the same period.

Finance Costs

Our finance costs increased by 6.7% from RMB37.3 million for the six months ended June 30, 2025 to RMB39.8 million for the six months ended June 30, 2026, primarily attributable to the decrease in interest on bank loans and the 2022 Convertible Bonds, partially offset by a lower amount of interest capitalised during the period as compared with the six months ended June 30, 2025.

Share of Profits and Losses of Joint Ventures

Our share of profits of joint ventures increased from RMB7.7 million for the six months ended June 30, 2025 to RMB174.8 million for the six months ended June 30, 2026, primarily due to the expansion of production capacity and achievement of higher capacity utilisation rate by Shilei Fluorine Materials and the improvement in its profitability driven by the recovery in $LiPF_6$ market prices.

Share of Profits and Losses of Associates

Our share of losses of associates amounted to RMB12.1 million for each of the six months ended June 30, 2025 and 2026 and remained substantially unchanged.

Income Tax Expense

Our income tax expense increased by 159.8% from RMB66.5 million for the six months ended June 30, 2025 to RMB172.8 million for the six months ended June 30, 2026, mainly reflecting the increase in our profit before tax.

Our effective income tax rate increased from 11.7% to 14.7% over the same period.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 99.2% from RMB501.5 million for the six months ended June 30, 2025 to RMB998.9 million for the six months ended June 30, 2026.

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

Revenue

Our revenue increased by 22.9% from RMB7,835.7 million in 2024 to RMB9,628.5 million in 2025. The increase was primarily attributable to growth in revenue from our battery chemicals business.

Revenue from battery chemicals increased by 30.6% from RMB5,115.6 million in 2024 to RMB6,679.4 million in 2025. This increase was primarily driven by higher sales volumes, particularly of electrolyte products, resulting from continued recovery and accelerated growth in downstream markets, including NEV and ESS, partially offset by a decrease in selling prices amid intensified market competition and the pass-through of upstream raw material price movements.

Revenue from organic fluorochemicals decreased by 6.7% from RMB1,528.8 million in 2024 to RMB1,426.4 million in 2025. Notwithstanding an overall increase in sales volumes compared to 2024, revenue declined primarily due to two factors. First, intensified market competition resulted in a year-on-year decrease in average selling prices across the segment. Second, revenue from pharmaceutical intermediates declined year-on-year, driven by both lower market prices and reduced sales volumes in that sub-category. Taken together, the impact of lower average selling prices and the decline in pharmaceutical intermediates revenue outweighed the positive contribution from volume growth, resulting in the overall decline in revenue from organic fluorochemicals during the period.

Revenue from electronic information chemicals increased by 29.1% from RMB1,134.2 million in 2024 to RMB1,464.6 million in 2025, primarily due to the gradual recovery in industry conditions in 2025 and stronger end-market demand. In particular, demand for electronic information chemicals increased alongside the rapid development of emerging application areas such as semiconductor and new energy, which drove higher sales volumes of our electronic information chemicals products, in particular our semiconductor cooling liquids. In addition, we have built trust with key customers over the years with the performance and quality of our products, which in turn has driven growth in sales volume, contributing to a substantial year-on-year increase in revenue.

Revenue from others primarily represented sales of capacitor packaging materials and components produced and sold by Nantong Top. It increased by 1.7% from RMB57.1 million in 2024 to RMB58.1 million in 2025.

Cost of Sales

Our cost of sales increased by 26.5% from RMB5,830.8 million in 2024 to RMB7,375.2 million in 2025, primarily due to (i) the overall expansion of our sales scale, with revenue increasing by 22.9% from RMB7,835.7 million to RMB9,628.5 million, and the corresponding increase in sales volume, and (ii) higher depreciation and amortisation recognised in cost of sales as newly commissioned production lines and facilities were brought into use as part of our capacity expansion and ramp-up, which increased fixed manufacturing costs during the ramp-up phase before the newly added capacity reached stable utilisation levels.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 12.4% from RMB2,004.9 million in 2024 to RMB2,253.3 million in 2025.

Our gross profit margin decreased from 25.6% in 2024 to 23.4% in 2025, primarily due to (i) the gross profit margin of the battery chemicals segment declined from 11.6% to 10.3% in 2025, although gross profit recovered from RMB594.7 million to RMB687.2 million on the back of significant volume growth, particularly in ESS applications during the second half of 2025; selling price pressure persisted through the first three quarters of 2025, and in the fourth quarter of 2025, a recovery in average selling prices, fuelled by strong downstream demand (notably in ESS), contributing to a sequential margin improvement; furthermore, our vertically integrated capabilities in solvents and additives, as well as $LiPF_6$ self-supply through Shilei Fluorine Materials, partially mitigated the impact of raw material cost volatility on margins; (ii) the gross profit margin of the organic fluorochemicals segment stabilised at 59.8% in 2025, broadly in line with 59.1% in 2024, and gross profit declined slightly from RMB903.9 million to RMB853.4 million; the slight decline in absolute gross profit was offset at the margin level by a more favourable product mix, with the higher-margin AI and digital infrastructure sub-segment increasing its revenue contribution in 2025, while the lower-margin pharmaceutical intermediates sub-segment declined slightly; and (iii) the gross profit margin of the electronic information chemicals segment improved from 42.4% in 2024 to 47.5% in 2025, and gross profit increased to RMB695.8 million. Semiconductor cooling liquids continued to be the primary driver, with its revenue contribution rising as a proportion segment revenue as demand from AI and digital infrastructure applications accelerated strongly. Excluding semiconductor cooling liquids, the segment gross profit margin also improved, reflecting broad-based margin improvement across capacitor chemicals and other semiconductor chemicals products.

Other Income and Gains

Our other income and gains increased by 21.3% from RMB191.0 million in 2024 to RMB231.7 million in 2025, primarily due to movements in the fair value of certain equity investments, including an improvement in the fair value of our investment in listed companies during the same period, and the increase in foreign exchange gains driven by the appreciation of the US dollar, and the growth in government grants.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 25.5% from RMB118.8 million in 2024 to RMB149.1 million in 2025, primarily due to increased advertising and agency fees and employee benefit expenses (including share-based payments) in connection with expanded sales activities, as well as higher logistics-related expenses generally in line with our business growth.

Administrative Expenses

Our administrative expenses increased by 13.0% from RMB413.4 million in 2024 to RMB467.2 million in 2025, primarily attributable to two factors. First, employee benefit expenses and share-based payments increased as a result of headcount growth in line with the expansion of our business scale. Second, depreciation and amortisation charges increased, reflecting the commissioning of new production bases during the period.

Research and Development Expenses

Our research and development expenses increased by 27.8% from RMB392.9 million in 2024 to RMB501.9 million in 2025, primarily attributable to increased employee benefit expenses and material costs in connection with increased R&D activities and project advancement, as well as higher depreciation and amortisation following additional investment in R&D facilities and equipment.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net increased by 195.7% from RMB21.9 million in 2024 to RMB64.6 million in 2025, primarily due to higher provisions for expected credit losses on trade receivables as our business scale expanded.

Other Expenses

Our other expenses increased from RMB55.5 million in 2024 to RMB61.9 million in 2025, primarily due to (i) an increase in loss on disposal of property, plant and equipment of approximately RMB12.3 million; (ii) an increase in impairment losses on property, plant and equipment of approximately RMB5.2 million, primarily due to our Fujian subsidiary terminated a construction project and returned land use right of the underlying land parcel to the relevant governmental authority, leading to corresponding impairment provisions for the construction in progress for such project; (iii) an increase in forfeited deposit for land acquisition of approximately RMB4.8 million. These increases were partially offset by a reversal in the direction of fair value movements on the Company's FVTPL investment relating to our investment in listed companies: while a significant fair value loss was recognised in the year ended December 31, 2024 as a result of a decline in the fair value of our investment in listed companies, its fair value increased in the year ended December 31, 2025, resulting in a fair value gain which was recognised in other income and gains rather than other expenses in that period.

Finance Costs

Our finance costs increased by 26.8% from RMB60.8 million in 2024 to RMB77.1 million in 2025, primarily due to the fact that a smaller portion of interest expenses on our convertible bonds was capitalised as certain construction projects funded by the convertible bond proceeds progressed into commissioning and acceptance stages or were completed and transferred to property, plant and equipment, resulting in less capitalised interest and correspondingly higher finance costs during the period.

Share of profits and losses of Joint Ventures

Our net profit from the share of results of joint ventures increased from RMB0.4 million in 2024 to RMB122.7 million in 2025, primarily because in 2024, the RMB0.4 million share of results of a joint venture only reflected approximately one month of equity-accounted results following the December 2024 acquisition of joint control. For the year ended December 31, 2025, the share of results of joint ventures increased to RMB122.7 million, primarily due to the expansion of production capacity and achievement of higher capacity utilisation rate by Shilei Fluorine Materials and the improvement in its profitability driven by the recovery in $LiPF_6$ market prices.

Share of profits and losses of Associates

Our net loss from the share of results of associates narrowed from RMB39.7 million in 2024 to RMB26.9 million in 2025, primarily because of the improvement in operating performance of Fujian Yongjing, resulting in narrowed losses.

Income Tax Expense

Our income tax expense increased by 13.2% from RMB142.8 million in 2024 to RMB161.6 million in 2025, mainly reflecting changes in our profit before tax and increase in deduction of research and development expenses.

Our effective income tax rate was 13.1% in 2024 and 12.8% in 2025, which was relatively stable.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 15.4% from RMB950.6 million in 2024 to RMB1,097.4 million in 2025.

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

Revenue

Our revenue increased by 4.9% from RMB7,472.4 million in 2023 to RMB7,835.7 million in 2024, primarily reflecting overall sales volume growth across our major product lines, among which (i) the electronic information chemicals registered the highest revenue growth rate with a year-on-year increase of 20.7%, primarily due to the growing demand from downstream emerging sectors such as new energy, AI and digital infrastructure, and IC manufacturing, which supported growth in sales volumes of our electronic information chemicals products; in particular, revenue from capacitor chemicals increased as downstream demand improved and industry concentration continued to rise amid increasingly stringent safety and environmental regulation and higher customer requirements on product quality, which further strengthened our competitive positioning; sales to the integrated circuit sector also increased significantly amid the rapid growth of the semiconductor market, (ii) the organic fluorochemicals segment posted a year-on-year growth of 7.3%, mainly driven by the continued expansion of downstream demand of HFE cleaning liquids, while (iii) the battery chemicals segment achieved modest growth, with a year-on-year rise of 1.2%, primarily attributable to a significant increase in sales volumes resulting from our continued efforts to expand market coverage and increase in downstream demand, partially offset by the impact of lower selling prices as competition in the lithium battery market remained intense. Revenue from others increased by 4.8% from RMB54.5 million in 2023 to RMB57.1 million in 2024, primarily due to higher revenue from the sales of capacitor packaging materials and components.

Cost of Sales

Our cost of sales increased by 9.0% from RMB5,349.0 million in 2023 to RMB5,830.8 million in 2024. The increase was largely in line with our business scale and sales volume growth. In addition, our cost of sales increased at a faster rate than revenue mainly due to (i) the increase in the sales volume, and (ii) higher depreciation and amortisation charges recognised in cost of sales in connection with newly commissioned production lines and facilities during the period.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 5.6% from RMB2,123.4 million in 2023 to RMB2,004.9 million in 2024, and our gross profit margin decreased from 28.4% in 2023 to 25.6% in 2024. The changes were primarily due to (i) the gross profit margin of the battery chemicals segment decreased from 15.7% in 2023 to 11.6% in 2024, and gross profit decreased from RMB793.2 million to RMB594.7 million, primarily driven by sustained selling price pressure on lithium-ion battery electrolytes amid intensified market competition, compounded by higher fixed costs recognised in cost of sales as newly commissioned production lines ramped up before reaching stable utilisation levels; (ii) the gross profit margin of the organic fluorochemicals segment decreased from 69.2% in 2023 to 59.1% in 2024, and gross profit decreased from RMB985.7 million to RMB903.9 million, primarily driven by lower average selling prices across sub-segments, reflecting intensified market competition, particularly in pharmaceutical intermediates; and (iii) the gross profit margin of the electronic information chemicals segment improved from 35.1% in 2023 to 42.4% in 2024, and gross profit increased from RMB330.0 million to RMB480.8 million, primarily driven by the rapid growth of semiconductor cooling liquids, whose revenue contribution rose in 2024, supported by recovering demand across capacitor chemicals and other semiconductor chemicals products.

Other Income and Gains

Our other income and gains decreased by 19.3% from RMB236.6 million in 2023 to RMB191.0 million in 2024, primarily attributable to the year-on-year decreases in government grants and foreign exchange gains from exchange rate fluctuations, as well as the decrease in the fair value of equity assets in listed companies in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 19.1% from RMB99.7 million in 2023 to RMB118.8 million in 2024, primarily attributable to higher employee benefit expenses, higher logistics-related expenses, and increased marketing-related spending (including advertising and agency fees) in line with our business expansion and customer development activities.

Administrative Expenses

Our administrative expenses decreased by 2.5% from RMB424.2 million in 2023 to RMB413.4 million in 2024, primarily attributable to changes in staff-related expenses comprising employee benefits expenses and share-based payment expenses.

Research and Development Expenses

Our research and development expenses decreased by 19.0% from RMB485.1 million in 2023 to RMB392.9 million in 2024, primarily due to a decrease in employee benefit, material costs and share-based payments.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net decreased by 15.7% from RMB25.9 million in 2023 to RMB21.9 million in 2024, primarily due to electronic trade receivables we received in 2023 were settled through collection or transferred by endorsement during 2024, which resulted in a reversal of approximately RMB10.9 million in the impairment allowance for electronic trade receivables.

Other Expenses

Our other expenses remained stable at RMB54.5 million in 2023 and RMB55.5 million in 2024. The increase was primarily attributable to (i) an impairment losses on property, plant and equipment of RMB8.8 million and (ii) net fair value losses on FVTPL financial assets of RMB27.5 million were recognised in 2024, primarily attributable to a decline in the fair value of our investment relating to listed companies during that year.

Finance Costs

Our finance costs increased from RMB41.9 million in 2023 to RMB60.8 million in 2024, primarily due to higher interest expense on convertible bonds, together with reduced interest capitalisation as certain projects approached commencement of operation or were suspended.

Share of profits and losses of Joint Ventures

Our net profit from the share of results of joint ventures increased from nil in 2023 to RMB0.4 million in 2024, primarily because as our investment in Shilei Fluorine Materials in 2024 and the resulting positive return from this investment.

Share of profits and losses of Associates

Our net loss from the share of results of associates decreased from RMB60.8 million in 2023 to RMB39.7 million in 2024, primarily because of the improvement of the associate in operating performance of Fujian Yongjing, which led to reduced losses.

Income Tax Expense

Our income tax expense decreased by 7.2% from RMB153.9 million in 2023 to RMB142.8 million in 2024, mainly reflecting changes in our profit before tax. Our effective income tax rate remained at around 13%.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 6.2% from RMB1,013.9 million in 2023 to RMB950.6 million in 2024.

DISCUSSION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	4,701,326	5,281,127	5,664,740	6,080,284
Investment properties	83,732	80,701	77,670	70,716
Right-of-use assets	683,897	716,050	667,074	692,334
Goodwill	419,379	419,379	417,052	417,052
Other intangible assets	120,930	144,830	175,898	178,545

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in joint ventures	–	35,798	491,933	677,076
Investments in associates	282,684	215,835	221,467	209,337
Equity investments designated at fair value through other comprehensive income	281,982	320,366	203,273	204,591
Prepayments, other receivables and other assets	361,739	183,888	254,523	250,926
Deferred tax assets	123,506	137,772	149,004	183,237
Time deposits	1,050,963	1,840,162	1,018,534	951,118
Total non-current assets	**8,110,138**	**9,375,908**	**9,341,168**	**9,915,216**
CURRENT ASSETS				
Inventories	907,519	997,032	1,214,948	1,807,314
Trade receivables	2,113,645	2,456,896	3,718,186	5,245,056
Bills receivables	292,417	447,231	599,591	850,305
Bills receivables at fair value through other comprehensive income	1,063,100	600,042	1,407,399	1,918,395
Prepayments, other receivables and other assets	299,671	298,328	339,154	384,253
Financial assets at fair value through profit or loss	991,145	682,740	459,989	766,725
Derivative financial instruments	264	–	1,029	77
Time deposits	903,663	20,815	1,561,593	830,764
Pledged deposits	450	2,100	20,135	50,476
Cash and cash equivalents	2,942,301	2,742,102	1,134,335	1,987,242
Total current assets	**9,514,175**	**8,247,286**	**10,456,359**	**13,840,607**
CURRENT LIABILITIES				
Trade and bills payables	3,549,298	2,921,513	4,702,518	7,653,113
Contract liabilities	16,411	19,827	64,406	53,420
Other payables and accruals	939,567	686,284	754,307	785,111
Financial liabilities at fair value through profit or loss	18	1,100	–	–
Derivative financial instruments	–	–	17	82
Interest-bearing bank loans	764,756	932,203	459,956	919,791
Convertible bonds	9,476	19,135	26,302	26,810
Lease liabilities	9,021	9,426	7,319	8,532
Deferred income	10,836	24,322	24,717	31,752
Tax payable	60,464	40,992	68,389	62,335
Provision	20,664	–	–	–
Total current liabilities	**5,380,511**	**4,654,802**	**6,107,931**	**9,540,946**
NET CURRENT ASSETS	**4,133,664**	**3,592,484**	**4,348,428**	**4,299,661**
TOTAL ASSETS LESS CURRENT LIABILITIES	**12,243,802**	**12,968,392**	**13,689,596**	**14,214,877**
NON-CURRENT LIABILITIES				
Other payables and accruals	45,606	39,493	18,869	1,418
Interest-bearing bank loans	523,300	594,632	342,870	288,188
Convertible bonds	1,746,257	1,796,479	1,685,277	1,718,045
Lease liabilities	15,156	10,939	10,706	10,053
Deferred income	209,648	225,873	322,563	316,418
Deferred tax liabilities	71,605	78,287	55,677	40,125

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current liabilities	**2,611,572**	**2,745,703**	**2,435,962**	**2,374,247**
Net assets	**9,632,230**	**10,222,689**	**11,253,634**	**11,840,630**
EQUITY				
Equity attributable to owners of the parent				
Share capital	749,625	753,883	751,791	753,886
Treasury shares	(100,301)	(200,349)	(100,301)	–
Equity component of convertible bonds	274,783	274,773	251,792	251,779
Reserves	8,250,280	8,922,867	9,892,060	10,446,377
	9,174,387	9,751,174	10,795,342	11,452,042
Non-controlling interests	457,843	471,515	458,292	388,588
Total equity	**9,632,230**	**10,222,689**	**11,253,634**	**11,840,630**

Inventories

Our inventories primarily consist of (i) raw materials, (ii) work in progress, (iii) finished goods, and (iv) raw materials in transit. Raw materials mainly include key materials used in the production of our products, such as solutes, solvents and additives for electrolytes, fluoropolymers and related feedstocks, and other high-purity and specialty chemical inputs. Work in progress and finished goods comprise products under production and completed products across our major product lines at various stages of production and testing. Raw materials in transit mainly included raw materials that had been shipped but had not yet been received at their respective warehouses. The table below sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	424,512	440,893	598,146	1,051,644
Raw materials in transit	2,893	2,544	14,634	6,429
Work in progress	21,750	21,733	5,629	7,552
Finished goods	468,464	547,133	609,861	754,445
Less: Provision for inventory allowances	(10,100)	(15,271)	(13,322)	(12,756)
Total	**907,519**	**997,032**	**1,214,948**	**1,807,314**

Our inventories increased from RMB907.5 million as of December 31, 2023 to RMB997.0 million as of December 31, 2024, and further increased to RMB1,214.9 million as of December 31, 2025, primarily attributable to our business growth and the commencement of operation of new production bases, which is generally in line with the overall changing trend of our business scale. Our inventories further increased by 48.8% to RMB1,807.3 million as of June 30, 2026, primarily due to an increase in raw materials and finished goods as we increased procurement and production activities to support the substantial growth in sales and meet expected customer demand, as well as the increase in raw material prices during the period, which further increased the carrying amount of our inventories.

We closely monitor our inventory levels to optimise inventory turnover in light of fluctuations in customer demand and raw material prices. We also conduct regular inventory reviews and audits to ensure appropriate provisioning and effective inventory control. As of December 31, 2023, 2024 and 2025, our provision for inventory allowances amounted to RMB10.1 million, RMB15.3 million and RMB13.3 million, respectively. The increase in the provision for inventory allowances from 2023 to 2024 was primarily driven by declines in market prices during that period. The decrease in the provision for inventory allowances as of December 31, 2025 was primarily attributable to an improvement in market conditions, as battery chemicals prices stabilised and recovered in the fourth quarter of 2025 driven by growth in downstream demand, together with an acceleration in the Group's overall inventory turnover as a result of robust downstream demand. As of June 30, 2026, our provision for inventory allowances amounted to RMB12.8 million, remaining broadly stable in absolute terms as compared with December 31, 2025 and decreasing as a proportion of our gross inventories from 1.1% to 0.7%, which primarily reflected the continued stabilisation and recovery in the market prices of our principal products.

The table below sets forth an ageing analysis of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than six months	824,530	900,646	1,019,205	1,637,704
Less than one year	46,088	43,366	106,834	58,482
One year or more	47,001	68,291	102,231	123,884
Total	917,619	1,012,303	1,228,270	1,820,070

The table below sets forth our average inventory turnover days for the periods indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
Average inventory turnover days[(1)]	61	59	54	48

Note:

(1) Average inventory turnover days equal the average of opening balance and closing balance of the inventories for the relevant period divided by cost of sales for the same period and multiplied by 360 days for 2023, 2024 and 2025 and 180 days for the six months ended June 30, 2026.

Our average inventory turnover days decreased from 61 days in 2023 to 59 days in 2024, primarily attributable to our fully coordinated supply chain management while maintaining our inventory level, thus boosting the efficiency of inventory turnover. Our inventory turnover days subsequently decreased to 54 days in 2025, primarily reflecting the effectiveness of our enhanced inventory management and turnover optimisation measures. Our average inventory turnover days decreased to 48 days for the six months ended June 30, 2026, primarily due to the increase in sales of our battery chemicals, which have a relatively faster inventory turnover than our other product categories and which accounted for the majority of our revenue growth during the period.

As of July 31, 2026, RMB952.8 million, or 52.4% of inventories as of June 30, 2026, had been used, consumed or sold subsequent to June 30, 2026.

Trade Receivables and Bills Receivables

Our trade and bills receivables primarily represent (i) receivables arising from sales of our products in the ordinary course of business and (ii) bills receivables received from customers in the form of bank acceptance bills, which are commonly used settlement instruments in our industry. In the PRC, bank acceptance bills are classified by banks based on the credit quality of the accepting bank. Our bills receivables measured at amortised cost primarily comprise bank acceptance bills drawn on lower-credit-quality accepting banks. Our bills receivables at FVTOCI primarily comprise bank acceptance bills drawn on higher-credit-quality accepting banks. The table below sets forth the details of our trade receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates and their subsidiaries	–	78	1,691	2,988
Joint ventures and their subsidiaries	–	32,267	33,508	–
Third parties	2,224,962	2,556,443	3,877,249	5,511,577
Gross trade receivables	**2,224,962**	**2,588,788**	**3,912,448**	**5,514,565**
Impairment	(111,317)	(131,892)	(194,262)	(269,509)
Net carrying amount	**2,113,645**	**2,456,896**	**3,718,186**	**5,245,056**

Our trade receivables increased from RMB2,113.6 million as of December 31, 2023 to RMB2,456.9 million as of December 31, 2024, and further increased to RMB3,718.2 million as of December 31, 2025, primarily reflecting the growth of our sales volume and the corresponding increase in outstanding receivables from customers. Our trade receivables further increased by 41.1% to RMB5,245.1 million as of June 30, 2026, primarily due to the substantial expansion of our sales scale during the six months ended June 30, 2026, which resulted in a corresponding increase in outstanding receivables from customers.

The table below sets forth an ageing analysis of our trade receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	2,113,536	2,456,896	3,714,699	5,244,741
1 to 2 years	109	–	3,487	315
Total	**2,113,645**	**2,456,896**	**3,718,186**	**5,245,056**

During the Track Record Period, our receivables ageing profile remained stable, with the majority of trade receivables being within one year. Our trade and bills receivables turnover days increased from 106 days in 2023 to 122 days in 2024 and further to 135 days in 2025, primarily reflecting the overall expansion of our business scale, growth in bank acceptance bill settlement as a proportion of customer payments, which by its nature extends the effective collection cycle, and the credit terms prevailing in the battery chemicals industry, and subsequently decreased to 126 days for the six months ended June 30, 2026, primarily as we selectively discount bank acceptance bills, taking into account our asset utilisation efficiency and prevailing market discount rates. We do not consider this trend to reflect any deterioration in the credit quality of our customer base.

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Average trade and bills receivables turnover days[(1)]	106	122	135	126

Note:

(1) Average turnover days of trade and bills receivables is calculated based on the average balance of trade and bills receivables divided by revenue for the relevant period, then multiplied by 360 days for 2023, 2024 and 2025 and 180 days for the six months ended June 30, 2026.

As of July 31, 2026, RMB1,476.0 million, or 23.2% of our trade and bills receivables as of June 30, 2026, had been settled subsequent to June 30, 2026. The Directors confirm that the above subsequent settlement ratio does not indicate any material recoverability concern in respect of the trade and bills receivables balance.

In certain cases, we pledge bank acceptance bills received from customers as collateral with our banks in connection with the issuance of our own bank acceptance bills to suppliers in settlement of trade payables. This is a standard commercial practice in the PRC. As of December 31, 2023, December 31, 2025, and June 30, 2026, restricted bank acceptance bills measured at amortised cost pledged as collateral comprised approximately RMB0.9 million, RMB1.0 million, and RMB1.1 million respectively. No such restrictions existed as of December 31, 2024. As of December 31, 2023, 2024, 2025, and June 30, 2026, restricted bank acceptance bills at FVTOCI pledged as collateral comprised approximately RMB115.7 million, RMB11.8 million, RMB23.4 million, and RMB122.0 million, respectively, representing in aggregate an immaterial proportion of our total bills receivables.

The table below sets forth the details of our bills receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank acceptance bills – Measured at amortised cost	292,417	447,231	583,606	830,176
Commercial acceptance bills – Measured at amortised cost	–	–	16,826	21,188
	292,417	447,231	600,432	851,364

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Impairment	–	–	(841)	(1,059)
Net carrying amount	292,417	447,231	599,591	850,305

Prepayments, other receivables and other assets

Our prepayments, other receivables and other assets comprise a non-current portion and a current portion. The non-current portion primarily consists of (i) prepayments for acquisition of property, plants and equipment and right-of-use assets, (ii) deferred expenses and (iii) performance guarantee, and (iv) other long-term receivables. The current portion primarily consists of (i) prepayments, (ii) loans to employees, (iii) deductible value-added tax, (iv) prepaid income tax, (v) deferred expenses and (vi) deposits and other receivables, net of impairment allowance. The table below sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-Current portion				
Prepayments for acquisition of property, plants and equipment and right-of-use assets	313,523	148,738	205,921	174,884
Deferred expenses	18,216	32,634	42,853	71,264
Deposit to supplier	30,000	–	–	–
Other long-term receivables	–	2,516	5,749	4,778
Total non-current portion	**361,739**	**183,888**	**254,523**	**250,926**
Current portion				
Prepayments	61,830	58,959	80,700	100,273
Loans to employees	5,013	5,756	13,192	13,792
Deductible value-added tax	206,823	174,697	174,827	199,570
Prepaid income tax	1,526	10,358	4,657	1,483
Deferred expenses	6,617	6,870	13,303	16,033
Deposits and other receivables	18,947	43,813	54,765	55,872
Impairment allowance	(1,085)	(2,125)	(2,290)	(2,770)
Total current portion	**299,671**	**298,328**	**339,154**	**384,253**
Total	**661,410**	**482,216**	**593,677**	**635,179**

Our non-current portion of prepayments, other receivables and other assets decreased from RMB361.7 million as of December 31, 2023 to RMB183.9 million as of December 31, 2024, primarily due to a decrease in prepayments for acquisition of property, plant and equipment as certain engineering and equipment prepayments were progressively settled and transferred to property, plant and equipment upon commencement of operation of production lines at certain of our production bases. Our non-current portion of prepayments, other receivables and other assets increased to RMB254.5 million as of December 31, 2025, primarily due to higher engineering and equipment prepayments associated with the construction and equipment procurement progress of certain ongoing capacity expansion and

specialty materials projects. Prepayments for acquisition of long-term assets decreased significantly in 2024 as a number of projects progressed from construction and installation into acceptance, resulting in the settlement of prepayments. In 2025, such balance increased as we made additional advance payments for equipment and engineering works in connection with certain projects under construction and equipment procurement schedules. Our non-current portion of prepayments, other receivables and other assets remained broadly stable at RMB250.9 million as of June 30, 2026. This was primarily attributable to a decrease in prepayments for the acquisition of property, plant and equipment and right-of-use assets as certain engineering and equipment prepayments were settled or transferred to the relevant long-term assets as the underlying projects progressed, substantially offset by an increase in deferred expenses during the period.

Our current portion of prepayments, other receivables and other assets remained broadly stable at RMB299.7 million as of December 31, 2023 and RMB298.3 million as of December 31, 2024, and increased to RMB339.2 million as of December 31, 2025. The increase in 2025 was primarily attributable to higher prepayments and higher loans to employees, partially offset by a decrease in prepaid income tax. Loans to employees, which represent interest-free loans extended to eligible employees for private housing purchases as part of the Company's talent retention programme, increased from RMB5.8 million as of December 31, 2024 to RMB13.2 million as of December 31, 2025, primarily reflecting a change in loan administration practice implemented in 2025 whereby the previous year-end repayment and re-drawdown cycle was discontinued, resulting in cumulative balances being carried forward rather than reset annually. Our current portion of prepayments, other receivables and other assets further increased to RMB384.3 million as of June 30, 2026, primarily attributable to increases in deductible value-added tax from RMB174.8 million to RMB199.6 million and in prepayments from RMB80.7 million to RMB100.3 million, reflecting the increase in our procurement of raw materials during the period, partially offset by a decrease in prepaid income tax from RMB4.7 million to RMB1.5 million. Loans to employees remained stable at RMB13.8 million as of June 30, 2026, consistent with the change in loan administration practice described above.

As of July 31, 2026, RMB131.7 million, or 34.0% of our prepayments, other receivables and other assets as of June 30, 2026, had been settled subsequently.

Trade and Bills Payables

Our trade and bills payables primarily represent amounts payable to our suppliers for raw materials, utilities, engineering and other goods and services incurred in the ordinary course of business. In general, the normal credit terms granted by suppliers for major raw materials and services are typically around 90 days, although specific terms may vary by supplier, product category and settlement method. The table below sets forth, as of the dates indicated, our trade and bills payables.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	1,053,821	1,415,485	2,303,476	3,563,458
Bills payable	2,495,477	1,506,028	2,399,042	4,089,655
Total	**3,549,298**	**2,921,513**	**4,702,518**	**7,653,113**

Our trade and bills payables decreased from RMB3,549.3 million as of December 31, 2023 to RMB2,921.5 million as of December 31, 2024, primarily due to a significant decrease in bills payable during 2024. In particular, the bills payable outstanding as of December 31, 2023 were substantially settled upon maturity during 2024, which reduced the bills payable balance. Our trade and bills payables increased from RMB2,921.5 million as of December 31, 2024 to RMB4,702.5 million as of December 31, 2025, primarily because our procurement demand increased in line with our expanded sales scale during the year ended December 31, 2025. Our trade and bills payables further increased by 62.7% from RMB4,702.5 million as of December 31, 2025 to RMB7,653.1 million as of June 30, 2026, primarily due to increased procurement of raw materials and other production inputs to support the substantial expansion of our sales and production activities during the period, which resulted in corresponding increases in both trade payables and bills payable.

An ageing analysis of our trade and bills payables based on the time of purchase is set forth below. As of December 31, 2023, 2024, 2025, and June 30, 2026, all of our trade and bills payables were aged within one year, reflecting our normal procurement and settlement cycle.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	3,549,298	2,921,513	4,702,518	7,653,113

As of July 31, 2026, RMB1,540.9 million, or 20.1% of our trade and bills payables as of June 30, 2026, had been subsequently settled.

Average Trade and Bills Payables Turnover Days

The table below sets forth our average trade and bills payables turnover days for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Average trade and bills payables turnover days[(1)]	211	200	186	195

Note:

(1) Average turnover days of trade and bills payables is calculated based on the average balance of trade and bills payables divided by cost of sales for the relevant year and multiplied by 360 days for 2023, 2024, 2025, and 180 days for the six months ended June 30, 2026.

During the Track Record Period, our average trade and bills payables turnover days decreased from 211 days in 2023 to 200 days in 2024 and further to 186 days in 2025, primarily reflecting changes in the competitive and pricing environment of the lithium battery industry. Our average trade and bills payables turnover days increased to approximately 195 days for the six months ended June 30, 2026, primarily because the increase in our average trade and bills payables balance outpaced the increase in our cost of sales, reflecting increased procurement to support the expansion of our production and sales activities and the timing of settlements

with suppliers during the period. In general, payment terms vary among our business segments, and we generally have a payable cycle of around 120 days. As a result, changes in our business mix and procurement mix may cause fluctuations in our overall trade and bills payables turnover days from period to period.

Other Payables and Accruals

Our other payables and accruals comprise a non-current portion and a current portion. The non-current portion primarily consists of employee benefits payables. The current portion primarily comprises employee benefits payables, other tax payables, deposits, payables for acquisition of plant and equipment, energy fee payable and other accruals. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current portion				
Employee benefits payables	45,606	39,493	18,869	1,418
Current portion				
Employee benefits payables	244,601	224,663	246,078	234,932
Other tax payables	19,097	46,175	62,834	82,907
Deposits	10,018	8,837	7,300	9,937
Payables for acquisition of plant and equipment	460,994	302,984	315,313	337,906
Energy fee payable	13,402	23,550	18,968	22,225
Other accruals	191,455	80,075	103,814	97,204
Total current portion	939,567	686,284	754,307	785,111
Total	**985,173**	**725,777**	**773,176**	**786,529**

Our current portion of other payables and accruals decreased from RMB939.6 million as of December 31, 2023 to RMB686.3 million as of December 31, 2024. The decrease was primarily attributable to (i) a decrease in payables for plant and equipment as a number of construction projects progressed into mass production stages and the related engineering and equipment payables were settled, and (ii) a decrease in other accruals, which mainly comprise service procurement payables. These decreases were partially offset by increases in other tax payables and energy fee payable. From 2024 to 2025, our current portion of other payables and accruals increased from RMB686.3 million to RMB754.3 million primarily due to (i) an increase in employee benefits payables, reflecting headcount growth and business expansion during the period; (ii) an increase in other accruals reflecting timing differences in service procurement and settlement; and (iii) an increase in other tax payables in connection with business expansion and higher operating activity during the period. Our current portion of other payables and accruals further increased to RMB785.1 million as of June 30, 2026, primarily due to (i) an increase in other tax payables from RMB62.8 million to RMB82.9 million in connection with our expanded business scale; and (ii) an increase in payables for acquisition of plant and equipment from RMB315.3 million to RMB337.9 million, partially offset by a decrease in employee benefits payables from RMB246.1 million to RMB234.9 million, primarily reflecting the payment during the period of annual bonuses accrued as of December 31, 2025.

As of July 31, 2026, RMB222.2 million, or 28.3% of our other payables and accruals as of June 30, 2026, had been settled subsequently.

Financial Assets at FVTOCI and FVTPL

We hold certain financial assets measured at fair value, comprising (i) equity investments designated at fair value through other comprehensive income ("FVTOCI"), (ii) Bills receivables at fair value through other comprehensive income and (iii) financial assets at fair value through profit or loss ("FVTPL"). Our FVTOCI balance primarily represents strategic minority equity interests that we hold for long-term strategic cooperation. Our FVTPL balance primarily represents structured deposits and, to a lesser extent, listed equity investments held for trading.

The table below sets forth a breakdown of our financial assets measured at fair value as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
FVTOCI				
Listed equity investments, at fair value	202,481	240,100	111,335	117,309
Unlisted equity investments, at fair value	79,501	80,266	91,938	87,282
Bills receivables at fair value through other comprehensive income	1,063,100	600,042	1,407,399	1,918,395
Total	**1,345,082**	**920,408**	**1,610,672**	**2,122,986**
FVTPL				
Listed equity investments, at fair value	108,949	56,908	65,397	63,886
Structured deposits	882,196	625,832	394,592	702,839
Total	**991,145**	**682,740**	**459,989**	**766,725**

Our FVTOCI balance fluctuated during the TRP primarily due to changes in bills receivables at FVTOCI.

Our FVTPL balance mainly reflects structured deposits and, to a lesser extent, listed equity investments held for trading. The balance of our FVTPL assets decreased from 2023 to 2024 and further decreased in 2025, then increased to RMB766.7 million as of June 30, 2026, primarily due to the placement, maturity and redemption cycle of our structured deposits, as well as changes in our holdings of listed equity investments held for trading from time to time.

Regarding investment policies, strategies and internal control, we manage our investments in financial assets, including structured deposits (classified as FVTPL) and strategic equity investments (classified as FVTOCI), in accordance with our Investment Decision Procedures and Rules (the "Investment Policy"). Under the Investment Policy, investments in financial products are subject to the following approval and oversight framework: (i) routine treasury investments within defined parameters (including structured deposits and short-duration financial instruments meeting specified credit quality thresholds) are authorised for approval by management within delegated authority limits; (ii) investments exceeding the relevant delegated authority thresholds, or investments in instruments outside the approved instrument categories, require prior approval by the Board of Directors; and (iii) all investment decisions, regardless of size, are subject to post-investment monitoring and periodic reporting to the Board of Directors.

Fair value measurement. Listed equity investments are generally measured at quoted prices in active markets (Level 1). For structured deposits and bills receivables at FVTOCI, fair value is estimated using appropriate valuation techniques, including discounted cash flow approaches and, where available, valuation analyses prepared by the relevant product managers, with liquidity discounts applied where applicable (Level 2). Unlisted equity investments designated at FVTOCI are generally subject to Level 3 fair value measurements using techniques such as market comparable company approaches. The corporate finance team, under the leadership of Mr. Qin, is responsible for overseeing fair value policies, with valuation inputs and movements reviewed and approved at the appropriate level in accordance with the Investment Policy.

Following the [**REDACTED**], our investments in financial products will be conducted in compliance with the applicable requirements under the Listing Rules (including, where applicable, notifiable transaction requirements).

NET CURRENT ASSETS AND NET CURRENT LIABILITIES

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

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
CURRENT ASSETS					
Inventories	907,519	997,032	1,214,948	1,807,314	1,857,123
Trade receivables	2,113,645	2,456,896	3,718,186	5,245,056	5,490,769
Bills receivables	292,417	447,231	599,591	850,305	828,874
Bills receivables at fair value through other comprehensive income	1,063,100	600,042	1,407,399	1,918,395	1,618,990
Prepayments, other receivables and other assets	299,671	298,328	339,154	384,253	624,624
Financial assets at fair value through profit or loss	991,145	682,740	459,989	766,725	605,156
Derivative financial instruments	264	–	1,029	77	–
Time deposits	903,663	20,815	1,561,593	830,764	947,178
Pledged deposits	450	2,100	20,135	50,476	55,360
Cash and cash equivalents	2,942,301	2,742,102	1,134,335	1,987,242	1,972,335
Total current assets	**9,514,175**	**8,247,286**	**10,456,359**	**13,840,607**	**14,000,409**
CURRENT LIABILITIES					
Trade and bills payables	3,549,298	2,921,513	4,702,518	7,653,113	8,186,943
Contract liabilities	16,411	19,827	64,406	53,420	68,625
Other payables and accruals	939,567	686,284	754,307	785,111	765,576
Financial liabilities at fair value through profit or loss	18	1,100	–	–	–
Derivative financial instruments	–	–	17	82	1,285
Interest-bearing bank loans	764,756	932,203	459,956	919,791	771,848
Convertible bonds	9,476	19,135	26,302	26,810	26,896
Lease liabilities	9,021	9,426	7,319	8,532	8,994
Deferred income	10,836	24,322	24,717	31,752	31,752

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Tax payable	60,464	40,992	68,389	62,335	11,072
Provision	20,664	–	–	–	–
Total current liabilities	**5,380,511**	**4,654,802**	**6,107,931**	**9,540,946**	**9,872,991**
NET CURRENT ASSETS	**4,133,664**	**3,592,484**	**4,348,428**	**4,299,661**	**4,127,418**

We maintained positive net current assets throughout the Track Record Period. Our net current assets decreased from RMB4,133.7 million as of December 31, 2023 to RMB3,592.5 million as of December 31, 2024, primarily due to a decrease in total current assets, mainly driven by (i) a decrease in time deposits and other short-term treasury investments and (ii) a decrease in bills receivable at fair value through other comprehensive income, partially offset by (a) an increase in trade receivables and (b) a decrease in trade and bills payables and other payables and accruals. Our net current assets increased to RMB4,348.4 million as of December 31, 2025, primarily due to an increase in total current assets, mainly attributable to higher time deposits and increased trade receivables and bills receivable at fair value through other comprehensive income, partially offset by (i) an increase in trade and bills payables and (ii) a decrease in cash and cash equivalents, which reflected, in part, the placement of a larger portion of our surplus cash into time deposits as part of our treasury management. Our net current assets remained broadly stable at RMB4,299.7 million as of June 30, 2026. Total current assets increased by RMB3,384.2 million, primarily attributable to increases in trade receivables, cash and cash equivalents, inventories, bills receivables at fair value through other comprehensive income and financial assets at fair value through profit or loss, partially offset by a decrease in time deposits. This was substantially offset by an increase in total current liabilities of RMB3,433.0 million, primarily attributable to an increase in trade and bills payables. Our net current assets decreased to RMB4,127.4 million as of July 31, 2026, primarily due to (i) an increase in trade and bills payables and contract liabilities; and (ii) a decrease in bills receivables; partially offset by (iii) an increase in trade receivables and bills receivables at fair value through other comprehensive income.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

We have historically met our working capital and other capital requirements principally through a combination of cash generated from operating activities, bank borrowings and prudent treasury management. As of December 31, 2023, 2024, 2025, and June 30, 2026, we had cash and cash equivalents of RMB2,942.3 million, RMB2,742.1 million, RMB1,134.3 million, and RMB1,987.2 million, respectively. In addition, as of the relevant dates, we held certain liquid financial resources such as time deposits and other short-term treasury products (together with bills receivable and other working capital items), which support our liquidity management and working capital needs. Going forward, we expect to fund our working capital requirements with a combination of various sources, including but not limited to cash generated from operations, the net [**REDACTED**] from the proposed [**REDACTED**], and other possible equity and debt financing as and when appropriate. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operations and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Taking into account the financial resources available to us, including our cash and cash equivalents on hand and the estimated [**REDACTED**] from the proposed [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present needs and for at least the next twelve months from the date of this document.

Cash Flows

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

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Net cash flows from operating activities	3,447,911	818,414	1,168,694	569,248	1,126,735
Net cash flows used in investing activities	(3,778,504)	(719,651)	(1,542,689)	(645,868)	(173,085)
Net cash flows from/(used in) financing activities	61,896	(296,796)	(1,235,825)	(1,092,502)	(85,930)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(268,697)	(198,033)	(1,609,820)	(1,169,122)	867,720
Cash and cash equivalents at beginning of year/period	3,210,481	2,942,301	2,742,102	2,742,102	1,134,335
Effect of foreign exchange, net	517	(2,166)	2,053	9,510	(14,813)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	2,942,301	2,742,102	1,134,335	1,582,490	1,987,242

Net Cash Generated from Operating Activities

For the year ended December 31, 2023, our operating cash inflow was primarily attributable to (i) profit before tax of RMB1,167.8 million, (ii) non-cash adjustments such as depreciation and amortisation and share-based payment expense, and (iii) favourable working capital movements, primarily a decrease in bills receivables at fair value through other comprehensive income of RMB1,469.6 million and an increase in trade and bills payables of RMB859.3 million, partially offset by an increase in trade and bills receivables of RMB413.5 million and an increase in inventories of RMB17.6 million.

For the year ended December 31, 2024, our operating cash inflow was mainly driven by profit before tax of RMB1,093.4 million and non-cash adjustments, partially offset by working capital outflows, reflecting an increase in trade and bills receivables of RMB593.8 million, a decrease in trade and bills payables of RMB631.3 million and an increase in inventories of RMB126.0 million, and a decrease in bills receivable at fair value through other comprehensive income of RMB463.1 million.

For the year ended December 31, 2025, our operating cash inflow mainly reflected profit before tax of RMB1,259.0 million and non-cash adjustments, together with an increase in trade and bills payables of RMB1,732.3 million, partially offset by an increase in trade and bills receivables of RMB1,483.8 million and an increase in bills receivable at fair value through other comprehensive income of RMB807.4 million.

For the six months ended June 30, 2025, our operating cash inflow was primarily attributable to (i) profit before tax of RMB568.0 million, (ii) non-cash adjustments such as depreciation and amortisation and share-based payment expense, and (iii) an increase in trade and bills payables of RMB401.1 million, partially offset by an increase in trade and bills receivables of RMB427.9 million, an increase in bills receivables at fair value through other comprehensive income of RMB179.3 million and an increase in inventories of RMB68.6 million.

For the six months ended June 30, 2026, our operating cash inflow mainly reflected profit before tax of RMB1,171.7 million and non-cash adjustments, together with an increase in trade and bills payables of RMB2,940.4 million, partially offset by an increase in trade and bills receivables of RMB1,856.4 million, an increase in inventories of RMB662.2 million and an increase in bills receivables at fair value through other comprehensive income of RMB511.0 million.

Net Cash Used in Investing Activities

For the year ended December 31, 2023, we recorded net cash used in investing activities of RMB3,778.5 million, mainly attributable to (i) purchases of property, plant and equipment and other intangible assets, and (ii) net placements of time deposits, as well as treasury management activities relating to financial assets measured at fair value through profit or loss.

For the year ended December 31, 2024, we recorded net cash used in investing activities of RMB719.7 million, mainly attributable to (i) purchases of property, plant and equipment and other long-term assets and, to a lesser extent, (ii) investments in associates and joint ventures, partially offset by (i) maturities of time deposits, proceeds from disposals of financial assets at fair value through profit or loss and (ii) proceeds from disposal of items of property, plant and equipment.

For the year ended December 31, 2025, we recorded net cash used in investing activities of RMB1,542.7 million, mainly driven by ongoing capital expenditures and treasury management activities. In particular, for the year ended December 31, 2025, investing outflows also included cash paid for acquisitions of associates and joint ventures, partially offset by proceeds from disposal of certain financial assets at fair value through other comprehensive income.

For the six months ended June 30, 2025, we recorded net cash used in investing activities of RMB645.9 million, mainly attributable to (i) purchases of property, plant and equipment and other long-term assets of RMB445.8 million, (ii) cash paid for acquisitions of associates and joint ventures of RMB286.2 million, and (iii) net placements of time deposits of RMB220.2 million, partially offset by net proceeds from treasury management activities relating to financial assets measured at fair value through profit or loss of RMB238.0 million.

For the six months ended June 30, 2026, we recorded net cash used in investing activities of RMB173.1 million, mainly attributable to (i) purchases of property, plant and equipment and other long-term assets of RMB672.2 million and (ii) net purchases of financial assets measured at fair value through profit or loss of RMB308.0 million, substantially offset by (i) net maturities of time deposits of RMB757.2 million, (ii) interest received of RMB81.3 million and (iii) proceeds from disposal of items of property, plant and equipment and other long-term assets of RMB28.1 million.

Net Cash Generated From/(Used in) Financing Activities

For the year ended December 31, 2023, we recorded net cash generated from financing activities of RMB61.9 million, primarily reflected proceeds from interest-bearing bank loans and other borrowings and capital contributions from non-controlling shareholders, partially offset by repayments of bank loans and other borrowings, dividends paid and other financing-related payments.

For the year ended December 31, 2024, we recorded net cash used in financing activities of RMB296.8 million, mainly attributable to (i) RMB1,027.0 million used in repayments of interest-bearing bank loans and other borrowings, (ii) RMB470.0 million used in dividends paid to owners of the Company, partially offset by RMB1,335.4 million of proceeds from interest-bearing bank loans, and (iii) the application of proceeds for the share repurchase programme implemented during the reporting period.

For the year ended December 31, 2025, we recorded net cash used in financing activities of RMB1,235.8 million, primarily due to repayments of borrowings and dividends paid, together with other financing-related outflows (including share repurchases), partially offset by proceeds from new borrowings and capital contributions from non-controlling shareholders.

For the six months ended June 30, 2025, we recorded net cash used in financing activities of RMB1,092.5 million, mainly attributable to (i) repayments of interest-bearing bank loans and other borrowings of RMB964.8 million, (ii) dividends paid of RMB313.1 million, (iii) payments of RMB99.9 million under the share repurchase programme, and (iv) interest paid of RMB14.1 million, partially offset by proceeds of RMB300.0 million from interest-bearing bank loans and other borrowings.

For the six months ended June 30, 2026, we recorded net cash used in financing activities of RMB85.9 million, mainly attributable to (i) repayments of interest-bearing bank loans and other borrowings of RMB413.3 million, (ii) dividends paid of RMB374.6 million, (iii) payments of RMB149.5 million for the acquisition of equity interests in a subsidiary from non-controlling shareholders, (iv) deposit payments of RMB17.3 million for land leases, (v) payments of [**REDACTED**], (vi) interest paid of RMB10.8 million, and (vii) lease payments of RMB4.5 million, substantially offset by (i) proceeds of RMB810.9 million from interest-bearing bank loans, (ii) proceeds of RMB87.7 million from the issue of shares, and (iii) capital contributions of RMB5.6 million from non-controlling shareholders.

INDEBTEDNESS

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

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
CURRENT					
Interest-bearing bank loans and other borrowings	764,756	932,203	459,956	919,791	771,848
Convertible bonds	9,476	19,135	26,302	26,810	26,896
Lease liabilities	9,021	9,426	7,319	8,532	8,994
	783,253	960,764	493,577	955,133	807,738

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
NON-CURRENT					
Interest-bearing bank loans and other borrowings	523,300	594,632	342,870	288,188	288,188
Convertible bonds	1,746,257	1,796,479	1,685,277	1,718,045	1,723,738
Lease liabilities	15,156	10,939	10,706	10,053	10,786
	2,284,713	2,402,050	2,038,853	2,016,286	2,022,712
Total	**3,067,966**	**3,362,814**	**2,532,430**	**2,971,419**	**2,830,450**

Borrowings

Our borrowings primarily comprised (i) interest-bearing bank loans and other borrowings and (ii) convertible bonds. As of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, we had borrowings of RMB3,043.8 million, RMB3,342.4 million, RMB2,514.4 million, RMB2,952.8 million, and RMB2,810.7 million, respectively. The effective interest rates applicable to our borrowings (excluding borrowings from discounting bills receivable) during the respective periods ranged from approximately 1.0% to 2.7%, 0.9% to 2.7%, 0.5% to 2.4%, 1.1% to 2.5%, and 1.1% to 2.5% per annum, respectively.

Interest-bearing bank loans and other borrowings

As of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, our interest-bearing bank loans and other borrowings amounted to RMB1,288.1 million, RMB1,526.8 million, RMB802.8 million, RMB1,208.0 million, and RMB1,060.0 million, respectively. Such borrowings consisted primarily of bank loans from policy and commercial banks and, to a lesser extent, other borrowings arising from financing arrangements including the reclassification of discounted bills receivable and bank loans under supplier finance arrangements. The table below sets forth a breakdown of our interest-bearing bank loans and other borrowings by type for the periods indicated.

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million (Unaudited)*
Short-term bank loans	473.1	754.1	350.2	800.4	651.6
Long-term bank loans (non-current portion)	523.3	594.6	342.9	288.2	288.2
Current portion of long-term bank loans – principal	291.0	177.7	109.5	104.5	104.5
Current portion of long-term bank loans – interest	0.6	0.4	0.3	0.2	1.0
Bank loans under supplier finance arrangements	–	–	–	7.4	7.4
Sub-total: bank loans from policy and commercial banks	**1,217.7**	**1,523.3**	**802.8**	**1,200.7**	**1,052.7**

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million (Unaudited)*
Other borrowings (reclassified bills receivable)	70.3	3.5	–	7.3	7.3
Total interest-bearing bank loans and other borrowings	**1,288.1**	**1,526.8**	**802.8**	**1,208.0**	**1,060.0**
Bank loans from commercial banks as % of total	94.5%	99.8%	100.0%	99.4%	99.3%
Other borrowings (reclassified bills) as % of total	5.5%	0.2%	0.0%	0.6%	0.7%

Our borrowings bore interest at both fixed and floating rates. As of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, approximately 66%, 49%, 0%, 4% and 4% of our interest-bearing borrowings bore interest at fixed rates, respectively.

Our interest-bearing borrowings primarily comprise bank loans from policy and commercial banks and, to a lesser extent, other borrowings arising from financing arrangements such as discounting bills receivable and bank loans under supplier finance arrangements. We began to utilise supplier finance arrangements during June 30, 2026, under which a bank settles amounts due to certain of our suppliers on our behalf and we repay the bank at a later date. Amounts under these arrangements are presented within interest-bearing bank loans and other borrowings rather than trade payables, as our payment obligations to the relevant suppliers are legally extinguished upon settlement by the banks and are replaced by interest-bearing obligations to the banks with a significantly extended settlement period. As of both June 30, 2026 and July 31, 2026, bank loans under supplier finance arrangements amounted to RMB7.4 million. In terms of security profile, our bank loans include a combination of (i) unsecured credit loans, (ii) secured loans (primarily mortgage loans), and (iii) guaranteed loans, depending on the relevant banking facility and tenor. In connection with our secured facilities, certain of our assets have been provided as collateral, including pledges over leasehold land and mortgages over construction in progress for certain bank borrowings and bank facilities. Our borrowings are generally denominated in Renminbi and bear interest at rates that are customary for commercial bank facilities in the PRC. We had RMB208.4 million, RMB233.4 million and RMB303.5 million of committed un-utilised banking facilities outstanding, as of December 31, 2025, June 30, 2026 and July 31, 2026, respectively.

2022 Convertible Bonds

On September 26, 2022, we issued convertible bonds with an aggregate nominal value of RMB1,970.0 million. The bonds are convertible at the option of bondholders into ordinary shares commencing from March 30, 2023 at the prevailing conversion price (as adjusted from time to time). Any bonds not converted will be redeemed within five trading days following September 25, 2028 at a redemption price equal to 110% of par value, and bear coupon interest rates that step up over the term. The 2022 Convertible Bonds bear interest at step-up coupon rates (0.30%, 0.50%, 1.00%, 1.50%, 1.80% and 2.00% per annum for successive interest periods) and are convertible during the period from March 30, 2023 to September 25, 2028 at

an initial conversion price of RMB42.77 per share (subject to adjustment in accordance with their terms). The 2022 Convertible Bonds are repayable upon maturity at 110% of their nominal value (subject to the terms and conditions of the bonds).

Our borrowings contain standard terms, conditions and covenants that are customary for commercial bank borrowings. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in obtaining borrowings, any default in payment of borrowings, or any breach of covenants under our borrowing arrangements.

The table below sets forth the maturity profile of our borrowings as of the dates indicated.

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Analysed into:					
Bank loans and other borrowings					
Within one year or on demand	764,756	932,203	459,956	919,791	771,848
In the second year	383,668	470,168	129,590	104,892	104,892
In the third to fifth years, inclusive	139,632	124,464	213,280	183,296	183,296
Total	**1,288,056**	**1,526,835**	**802,826**	**1,207,979**	**1,060,036**

Lease Liabilities

We enter into lease contracts for various items of buildings and machinery, vehicles and other items used in our operations. Leases of buildings and machinery generally have lease terms between one and five years, while vehicles and other items generally have lease terms of around five years.

Our lease liabilities decreased from RMB24.2 million as of December 31, 2023 to RMB20.4 million as of December 31, 2024, primarily because lease payments and certain early terminations exceeded new leases entered into during the year. Our lease liabilities decreased to RMB18.0 million as of December 31, 2025, primarily due to lease payments and early cancellation of certain leases during the period. Our lease liabilities subsequently increased slightly to RMB18.6 million as of June 30, 2026, primarily due to new leases entered into during the period, partially offset by lease payments and the early termination of certain leases, and increased to RMB19.8 million as of July 31, 2026, primarily due to new leases entered into during the month.

Indebtedness Statement

As of the Latest Practicable Date, save as disclosed above, we did not have any outstanding borrowings, charges, mortgages, debentures or debt securities issued or outstanding, or authorised or otherwise created but unissued, or any other similar indebtedness, hire purchase or finance lease commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

Since July 31, 2026 and as of the Latest Practicable Date, the Directors confirm that there has not been any material change in our indebtedness or contingent liabilities.

KEY FINANCIAL RATIOS

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

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Gross profit margin	28.4%	25.6%	23.4%	23.5%
Current ratio[(1)]	1.77	1.77	1.71	1.45
Quick ratio[(2)]	1.60	1.56	1.51	1.26
Liabilities-to-assets ratio[(3)]	45.4%	42.0%	43.2%	50.2%

Our current ratio remained stable from 2023 to 2025, reflecting our consistent approach to working capital management. The marginal decrease to 1.71 as of December 31, 2025 was primarily attributable to an increase in current liabilities driven by higher trade and bills payables in line with expanded procurement, largely offset by a corresponding increase in current assets. Our current ratio further decreased to 1.45 as of June 30, 2026, as our current liabilities increased by 56.2% while our current assets increased by 32.4% over the same period, primarily reflecting the increase in trade and bills payables and short-term bank loans in connection with the significant expansion of our production and sales scale during the period.

Our quick ratio decreased from 1.60 as of December 31, 2023 to 1.51 as of December 31, 2025, primarily reflecting a decrease in cash and cash equivalents as funds were deployed into investment activities and bank borrowing repayments, together with an increase in current liabilities associated with higher procurement volumes. Our quick ratio further decreased to 1.26 as of June 30, 2026, primarily reflecting the increase in our current liabilities referred to above.

Our liabilities-to-assets ratio remained at a relatively low and stable level throughout the Track Record Period, decreasing from 45.4% as of December 31, 2023 to 42.0% as of December 31, 2024 as net assets grew through retained profits, before increasing marginally to 43.2% as of December 31, 2025, primarily reflecting growth in trade and bills payables in line with our expanded business scale, and further increasing to 50.2% as of June 30, 2026, as our total liabilities increased by 39.5% while our total assets increased by 20.0% over the same period, primarily as a result of the increase in trade and bills payables and interest-bearing bank loans.

RELATED PARTY TRANSACTIONS

Our Directors confirm that each of the related party transactions was conducted on an arm's length basis and on normal commercial terms, which are considered fair and reasonable and in the interests of our Shareholders as a whole. For further details, please refer to note 45 to the Accountants' Report set out in Appendix I to this document.

(1) Current ratio is calculated by dividing current assets by current liabilities as of the same date.

(2) Quick ratio is calculated by subtracting inventories from total current assets and then dividing the result by current liabilities as of the same date.

(3) Liabilities-to-assets ratio is calculated by dividing total liabilities by total assets as of the same date.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures were primarily related to purchases of property, plant and equipment, intangible assets and leasehold land, reflecting our continued investment in production capacity, technology upgrades and supporting infrastructure across our principal businesses. In 2023, 2024 and 2025, our capital expenditures (being purchases of property, plant and equipment, intangible assets and leasehold land as reflected in our consolidated cash flow statements) amounted to approximately RMB1,790.0 million, RMB1,181.3 million, and RMB972.4 million, respectively. For the six months ended June 30, 2025 and 2026, our capital expenditures (being purchases of property, plant and equipment, intangible assets and leasehold land as reflected in our consolidated cash flow statements) amounted to approximately RMB445.8 million, and RMB672.2 million, respectively.

We expect that our capital expenditures will continue to be mainly used for the acquisition of property, plant and equipment and intangible assets. We expect to finance our capital expenditures through a combination of existing cash on hand, bank borrowings and [**REDACTED**] from the proposed [**REDACTED**]. We may adjust our capital expenditure plans from time to time in accordance with our development strategies, market conditions and other factors we consider appropriate.

CAPITAL COMMITMENTS

The table below sets forth our capital commitments as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Property, plant and equipment	751,710	610,280	644,875	796,875

Our capital commitments primarily consist of contracted expenditures for property, plant and equipment in connection with our ongoing construction and procurement activities. As of December 31, 2023, 2024, 2025, and the six months ended June 30, 2026, our contracted but not provided for commitments for property, plant and equipment were RMB751.7 million, RMB610.3 million, RMB644.9 million, and RMB796.9 million, respectively.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024, 2025, and the six months ended June 30, 2026, we did not have any material contingent liabilities other than our continuing involvement arising from the transfer of certain bills receivable under bill discounting, factoring and similar arrangements in the ordinary course of business. In respect of derecognised bills receivable transferred under such arrangements, the holders of the derecognised bills may, in certain circumstances, have a right of recourse against us; however, based on our assessment, the risk of such recourse being exercised is remote. As of the Latest Practicable Date, there had been no material changes to our contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any other material off-balance sheet transactions or arrangements.

DISCLOSURE ABOUT FINANCIAL RISK

In the ordinary course of our business, we are exposed to various financial risks, including credit risk, interest rate risk, foreign exchange risk, price risk and liquidity risk. Our management has established policies and procedures to manage and monitor these exposures with a view to maintaining prudent risk controls and ensuring that appropriate risk management measures are implemented in a timely and effective manner. For further details, including relevant sensitivity analysis, see note 49 in the Accountants' Report set out in Appendix I of this document.

DIVIDEND POLICY

Subject to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) , the Guideline No. 3 for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2023 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2023年修訂)》) and pursuant to our dividend policy under the Articles of Association, we are required to pay cash dividends of no less than 15% of the distributable profits realised for that year and cumulative cash dividends of any three fiscal years that account for not less than 45% of our average net profits for those three fiscal years which are available for distribution, calculated in accordance with PRC GAAP, provided that (i) the distributable profits realised for that year (being the after-tax profits remaining after making up accumulated losses and appropriating statutory reserves) are positive and cash flow is sufficient such that the payment of cash dividends will not affect the Company's subsequent sustainable operation; (ii) the cumulative distributable profits of the Company are positive; (iii) the audit institution has issued a standard unqualified audit opinion on the Company's annual financial report for the relevant year; and (iv) there are no significant investment plans or major cash expenditures (other than fund-raising projects), being cases where the aggregate amount of proposed external investments, asset acquisitions, equipment purchases or construction expenditures within the following twelve months reaches or exceeds 30% of the Company's most recently audited total assets. Where any of the foregoing conditions is not satisfied, the Company may elect not to distribute profits.

Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of both, with cash dividends taking precedence over stock dividends. We do not have a fixed dividend distribution ratio. Any proposed distribution of dividends is subject to the discretion of our Board and approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests, development stage (whether mature or growth stage), existence of major capital expenditure arrangements and any other conditions that our Board may deem relevant. We are committed to creating and delivering value to our shareholders.

The table below sets forth the dividends attributable to the years indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Proposed final dividend in respect of the year/period	450,805	298,096	374,626	–	–[1]

Note:

(1): Subsequent to June 30, 2026, our directors recommend the payment of interim dividend of RMB0.3 per ordinary share in respect of the six months ended June 30, 2026 with total amount of RMB226,165,965. The Board of Directors has agreed to submit the proposal for the distribution of profits for the first half of 2026 to our third extraordinary general meeting of shareholders for deliberation.

DISTRIBUTABLE RESERVES

As of June 30, 2026, the Group had distributable reserves of RMB7,038.3 million.

[**REDACTED**] EXPENSES

[**REDACTED**] fees represent professional fees, [**REDACTED**] and fees incurred in connection with the [**REDACTED**] and the [**REDACTED**]. Our [**REDACTED**] are estimated to be approximately HK$[**REDACTED**] (including [**REDACTED**]) accounted for [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], assuming that an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the [**REDACTED**] range stated in this document), among which, approximately HK$[**REDACTED**] is directly attributable to the [**REDACTED**] of Shares and will be charged to equity upon completion of the [**REDACTED**], and approximately HK$[**REDACTED**] has been or will be charged to our consolidated statement of comprehensive income. The [**REDACTED**] we expect to incur would consist of approximately HK$[**REDACTED**] of [**REDACTED**] expenses and fees (including [**REDACTED**], SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), approximately HK$[**REDACTED**] of [**REDACTED**] expenses and fees including fees for the Joint Sponsors, legal advisers and reporting accountant and approximately HK$[**REDACTED**] for other [**REDACTED**] fees and expenses.

The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

The Directors have confirmed that as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

UNAUDITED [**REDACTED**] ADJUSTED NET TANGIBLE ASSETS

Please refer to "Unaudited [**REDACTED**] Financial Information" set out in Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since June 30, 2026, and there is no event since June 30, 2026 which would materially affect the information shown in the Accountants' Report in Appendix I to this document.