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Application Proof of

SHENZHEN CAPCHEM TECHNOLOGY CO., LTD.
深圳新宙邦科技股份有限公司

(the "**Company**")

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

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SHENZHEN CAPCHEM TECHNOLOGY CO., LTD.
深圳新宙邦科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

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CONTENTS

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Page

EXPECTED TIMETABLE iv

CONTENTS vii

SUMMARY 1

DEFINITIONS 17

GLOSSARY OF TECHNICAL TERMS 27

FORWARD-LOOKING STATEMENTS 29

RISK FACTORS 31

WAIVERS AND EXEMPTIONS 55

CONTENTS

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]		61
DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]		65
CORPORATE INFORMATION		68
INDUSTRY OVERVIEW		70
REGULATORY OVERVIEW		80
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE		103
BUSINESS		113
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP		175
DIRECTORS AND SENIOR MANAGEMENT		180
CONNECTED TRANSACTIONS		193
SUBSTANTIAL SHAREHOLDERS		200
SHARE CAPITAL		202
FINANCIAL INFORMATION		205
FUTURE PLANS AND USE OF [REDACTED]		251
[REDACTED]		254
STRUCTURE OF THE [REDACTED]		264
HOW TO APPLY FOR [REDACTED]		273
APPENDIX I	**ACCOUNTANTS' REPORT**	I-1
APPENDIX II	**UNAUDITED [REDACTED] FINANCIAL INFORMATION**	II-1
APPENDIX III	**TAXATION AND FOREIGN EXCHANGE**	III-1
APPENDIX IV	**SUMMARY OF PRINCIPAL LAWS AND REGULATORY PROVISIONS**	IV-1
APPENDIX V	**SUMMARY OF THE ARTICLES OF ASSOCIATION**	V-1
APPENDIX VI	**STATUTORY AND GENERAL INFORMATION**	VI-1
APPENDIX VII	**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY**	VII-1

SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [**REDACTED**] *in the* [**REDACTED**].

There are risks associated with any [**REDACTED**] *in the* [**REDACTED**]. *Some of the particular risks in investing in the* [**REDACTED**] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**]. *Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this document.*

OVERVIEW

About Us

We are a PRC-based provider of electronic chemicals and functional materials. We principally engage in the research and development, manufacture, sale and services of battery chemicals, organic fluorochemicals and electronic information chemicals. Guided by the core strategic philosophy of being "customer-centric and technology-powered", we provide integrated solutions to customers across sectors including new energy vehicles (NEV), energy storage systems (ESS), consumer electronics, AI and digital infrastructure, semiconductor manufacturing, pharmaceuticals and other advanced industrial applications. We have developed end-to-end "conceptualisation, design, development, validation, industrialisation and continuous optimisation" capabilities, and as of the Latest Practicable Date, we operate 13 production bases.

We were founded in 2002, with our origins tracing back to Shenzhen Zhoubang Chemical Co., Ltd., which was established by our founding team in 1996. With three decades of industry experience and development alongside the PRC electronic information industry, we have expanded from our early capacitor chemicals business into three core business segments: battery chemicals, organic fluorochemicals and electronic information chemicals.

In response to industry trends and evolving customer needs, we continued to increase our R&D investment, deepen our technological and product capabilities, broaden our product portfolio into adjacent categories, and strengthen cross-segment technological synergies. By integrating capabilities across our three segments, development, manufacturing execution and customer collaboration, are able to share platforms, transfer know-how and deepen customer engagement across applications and business segments. We believe these cross-segment synergies have supported more efficient product iteration, broader solution coverage and faster scaling of each segment than would have been achievable on a stand-alone basis.

Our Principal Businesses

We have developed three synergistic core business segments around electronic chemicals and functional materials, comprising battery chemicals, organic fluorochemicals and electronic information chemicals.

Battery chemicals

We provide battery chemicals to customers in the power, energy storage and consumer battery markets, including lithium-ion battery electrolytes, supercapacitor chemicals, and emerging electrolytes and auxiliary materials. We have also vertically integrated capabilities

across key electrolyte material categories including solutes, solvents and additives. The primary end applications for our products include: (i) electric vehicles for our battery electrolytes; (ii) power systems, data centres, rail transit, wind power and photovoltaic applications for our energy storage electrolytes; (iii) laptops, tablets, smartphones, smart wearables, consumer drones, robots, smart appliances, power tools and other portable electronics for our consumer battery electrolytes, and (iv) smart meters, hybrid electric vehicles, wind power generation, and computing data centres for our supercapacitor electrolytes. For emerging electrolytes and auxiliary materials, we have achieved commercial-scale production of sodium-ion battery electrolytes and solid-state battery electrolytes.

Organic fluorochemicals

We supply fluorinated fine chemicals and fluoropolymers to customers around the world in AI and digital infrastructure, pharmaceuticals and clean energy applications. Starting from key upstream intermediates including tetrafluoroethylene (TFE) or hexafluoropropylene oxide (HFPO), we have built a comprehensive fluorochemical industrial chain. In AI and digital infrastructure, our organic fluorochemical products are primarily used in immersion liquid-cooling solutions for data centres and as cleaning solutions for semiconductor manufacturing processes and precision semiconductor components; in pharmaceuticals, our products are used as intermediates for anaethetics for pharmaceutical applications; in clean power, our products are used as electrical insulation media for ultra-high-voltage transmission and transformation, and materials for proton-exchange membranes used in hydrogen fuel cells, flow batteries and PEM electrolysers.

Electronic information chemicals

We supply capacitor chemicals and semiconductor chemicals to customers in end markets including consumer electronics, new energy, AI and digital infrastructure. Product portfolio of our capacitor chemicals cover full spectrum of application scenarios within the sector, from upstream aluminium foil chemicals, mid-stream electrolytes and related chemicals for aluminium electrolytic capacitors, to downstream capacitor packaging materials and components. Our capacitor chemicals are primarily used in aluminium electrolytic capacitors, solid capacitors, stacked capacitors, and tantalum electrolytic capacitors applied in automotive electronics, information communications, consumer electronics, household appliances and computing data centres. Our semiconductor chemicals include high purity chemicals, etching liquids, semiconductor cooling liquids, and semiconductor cleaning liquids used in the manufacturing processes for ICs and display panels.

Our Key Partners

Leveraging our strengths in technological innovation, high-quality products and integrated solutions, we have established strong brand recognition and earned the trust of our customers, and we have maintained stable cooperation with a number of customers across our business segments.

In battery chemicals, we have established long-term and stable relationships with power battery manufacturers. In organic fluorochemicals, we have maintained stable cooperation for over ten years with new materials and pharmaceutical companies. We also work in collaboration with our electronic information chemicals business segment to provide one-stop solutions to semiconductor customers. In electronic information chemicals, we rank first by market share for capacitor chemicals from 2020 to 2025. For further details, please refer to "Competitive Strengths — We have built strong brand recognition and customer trust over three decades, and have maintained stable relationships with customers".

We are principally engaged in direct sales of our products to industrial customers in the PRC and overseas. This approach minimizes intermediary costs and facilitates clear, direct communication with clients. Customers of our lithium-ion battery materials are primarily manufacturers of NEV, ESS and consumer electronics batteries. For organic fluorochemicals, our customers include AI and digital infrastructure companies, pharmaceutical companies and advanced materials companies which use fluorinated polymers and fluorinated fine chemicals in data centre, pharmaceutical and clean energy applications. For electronic information chemicals, our customers mainly consist of capacitor manufacturers, display panel manufacturers and IC manufacturers. In 2023, 2024, 2025, and for the six months ended June 30, 2026, the aggregate sales to our five largest customers amounted to approximately RMB3,140.3 million, RMB2,710.3 million, RMB3,335.1 million, and RMB2,676.0 million, respectively, accounting for approximately 42.0%, 34.6%, 34.6%, and 35.9% of our total revenue in the same periods, respectively. The revenue contribution from our largest customer was 15.4%, 11.7%, 13.9%, and 15.6% in 2023, 2024, 2025, and the six months ended June 30, 2026, respectively.

We procure raw materials from a diversified group of suppliers. Our main raw materials were solutes, additives and solvents. In 2023, 2024, 2025, and for the six months ended June 30, 2026, the aggregate purchase cost from our five largest suppliers amounted to approximately RMB1,739.3 million, RMB1,588.0 million, RMB2,346.8 million, and RMB2,246.9 million, respectively, accounting for approximately 39.0%, 30.3%, 35.0%, and 37.6% of our total purchases in the same periods, respectively. The purchase from our largest supplier accounted for 13.6%, 11.3%, 16.1%, and 21.3% of our total purchases in 2023, 2024, 2025, and the six months ended June 30, 2026, respectively.

Sales and marketing model

We primarily adopt a direct sales model supplemented by sales through trading companies. Direct sales are our predominant sales channel and accounted for around 90% of our revenue in each of 2023, 2024, 2025, and the six months ended June 30, 2026, with sales to trading companies accounting for 10.6%, 13.4%, 9.8%, and 7.1% respectively during the corresponding period.

Our Technology and R&D

With three decades of industry experience in battery chemicals and functional materials, we have built a full-cycle R&D platform intended to support conceptualisation, design, development, validation, industrialisation and continuous optimisation of new products across our business segments. We have established a multi-level R&D organisation, including our Shenzhen research institute, a group-level R&D platform for medium to long-term technology planning, business segment R&D teams responsible for product and formulation development, and laboratories at production bases focusing on process optimisation and onsite technical support. We have established 32 innovation platforms, including a National Enterprise Technology Centre, and developed five core technology platforms, design and synthesis, material purification, analysis and testing, formulation and solution, and device testing and evaluation, which support technical synergy among our three business segments and enable the sharing of R&D resources and platforms across the Group.

During the Track Record Period, we invested an aggregate of approximately RMB1,674.4 million in R&D, representing approximately 5.2% of our total revenue from 2023 to June 30, 2026. As of June 30, 2026, we had 1,133 R&D and technical personnel, representing 23.6% of our total employees. We had filed an aggregate of 1,716 patent applications that were accepted for examination, obtained an aggregate of 602 PRC granted patents and 112 overseas granted

invention patents. For further details, please refer to "Competitive Strengths — Full-cycle R&D capabilities in electronic chemicals and functional materials underpin our continuous innovation and industry leadership".

Our Manufacturing Capabilities and Supply Chain

We mainly manufacture our products at our own production bases in the PRC and overseas. Our production activities are organised around our three major product segments. As of June 30, 2026, we operated 13 production bases, comprising 12 production bases in the PRC and one production base in Europe, and we have progressed to installation of our overseas production base in Malaysia, and are undertaking preparatory work for the construction of our overseas bases in Saudi Arabia and the expansion of our production base in Poland. We continue to improve our ability to guarantee supply assurance and responsiveness through a combination of localised production and vertical integration. See "Business — Production."

Battery chemicals

We are proactively expanding our manufacturing and delivery footprint. We have put into operation nine production bases in the PRC, one production base in Poland, and one facility in Malaysia at pilot production stage, which enables us to provide localised delivery of electrolytes in Europe and Southeast Asia. We are also progressing capacity deployment in Malaysia, Saudi Arabia, and Poland, and we expect to operate two overseas production bases in Poland and Malaysia by the end of 2026, enhancing our ability to deliver products to customers in nearby markets with greater assurance.

At the same time, we have developed self-supply capabilities for raw materials used in our electrolytes. Our self-supply capabilities operate through two complementary mechanisms: (i) in-house production by our consolidated subsidiaries of solvents, additives and certain solutes (LiFSI); and (ii) procurement of $LiPF_6$, a key solute for lithium-ion battery electrolytes, from Shilei Fluorine Materials, a company over which we achieved joint control in December 2024. For solvents and additives, our consolidated production capacity is able to meet our internal electrolyte production requirements, and we also sell such products to third-party customers to maintain market competitiveness. The degree to which each raw material category is self-supplied varies by material and by period.

Organic fluorochemicals

Positioning TFE and Hexafluoropropylene ("HFP") as the starting point of our organic fluorochemical value chain, we operate two principal production bases, Sanming Hexafluo and Fujian Heptafluo, and have expanded into higher value-added fluorinated fine chemicals and fluoropolymers for AI and digital infrastructure, pharmaceuticals and clean energy. As a result, we have established a relatively comprehensive vertically integrated value chain with effective complementarity and synergies among intermediate products and raw materials.

Electronic information chemicals

To optimise regional capacity deployment, we have established six production bases across major semiconductor clusters in Beijing-Tianjin-Hebei region, the Yangtze River delta region, and the Pearl River delta region, supporting rapid customer response and delivery.

For further details, please refer to "Competitive Strengths — Localised delivery capabilities and vertically integrated manufacturing support reliable delivery and a stable, cost-efficient supply chain".

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors: (i) we are a provider of electronic chemicals and functional materials with significant growth potential; (ii) we have built strong brand recognition and customer trust over three decades, and have maintained stable relationships with customers; (iii) full-cycle R&D capabilities in electronic chemicals and functional materials underpin our continuous innovation and industry leadership; (iv) localised delivery capabilities and vertically integrated manufacturing support reliable delivery and a stable, cost-efficient supply chain; (v) our "concentric circles" synergetic diversification strategy enables deep synergies across our three business segments; and (vi) our experienced management team has deep industry insight and strong execution capabilities, enabling us to identify technology trends and market opportunities and to navigate capital markets rules effectively. See "Business — Competitive Strengths" for more details.

OUR STRATEGIES

We intend to pursue the following strategies: (i) strengthen localised delivery and vertically integrated manufacturing capabilities; (ii) continue product development and forward-looking research under our "concentric circles" synergetic diversification strategy; (iii) elevate operational excellence through digital transformation, automation and AI-enabled intelligence; and (iv) advancing sustainability with best-in-class ESG practices to strengthen our corporate profile. See "Business — Our Strategies" for more details.

COMPETITION

The lithium-ion battery electrolyte market is relatively concentrated among a small number of large producers with regional footprints, supported by a long tail of smaller processors. In battery chemicals, our principal competitors include electrolyte producers. According to Frost & Sullivan, the five largest electrolyte producers together account for approximately 57% of the electrolyte market in terms of revenue. In terms of battery electrolyte revenue in 2025, we ranked as the second largest battery electrolyte provider globally. Furthermore, we achieved the largest global market share of battery electrolyte revenue (excluding the PRC) from 2020 to 2025.

The organic fluorochemicals industry is characterized by relatively high technical and safety requirements, significant capital investment and long customer qualification cycles. We participate across multiple stages of the organic fluorochemicals value chain, with business coverage extending from upstream fluorinated basic materials and intermediates to downstream fluoropolymers and fluorinated fine chemicals. While this market has historically been dominated by overseas materials manufacturers, an increasing number of Chinese chemical companies, which traditionally operated in other segments of the fluorochemical industry chain, are now aggressively expanding into high-value-added sectors, such as HFPO and its downstream products. In terms of global revenue from HFPO and its downstream products, we ranked the first among global manufacturers in 2025.

Our electronic information chemicals segment covers capacitor chemicals and semiconductor chemicals, which exhibit different competitive dynamics. In capacitor chemicals, the market is relatively concentrated among specialised suppliers that have established long-term relationships with capacitor manufacturers. According to Frost & Sullivan, our capacitor chemicals have ranked first globally by revenue from 2020 to 2025. According to Frost & Sullivan, our semiconductor chemicals business has achieved scaled supply to major IC manufacturers in the PRC market. In terms of electronic information chemical business segment, we ranked first among domestic PRC companies by market share in the PRC market for semiconductor cooling liquids in 2025.

See "Industry Overview" for more details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

	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
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.

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* (Unaudited)	*%*	*RMB'000*	*%*
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**

	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)			
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
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.

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 decrease was primarily attributable to a lower gross profit margin in our battery chemicals business segment. The increasingly intensified market competition created price pressure on our products, lowering the gross profit margin of battery chemicals by 4.1 percentage points from 15.7% in 2023 to 11.6% in 2024. Higher fixed cost recognised in cost of sales as newly commissioned projects and production lines were brought into use also contributed to the slight dip in gross profit margin, as the newly added capacity had not reached stable utilisation levels in 2024.

Our gross profit increased by 12.4% from RMB2,004.9 million in 2024 to RMB2,253.3 million in 2025, and our gross profit margin decreased from 25.6% in 2024 to 23.4% in 2025. Such decrease was primarily due to (i) the gross profit margin of the battery chemicals segment declined from 11.6% to 10.3% in 2025 as 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; (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 (iii) the gross profit margin of the electronic information chemicals segment improved from 42.4% in 2024 to 47.5% in 2025.

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, primarily attributable to the substantial increase in our revenue, which increased by 75.7% over the same period, which more than offset the impact of the slight dip in our gross profit margin. Our gross profit margin was 24.2% and 23.5% for the six months ended June 30, 2025 and 2026, respectively. This was primarily attributable to a change in our revenue mix. In particular, battery chemicals, which had relatively lower gross profit margin among our core business segments, increased its contribution to our total revenue from 66.4% to 77.1%, while contribution from organic fluorochemicals, which had the highest gross profit margin, decreased from 17.0% to 9.5% as a result of faster growth of sales from battery chemicals. The impact of the change in revenue mix was partially offset by the improvement in the gross profit margins of our battery chemicals and electronic information chemicals segments.

See "Financial Information — Period-to-Period Comparison of Results of Operations."

Production Capacity and Utilisation

The table below sets forth the breakdown of production capacity, actual production output and utilisation rate by business segment and major product category for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,		
	2023		2024		2025		2026		
Segment	Production Capacity (t)[1]	Utilisation Rate	Production Capacity (t)[1]	Utilisation Rate	Production Capacity (t)[1]	Utilisation Rate	Production Capacity (t)[1]	Utilisation Rate	Number of Production Bases[3]
Battery chemicals	269,691	81.3%	455,443	83.2%	681,577	77.7%	365,238	87.9%	10[2]
Organic fluorochemicals	6,162	77.7%	16,468	77.9%	19,585	82.1%	10,993	80.3%	2
Electronic information chemicals	109,905	58.4%	139,022	50.6%	150,522	51.6%	90,511	55.7%	6
– Capacitor chemicals	38,372	63.7%	43,322	57.8%	43,322	55.5%	21,661	60.1%	
– Semiconductor chemicals	71,533	55.6%	95,700	47.4%	107,200	50.1%	68,850	54.3%	

Notes:

(1) Production capacity is determined by aggregating the rated capacity of the principal equipment used in the production of each product at each relevant production base. Where a production facility or production line commenced operation during the relevant year or period, only the capacity from the date of commissioning to the end of that period is included, without annualization for the partial period. Utilisation rate is calculated as actual production output for the relevant period divided by designed capacity for the same period.

(2) All production bases are located in Chinese Mainland except for one production base in Poland with annual production capacity of 40,000 tonnes of lithium-ion battery electrolytes.

(3) Each of our production bases may support one or more of our business segments.

Summary of Consolidated Statements of Financial Position

	As of December 31, 2023	As of December 31, 2024	As of December 31, 2025	As of June 30, 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	8,110,138	9,375,908	9,341,168	9,915,216
Total current assets	9,514,175	8,247,286	10,456,359	13,840,607
Total assets	**17,624,313**	**17,623,194**	**19,797,527**	**23,755,823**
Total current liabilities	5,380,511	4,654,802	6,107,931	9,540,946
Total non-current liabilities	2,611,572	2,745,703	2,435,962	2,374,247
Total liabilities	**7,992,083**	**7,400,505**	**8,543,893**	**11,915,193**
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
Net assets	**9,632,230**	**10,222,689**	**11,253,634**	**11,840,630**

Net Assets

Our net assets increased by 6.1% from RMB9,632.2 million as of December 31, 2023 to RMB10,222.7 million as of December 31, 2024, primarily due to profit generated from our business operations during the year, partially offset by (i) the declaration and payment of cash dividends to our shareholders in respect of the financial year 2023, (ii) the repurchase of our shares for our employee incentive schemes, and (iii) distributions to non-controlling interests of certain subsidiaries.

Our net assets increased by 10.1% from RMB10,222.7 million as of December 31, 2024 to RMB11,253.6 million as of December 31, 2025, primarily due to (i) profit generated from our business operations during the year, and (ii) conversion of convertible bonds into shares which increases our net assets by RMB155.5 million, partially offset by (i) the declaration and payment of cash dividends to our shareholders in respect of the financial year 2024, (ii) the repurchase and cancellation of restricted shares in connection with our employee share incentive schemes, (iii) distributions to non-controlling interests of certain subsidiaries, and (iv) the acquisition of additional equity interests in certain subsidiaries from non-controlling shareholders.

Our net assets increased by 5.2% from RMB11,253.6 million as of December 31, 2025 to RMB11,840.6 million as of June 30, 2026, primarily due to (i) profit generated from our business operations during the period, (ii) the proceeds from the issue of shares for the 2025 Restricted Share Incentive Plans, and (iii) equity-settled share-based payment expense, partially offset by (i) dividends paid and (ii) the acquisition of non-controlling interests.

Summary of Consolidated Statements of Cash Flow

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

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%

(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.

RISK FACTORS

Our operations and the [**REDACTED**] involve certain risks and uncertainties, including (i) risks related to our business and the industry, (ii) risks relating to where we conduct business, and (iii) risks relating to Chinese Mainland, which are set out in the section headed "Risk Factors". You should read that section in its entirety carefully before you decide to [**REDACTED**] in the [**REDACTED**]. Some of the major risks we face include, but are not limited to: (i) our results of operations are highly sensitive to demand in NEV, ESS, AI and digital infrastructure and other downstream industries we serve; (ii) the selling prices of our products may face downward pressure, which will adversely affect our profit margins, results of operations and financial condition; (iii) our profitability is highly dependent on raw material costs and supply stability, and we may not be able to fully pass on cost fluctuations to our customers; (iv) we face intense competition in the industries in which we operate; (v) we are subject to environmental, health and safety risks and increasingly stringent regulations relating to chemical products; (vi) our business model requires significant capital expenditure and capacity expansion, and delays, under-utilisation or cost overruns in new projects could adversely affect us; (vii) we may not be able to achieve the desired benefits from our R&D efforts, keep pace with technological change or evolving industry standards, or successfully commercialise new products; (viii) we may fail to adequately protect our trade secrets and other proprietary know-how, which could adversely affect our competitive position; (ix) we may be subject to risks associated with our product quality, and minor defects in our products may result in disproportionate losses and liabilities; and (x) we are exposed to product concentration risks, particularly in respect of certain battery chemicals products.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Our A Shares have been listed on the Growth Enterprise Market of Shenzhen Stock Exchange (Stock Code: 300037) since January 2010. Our Directors confirmed, and our PRC Legal Adviser is of the view, that during the Track Record Period and up to the Latest Practicable Date, our Company had complied with all applicable securities laws and regulations in the PRC in all material respects and had no instance of material non-compliance in this regard. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Adviser's view, nothing has come to the Joint Sponsors' attention that would reasonably cause them to cast doubt on our Directors' confirmation with regard to the compliance record of our Company on the Shenzhen Stock Exchange in all material respects. For details, please refer to "History, Development and Corporate Structure — Our Listing on the Shenzhen Stock Exchange and Reasons for the [**REDACTED**] on the Stock Exchange" in this document.

OUR CONTROLLING SHAREHOLDERS GROUP

As of the Latest Practicable Date, our Controlling Shareholders Group comprised Mr. Qin Jiusan (覃九三), Mr. Zhou Dawen (周達文), Ms. Zhong Meihong (鍾美紅), Mr. Zheng Zhongtian (鄭仲天), Ms. Zhang Guiwen (張桂文) and Ms. Deng Yonghong (鄧永紅). Pursuant to the Concert Party Agreement among them which is expected to remain effective after the [**REDACTED**], they collectively held approximately 37.23% of our total share capital as of the Latest Practicable Date. For further details of our Controlling Shareholders Group, their relationship and the Concert Party Agreement, please refer to "History, Development and Corporate Structure" in this document. Immediately following the completion of the [**REDACTED**] (assuming that [**REDACTED**] is not exercised, no additional 2022 Convertible Bonds are converted and no additional A Shares are issued under the Effective Restricted Share Incentive Plans and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the Controlling Shareholders

Group will collectively hold approximately [**REDACTED**]% of the total issued share capital of our Company, and will therefore remain as our Controlling Shareholders Group upon the [**REDACTED**]. For details, please refer to "Relationship with Our Controlling Shareholders Group" in this document.

[**REDACTED**]

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transaction which will constitute partially-exempt continuing connected transaction of our Company under the Listing Rules following the completion of the [**REDACTED**]. We have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the announcement requirement under the Listing Rules. For further details in this respect, please refer to "Connected Transactions" in this document.

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**], after deducting the [**REDACTED**] and [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**], assuming the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**]) and assuming that the [**REDACTED**] is not exercised. We intend to use the [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to support our localisation and vertical integration strategy.
- Approximately [**REDACTED**]%, or HK$[**REDACTED**], to support our full-cycle R&D capabilities across battery chemicals, organic fluorochemicals and electronic information chemicals.
- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to support upgrades of our digital infrastructure.
- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and general corporate purposes.

Localisation and vertical integration strategy — key objectives and mechanics

Battery chemicals. Our battery chemicals segment pursues both localisation and vertical integration. In terms of localisation, we have operated an overseas production base in Poland since 2023, and target to commence overseas electrolyte production in Malaysia in 2026. The production base in Malaysia enables local production near customers, reducing transportation costs, delivery cycle times and exposure to trade policy and ocean freight volatility. In terms of vertical integration, we have established and target to expand in-house production of the three principal electrolyte raw materials, solutes, solvents and additives, which together represent approximately 80% to 90% of electrolyte raw material cost. In-house production of these materials reduces procurement costs, and provides a buffer against supply disruptions. The expanded raw material production capacity is sized to serve both our internal electrolyte manufacturing requirements and selective third-party sales, providing us with the flexibility to optimise its supply chain strategy in response to market conditions.

Organic fluorochemicals. This segment pursues primarily a vertical integration strategy, focused on building in-house production of HFP, the principal upstream raw material. Our subsidiary Fujian Heptafluo commenced HFP production at the end of 2023 and has been in stable production since 2024, establishing in-house HFP supply capability.

Electronic information chemicals. This segment pursues primarily a localisation strategy focused on domestic proximity to customers. Given the stringent delivery requirements of semiconductor manufacturers, we are expanding capacity within major semiconductor clusters in Huizhou, Nantong and Tianjin. There are no overseas production bases planned for electronic information chemicals.

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

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.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our business, financial conditions and results of operations since June 30, 2026, which is the end date of the years/period reported on in the Accountants' Report as set out in Appendix I to this document, and there is no event since June 30, 2026 which would materially affect the information in the Accountants' Report as set out in Appendix I to this document.

[**REDACTED**] EXPENSES

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

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this document.

"2022 Convertible Bonds"	a public offering of convertible bonds conducted by our Company on September 26, 2022 and listed on the Shenzhen Stock Exchange on October 21, 2022 (bond code: 123158), details of which are set out in "Statutory and General Information — A. Further Information about Our Group — 2. Changes in Share Capital of Our Company" in Appendix VI to this document
"2023 Restricted Share Incentive Plan"	the A Share restricted share incentive plan adopted by our Company on December 25, 2023, details of which are set out in "Statutory and General Information — D. Share Incentive Plans" in the Appendix VI to this document
"2025 Restricted Share Incentive Plan"	the A Share restricted share incentive plan adopted by our Company on April 28, 2025, details of which are set out in "Statutory and General Information — D. Share Incentive Plans" in the Appendix VI to this document
"A Shares"	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are listed for trading on the Shenzhen Stock Exchange
"A Shareholder(s)"	holder(s) of the A Share(s)
"Accountants' Report"	the accountants' report for the Company and its subsidiaries for each of the three years ended December 31, 2025 and the six months ended June 30, 2026, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which shall become effective on the [**REDACTED**], a summary of which is set out in "Summary of the Articles of Association" in the Appendix V to this document
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "our Board"	the board of Directors
"Board Committee(s)"	the board committees of our Company, namely the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategic and Sustainable Development Committee
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

"Capchem Hong Kong"	Capchem (Hong Kong) Co., Ltd. (新宙邦(香港)有限公司), a limited liability company established in Hong Kong on January 28, 2008 and a wholly-owned subsidiary of the Company
"Capchem Materials"	Shenzhen Capchem Electronic Materials Technology Co., Ltd (深圳市新宙邦電子材料科技有限公司), a limited liability company established under the laws of PRC on February 19, 2002, which is our predecessor
"Capchem Poland"	Capchem Poland Sp.zo.o, a limited liability company established under the laws of Poland on May 8, 2018 and a non-wholly-owned subsidiary of the Company
"Capchem Singapore"	Capchem Singapore Pte. Ltd, a private limited company established under the laws of Singapore on December 6, 2022 and a wholly-owned subsidiary of the Company
	[**REDACTED**]
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China" or "PRC"	the People's Republic of China, except where the content or context requires otherwise
"Chongqing Capchem"	Chongqing Capchem New Materials Co., Ltd. (重慶新宙邦新材料有限公司), a limited liability company established under the laws of PRC on January 25, 2022 and a wholly-owned subsidiary of the Company
"close associate(s)"	has the meaning ascribed thereto under the Listing Rule
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company", "our Company", "the Company" or "Shenzhen Capchem"	Shenzhen Capchem Technology Co., Ltd. (深圳新宙邦科技股份有限公司), a joint stock company incorporated in the PRC with limited liability on February 19, 2002, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300037) (previously known as Shenzhen Capchem Electronic Materials Technology Co., Ltd (深圳市新宙邦電子材料科技有限公司))
"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"Compliance Adviser"	Maxa Capital Limited, an independent compliance consultant, which is an Independent Third Party
"Concert Party Agreement"	the concert party agreement entered into among members of our Controlling Shareholders Group in March 2008, details of which are set out in "History, Development and Corporate Structure — Our Shareholding and Corporate Structure"

"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders Group"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Mr. Qin Jiusan (覃九三), Mr. Zhou Dawen (周達文), Ms. Zhong Meihong (鍾美紅), Mr. Zheng Zhongtian (鄭仲天), Ms. Zhang Guiwen (張桂文) and Ms. Deng Yonghong (鄧永紅)
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDCC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company or any one of them
"Effective Restricted Share Incentive Plans"	the 2023 Restricted Share Incentive Plan and the 2025 Restricted Share Incentive Plan, details of which are set out in "Statutory and General Information — D. Share Incentive Plans" in the Appendix VI to this document
"EIT"	the PRC enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"ESG"	environmental, social and governance
	[**REDACTED**]
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
	[**REDACTED**]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an Independent Third Party
"Frost & Sullivan Report" or "F&S Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this document
"Fujian Heptafluo"	Fujian Heptafluo New Materials Co., Ltd. (福建海德福新材料有限公司), a limited liability company established under the laws of PRC on September 7, 2018 and a non-wholly-owned subsidiary of the Company

"Fujian Yongjing"	Fujian Yongjing Technology Co., Ltd. (福建永晶科技股份有限公司), a joint stock company with limited liability established under the laws of PRC on January 22, 2007 which is held by our Company as to 24.03% of its equity interests as of the Latest Practicable Date
"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
	[**REDACTED**]
"Group", "our Group", "we" or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	shares in the share capital of our Company with a nominal value of RMB1.00 each, to be [**REDACTED**] on the Hong Kong Stock Exchange
	[**REDACTED**]
"H Shareholder(s)"	holder(s) of the H Share(s)
"HK$" or "Hong Kong Dollars" or "HK Dollars"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	the Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchange and Clearing Limited

[**REDACTED**]

"Huizhou Capchem"	Huizhou Capchem Chemical Co., Ltd. (惠州市宙邦化工有限公司), a limited liability company established under the laws of PRC on July 30, 2007 and a wholly-owned subsidiary of the Company
"Hunan Fluopont"	Hunan Fluopont New Materials Co., Ltd. (湖南福邦新材料有限公司), a limited liability company established under the laws of PRC on August 27, 2018 and a non-wholly-owned subsidiary of the Company
"IFRS Accounting Standards"	IFRS Accounting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"Independent Third Party(ies)"	any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules

[**REDACTED**]

"Jiangsu Hicomer"	Jiangsu Hicomer New Material Co., Ltd. (江蘇瀚康新材料有限公司), a limited liability company established under the laws of PRC on March 28, 2014 and a wholly-owned subsidiary of the Company
"Jiangsu Hicomer Electronic Materials"	Jiangsu Hicomer Electronic Materials Co., Ltd. (江蘇瀚康電子材料有限公司), a limited liability company established under the laws of PRC on May 21, 2021 and a non-wholly-owned subsidiary of the Company
"Jiangsu Seals"	Jiangsu Seals Electronic Materials Co., Ltd. (江蘇希爾斯電子材料有限公司), a limited liability company established under the laws of PRC on April 28, 2023 and a non-wholly-owned subsidiary of the Company
"Jingmen Capchem"	Jingmen Capchem New Materials Co., Ltd. (荊門新宙邦新材料有限公司), a limited liability company established under the laws of PRC on May 16, 2018 and a non-wholly-owned subsidiary of the Company

[**REDACTED**]

"Joint Sponsors"	the joint sponsors of the [**REDACTED**] as named in the section headed "Directors and Parties Involved in the [**REDACTED**]"
"Latest Practicable Date"	August 20, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Committee"	the listing committee of the Hong Kong Stock Exchange

[**REDACTED**]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"Ministry of Finance" or "MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))
"Mr. Qin"	Mr. Qin Jiusan (覃九三), our chairman of the Board, executive Director and a member of our Controlling Shareholders Group
"Mr. Zheng"	Mr. Zheng Zhongtian (鄭仲天), our executive Director, chief engineer and a member of our Controlling Shareholders Group
"Mr. Zhou"	Mr. Zhou Dawen (周達文), our vice chairman of the Board, executive Director and a member of our Controlling Shareholders Group
"Ms. Deng"	Ms. Deng Yonghong (鄧永紅), a member of our Controlling Shareholders Group and the spouse of Mr. Qin
"Ms. Zhang"	Ms. Zhang Guiwen (張桂文), a member of our Controlling Shareholders Group
"Ms. Zhong"	Ms. Zhong Meihong (鍾美紅), our non-executive Director and a member of our Controlling Shareholders Group
"Nantong Capchem"	Nantong Capchem Electronic Materials Co., Ltd. (南通新宙邦電子材料有限公司), a limited liability company established under the laws of PRC on July 26, 2010 and a wholly-owned subsidiary of the Company
"Nantong Capchem Technology"	Nantong Capchem Technology Co., Ltd. (南通新宙邦科技有限公司), a limited liability company established under the laws of PRC on September 28, 2021 and a wholly-owned subsidiary of the Company
"Nantong Top"	Nantong Top Electronic Materials Co., Ltd. (南通托普電子材料有限公司), a limited liability company established under the laws of PRC on May 13, 1998 and a non-wholly-owned subsidiary of the Company
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board

"Novolyte Malaysia"	Novolyte Technology Sdn. Bhd., a limited liability company established in Malaysia on February 7, 2025 and a wholly-owned subsidiary of the Company

[**REDACTED**]

"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Legal Adviser"	Zhong Lun Law Firm, our legal adviser on PRC laws in connection with the [**REDACTED**]

[**REDACTED**]

"document"	this document being issued in connection with the [**REDACTED**]
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC

"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"Sanming Hexafluo"	Sanming Hexafluo Chemical Co., Ltd. (三明市海斯福化工有限責任公司), a limited liability company established under the laws of PRC on August 21, 2007 and a non-wholly-owned subsidiary of the Company
"SAT"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)
"SFC" or "Securities and Futures Commission"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links programme to be developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and CSDC for mutual market access between Hong Kong and Shenzhen
"Shenzhen Semicomat"	Shenzhen Semicomat Electronic Materials Co., Ltd. (深圳市賽美科電子材料有限公司), a limited liability company established under the laws of PRC on February 26, 2025 and a non-wholly-owned subsidiary of the Company
"Shenzhen Stock Exchange"	Shenzhen Stock Exchange (深圳證券交易所)
"Shilei Fluorine Materials"	Jiangxi Shilei Fluorine Materials Co., Ltd. (江西石磊氟材料有限責任公司), a limited liability company established under the laws of PRC on June 13, 2013, is held by our Company as to approximately 42.83% of its equity interests
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Strategic and Sustainable Development Committee"	the strategic and sustainable development committee of the Board
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Suzhou Novolyte"	Novolyte Battery Materials (Suzhou) Co., Ltd. (諾萊特電池材料(蘇州)有限公司), a limited liability company established under the laws of PRC on September 22, 2008 and a wholly-owned subsidiary of the Company
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Tianjin Capchem"	Tianjin Capchem Electronic Materials Co., Ltd. (天津新宙邦電子材料有限公司), a limited liability company established under the laws of PRC on June 8, 2021 and a wholly-owned subsidiary of the Company

"Track Record Period" or "TRP"	the period comprising the three financial years ended December 31, 2023, 2024, 2025, and the six months ended June 30, 2026
"treasury shares"	has the meaning ascribed to it under the Listing Rules

[**REDACTED**]

"United States", "USA" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "U.S. dollar(s)"	United States dollars, the lawful currency of the U.S.
"U.S. Government"	the federal government of the United States, including its executive, legislative and judicial branches
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"VAT"	value-added tax

[**REDACTED**]

"Yichang Capchem"	Yichang Capchem Technology Co., Ltd. (宜昌新宙邦科技有限公司), a limited liability company established under the laws of PRC on September 18, 2022, and a wholly-owned subsidiary of the Company
"Yichang Capchem Electronic Materials"	Yichang Capchem Electronic Materials Co., Ltd. (宜昌新宙邦電子材料有限公司), a limited liability company established under the laws of PRC on January 11, 2023 and a wholly-owned subsidiary of the Company
"Zhoubang Chemical"	Shenzhen Zhoubang Chemical Co., Ltd. (深圳市宙邦化工有限公司), a limited liability company established under the laws of PRC on June 27, 1996, served as the primary platform for our business operation prior to the Company's establishment in 2002, and deregistered on October 16, 2006
"%"	per cent

In this document, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction," "subsidiaries" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

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

GLOSSARY OF TECHNICAL TERMS

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

"AI"	artificial intelligence
"aluminium electrolytic capacitors"	A type of capacitor that uses aluminium oxide film as the dielectric, widely used in industrial and consumer electronics.
"aluminium foil chemicals"	Chemicals used in the formation process of aluminium electrolytic capacitor foils to build the oxide dielectric layer.
"CAGR"	compound annual growth rate
"capacitor packaging materials and components"	Materials and components for insulation, sealing, explosion-proof and terminal lead-out of medium and large aluminium electrolytic capacitors and film capacitors.
"EDLC"	Electric double-layer capacitors, a type of supercapacitor that store energy electrostatically by accumulating ions at the electrode–electrolyte interfaces, enabling fast charge and discharge, high power capability, and long cycle life.
"ESS"	energy storage system
"etching liquids"	Chemicals used in the etching process in semiconductor and display panel manufacturing, with excellent etching morphology, material compatibility and stability, and can be customized with formulas according to process nodes.
"Perfluoroelastomer," "FFKM," or "perfluoro rubber"	A fluorinated elastomer with temperature resistance, oil resistance and chemical corrosion resistance, used in sealing components under harsh environments.
"high-nickel ternary system"	A lithium-ion battery system with high nickel content (such as NCM811, NCM622) as the cathode, offering high energy density but requiring electrolytes with enhanced stability.
"high purity chemicals"	Semiconductor chemicals meeting SEMI G5 standards, used in IC lithography, etching, and cleaning processes.
"HFP" or "Hexafluoropropylene"	A fluorinated olefin with the molecular formula C_3F_6. It is primarily used as an industrial monomer/comonomer and chemical intermediate in the manufacture of hexafluoropropylene oxide (HFPO) and downstream products.
"HFPO," or "Hexafluoropropylene Oxide"	A key fluorinated monomer used as the starting material for organic fluorochemicals, used to produce PTFE, PFSA resins, and other fluoropolymers.
"IC"	integrated circuit
"LiFSI"	lithium bis(fluorosulfonyl)imide, an electrolyte solute with high electrochemical and thermal stability suited to high-voltage and fast-charging applications.
"$LiPF_6$"	lithium hexafluorophosphate, the most widely used electrolyte solute in commercial lithium-ion batteries.
"lithium-ion battery electrolyte"	A conductive liquid medium that enables lithium-ion migration between the cathode and anode during battery charging and discharging.

GLOSSARY OF TECHNICAL TERMS

"LMFP"	lithium manganese iron phosphate, a modified cathode material of lithium iron phosphate.
"Multi-layer polymer capacitors" or "MLPC"	Aluminium-based capacitors with a multi-layer laminated structure, offering miniaturisation and high capacitance, supported by polymer cathode materials and lead-out materials.
"ODP"	Ozone-depletion potential, an indicator to measure the degree of damage to the ozone layer by chemical substances.
"perfluoroisobutyronitrile"	An environmentally friendly electrical insulating gas with over 98% lower greenhouse gas impact than SF_6, used in high-voltage transmission equipment.
"PFA"	Perfluoroalkoxy, a thermoplastic fluoropolymer with chemical corrosion resistance and high-temperature stability, used as lining material in semiconductor and high-purity chemical equipment.
"PFPE"	Perfluoropolyether, a fluoropolymer used in lubricating oils and vacuum pump oils for extreme temperature and corrosion-resistance applications.
"PFSA resins"	Perfluorinated sulfonic acid resins with excellent mechanical strength and chemical stability, used in ion exchange membranes for PEM electrolysers, fuel cells and flow batteries.
"Proton exchange membrane" or "PEM"	A solid polymer electrolyte membrane that selectively conducts protons while blocking electrons and gases, enabling ion transport in PEM electrolysers and fuel cells.
"PTFE"	Polytetrafluoroethylene, a fluoropolymer with excellent chemical and heat resistance and low friction, used in semiconductor equipment and high-purity chemical storage linings.
"R&D"	research and development.
"SEI" or "solid-electrolyte interphase"	A stable film formed on the anode surface during battery cycling, protecting the anode.
"SEMI G5 Standard"	An industry purity standard for wet electronic chemicals specifying metal impurity and particle content requirements for semiconductor-grade materials.
"silicon-carbon anode"	An anode material combining silicon and carbon to improve lithium-ion battery energy density, requiring adapted electrolyte formulas.
"sodium-ion battery"	A battery using sodium ions as charge carriers, offering low cost and high safety for energy storage and low-speed transportation applications.
"solid-state capacitor chemicals"	Materials for solid-state capacitors that replace liquid electrolytes, reducing impedance and improving long-term reliability.
"solid-state electrolyte"	A core material for solid-state batteries providing lithium-ion conduction and enhanced safety, including polymer and inorganic types (such as LATP, LLZO and LiPSCl).
"tantalum capacitors"	A capacitor with tantalum metal as the anode and tantalum oxide as the dielectric.
"TFE"	Tetrafluoroethylene, the base fluorinated monomer for producing PTFE, FFKM and other fluoropolymers.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements and information relating to us and our subsidiaries that are based on the intentions, beliefs, expectations or predictions of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would," "vision," "aspire," "target," "schedules," and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationships with, and the actions and developments affecting, our major business partners;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market position;
- the actions and developments of our competitors;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies, including our geographic expansion plans;
- our ability to defend our intellectual rights and protect confidentiality;
- the effectiveness of our quality control systems;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends, including those pertaining to the PRC and the industry and markets in which we operate;
- capital market developments; and
- all other risks and uncertainties described in the section headed "Risk Factors" in this document.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialise, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital

costs could increase, capital investment could be delayed, and anticipated improvements in performance might not be fully realised. Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" in this document. In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments.

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, results of operations, financial condition and prospects. In any such case, the market price of our H Shares could potentially decline, and you may lose all or part of your* [**REDACTED**].

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorised these risks and uncertainties into: (i) risks related to our business and industry, (ii) risks related to where we conduct business, and (iii) risks related to the industrial policies and regulatory requirements in Chinese Mainland.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, results of operations, financial condition and prospects. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our results of operations are highly sensitive to demand in NEV, ESS, AI and digital infrastructure and other downstream industries we serve.

Demand for our battery chemicals is closely tied to the production plans and order patterns of battery manufacturers and their customers in NEV, ESS and consumer batteries. During the relevant periods, fluctuations in product shipment volumes and inventory adjustments by NEV, ESS customers, together with changes in industry competition and upstream raw material prices, had a direct impact on our sales volume, product mix and gross profit margin for battery chemicals and certain organic fluorochemicals. Certain downstream customers of our lithium-ion battery electrolytes are battery manufacturers who have begun to adjust their sourcing strategies by increasing in-house production of electrolytes. Demands for our organic fluorochemical products are affected by capital expenditure cycles and technology roadmaps in AI and digital infrastructure, semiconductors, pharmaceuticals and clean energy sectors. Demand for our electronic information chemicals, including capacitor and semiconductor chemicals, is influenced by investment in semiconductor fabrication and consumer electronics, and is subject to cyclicality.

If demand in one or more of these downstream industries weakens, if technology or policy trends favour alternative materials or solutions, or if we are unable to respond in a timely manner to customers' changes in product specifications, our sales volume, capacity utilisation, selling prices and gross profit margins could be materially and adversely affected.

The selling prices of our products may face downward pressure, which will adversely affect our profit margins, results of operations and financial condition.

The average selling price of our products is influenced by raw material costs, competitor pricing, market trends and labour costs. The average selling price of our battery chemicals decreased from RMB23,853 per tonne in 2023 to RMB14,916 per tonne in 2024, and further decreased to RMB12,613 per tonne in 2025. The average selling price of our organic fluorochemicals decreased from RMB317,060 per tonne in 2023 to RMB230,624 per tonne in 2024, and further decreased to RMB194,259 per tonne in 2025. For the six months ended June 30, 2025 and 2026, the average selling price of our organic fluorochemicals decreased from RMB210,019 per tonne to RMB159,246 per tonne. Growing overcapacity and greater price competition have placed further downward pressure on selling prices. Any decline in the selling price could result in reduced gross profit margins and net profit, which may adversely affect our results of operations and financial condition.

Our profitability is highly dependent on raw material costs and supply stability, and we may not be able to fully pass on cost fluctuations to our customers.

Raw materials, including fluorine-containing feedstocks, solutes, solvents, and additives, represent the largest component of our production costs. In 2023, 2024, 2025, and the six months ended June 30, 2026, our raw material costs accounted for approximately 78.5%, 74.8%, 76.9%, and 83.6%, respectively, of our total cost of sales, and are expected to remain the largest component of our cost structure.

Prices of raw materials are subject to significant volatility due to changes in supply and demand, upstream capacity expansions or shutdowns, fluctuations in commodity prices and exchange rates, and broader geopolitical and macroeconomic developments. For example, $LiPF_6$ prices have experienced substantial fluctuations in recent years, including a sharp increase in 2021, which directly affected the costs of solutes and related materials. In addition to raw materials, our cost base is also affected by utilities, transportation, warehousing and other necessary supplies and services, which may be impacted by inflation, extreme weather events and other factors beyond our control. In practice, we often procure key inputs at market-based prices and compete in markets where customers are highly sensitive to pricing. As a result, we may not be able to fully or promptly pass increases in raw material and other input costs on to customers. If we are unable to adjust our selling prices, product mix or cost structure to offset increases in input costs, or if we are required to reduce prices in response to market conditions, our gross profit margins and results of operations could be adversely affected.

We also rely on third-party suppliers for a number of raw materials and bulk chemical feedstocks, including solutes, solvents, and other bulk chemical feedstocks. Unexpected shortages, delivery delays or quality issues, whether due to supplier operational issues, logistics disruptions, changes in global demand, force majeure events or other events, could interrupt our production schedule or require us to source from alternative suppliers. There is no assurance that suitable alternatives will be available on comparable commercial terms, within an acceptable timeframe or at all. Any material disruption to the supply of key raw materials and related supplies and services, or any sustained increase in their costs that we cannot offset, could materially and adversely affect our business, financial condition and results of operations.

We face intense competition in the industries in which we operate.

We operate in highly competitive markets for battery chemicals, organic fluorochemicals and electronic information chemicals. In battery chemicals, we compete with a number of domestic and overseas producers of lithium-ion battery electrolytes, solutes, solvents and additives, including companies with longer operating histories, larger scale and more extensive customer relationships. As upstream capacity expanded, particularly from 2023 onwards, prices for lithium-ion battery electrolytes and certain key raw materials declined sharply, driving industry-wide pricing pressure.

In organic fluorochemicals and electronic information chemicals (including capacitor chemicals, semiconductor chemicals), we compete with both diversified chemical groups and specialized players. Some of these competitors have strong R&D capabilities, well-established relationships with multinational customers and broad product portfolios. Competition in these segments is often product- or application-specific and may be based on performance, reliability, purity, qualification record, delivery and price. In particular, in the organic fluorochemicals market, we are experiencing increasingly fierce competition due to its highly fragmented nature and the rapid development of domestic competitors. While this market has historically been dominated by overseas materials manufacturers, an increasing number of Chinese chemical companies, which traditionally operated in other segments of the fluorochemical industry chain, are now aggressively expanding into our high-value-added sectors, such as HFPO and its downstream products. This cross-segment expansion by domestic peers intensifies the competition for market share. These competitors may leverage their existing upstream or downstream capabilities, scale, and capital resources to capture market opportunities, potentially leading to greater pricing pressure, industry overcapacity, and the need to offer more aggressive commercial terms.

Existing competitors are expanding capacity and upgrading products, and new entrants may target niche sub-segments or offer lower prices. If our products are perceived as less competitive in terms of performance, quality, reliability, supply security or price, or if our competitors react more quickly to new materials, process technologies or customer requirements, our sales volume, selling prices and margins could be adversely affected. We may also be required to offer more favourable commercial terms to retain or win customers, which could reduce our profitability. Any material loss of market share or sustained pressure on pricing could have a material adverse effect on our business, financial condition and results of operations.

We are subject to environmental, health and safety risks and increasingly stringent regulations relating to chemical products.

Our manufacturing processes involve hazardous chemicals, including fluorinated substances, solutes and other materials that are subject to stringent environmental, occupational health and safety and hazardous waste regulations in the PRC and other jurisdictions where we operate. We must comply with extensive laws and regulations governing, among other things, air and water emissions, solid and hazardous waste management, chemical classification, labelling and storage, process safety, workplace exposure limits, emergency response and site remediation. Any such incident could result in personal injury, property damage, production disruptions, remediation obligations, reputational harm and penalties or enforcement actions by regulators.

Regulatory standards relating to fluorinated chemicals and other substances are evolving and may become more stringent, including through tighter emission limits, product restrictions, additional permitting requirements, broader application of "dual control" measures on energy consumption and intensity, including potential restrictions or bans on PFAS-related substances. Compliance with new requirements may require significant capital investment, could affect the production or sales of certain products, and may result in penalties, suspension of operations or loss of licences if we fail to comply.

Our business model requires significant capital expenditure and capacity expansion, and delays, underutilisation or cost overruns in new projects could adversely affect us.

We have historically invested, and expect to continue to invest, substantial capital resources to expand and upgrade our production capacity across our three business segments. Our expansion projects involve complex processes, including site selection, land acquisition, environmental impact assessments, design, construction, equipment procurement, trial runs and customer qualifications. Continued investment in new capacity and equipment has contributed to higher depreciation and other fixed costs, and that slower ramp-up of new facilities could put pressure on profitability. If we are unable to complete expansion projects as planned, or if our new or expanded facilities operate at low utilisation rates, we may not be able to recover our capital investments on schedule, or at all, and may be required to recognise impairment losses. Lower-than-expected cash flows from these projects could also limit our ability to fund future investments, thereby adversely affecting our growth, business, financial condition and results of operations.

We may not be able to achieve the desired benefits from our R&D efforts, keep pace with technological change or evolving industry standards, or successfully commercialise new products.

We rely on technological innovation to sustain and grow our businesses in battery chemicals, organic fluorochemicals and electronic information chemicals. These industries are characterized by rapid technological change and evolving customer specifications and industry standards, with new materials, processes and application requirements continuously emerging.

We have historically made substantial investments in R&D. Our R&D expenses amounted to RMB485.1 million, RMB392.9 million, RMB501.9 million, and RMB294.6 million in 2023, 2024, 2025, and the six months ended June 30, 2026, respectively. Despite this investment, there is no assurance that our R&D efforts will yield commercially viable products, that new products will be successfully scaled up for mass production, or that we will achieve the anticipated returns on our R&D investment. The transition from laboratory development to commercial-scale production involves significant technical, operational and financial risks, and products may remain in development or qualification stages for extended periods without achieving commercialisation.

In addition, technological advancements or the development of substitute chemicals, materials or alternative technology routes may reduce demand for our products or certain application scenarios. For example, changes in battery chemistries, electrolyte systems or energy storage technologies could affect demand for certain battery materials; alternative materials or process technologies could reduce demand for certain fluorochemicals or electronic information chemicals products; and changes in commodity prices could affect the relative economics of substitute solutions. Competitors may also develop products that are similar, superior or more cost-effective than ours, and we may not be able to respond quickly or at comparable cost.

We may fail to adequately protect our trade secrets and other proprietary know-how, which could adversely affect our competitive position.

Our competitiveness depends in part on proprietary process know-how, production recipes and other non-patented technologies. We cannot guarantee that our trade secrets and know-how will not be leaked, misappropriated or independently developed by others, and our remedies may be limited by the effectiveness of enforcement in relevant jurisdictions. Any failure to protect our proprietary technologies could erode our competitive advantages and materially and adversely affect our business, financial condition and results of operations.

We may be subject to risks associated with our product quality, and minor defects in our products may result in disproportionate losses and liabilities.

The success of our business depends on our ability to consistently supply products that meet increasingly stringent customer specifications and industry standards for performance, safety and reliability. Our products are typically used as upstream, process-critical inputs in high-value downstream applications, and the ultimate products manufactured by our customers, such as NEV and ESS batteries, semiconductors and other electronic components, often have a high unit value. As a result, even a minor quality issue, contamination incident or performance deviation in our products may cause our customers' production yield losses, production line disruptions, product failures or recalls, or safety-related incidents, and may give rise to customer claims for compensation or indemnity that could be material and disproportional to the value of our products supplied. If our product quality fails to meet customer requirements, our customers may reject, return or reduce orders, request price concessions, require us to undertake rework or sorting, suspend our qualification status or remove us from approved supplier lists, and in more severe cases seek recourse for broader downstream losses. Any of the foregoing could adversely affect our reputation, customer relationships and market position, and could have a material and adverse effect on our business, financial condition and results of operations.

Our products are highly formula-driven and process-sensitive. Product quality can be affected by factors such as variations in raw material quality, deviations in process parameters, equipment malfunction, human error, contamination, improper storage or transportation, or failure to fully implement our quality control procedures. While we have not been involved in any material product quality accident, product recalls or other similar events during the Track Record Period, if defects are discovered after delivery or after our customers have incorporated our products into their own production, we may incur significant costs in investigating root causes, implementing corrective actions, conducting product replacement or remediation, and resolving customer claims, and we may face reputational harm and potential legal exposure.

We are exposed to product concentration risks, particularly in respect of certain battery chemicals products.

Our business is principally focused on battery chemicals, organic fluorochemicals and electronic information chemicals. Within these segments, a significant portion of our revenue is derived from our battery chemicals, including lithium-ion battery electrolytes. Our 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 in 2023, 2024, 2025, and the six months ended June 30, 2025 and 2026, respectively. As a result, fluctuations in demand, pricing or competitive dynamics affecting these key products of battery chemicals may have a disproportionate impact on our business and results of operations. Although we continue to broaden our product portfolio, any significant decline in demand for a major product category, adverse pricing pressure or loss of a key customer could materially affect our revenue and results of operations. We may not be able to diversify our revenue base in line with our plans, or at a pace sufficient to mitigate concentration in key product families. If we fail to maintain or grow sales of our key products, or if one or more major product categories experiences sustained volume or pricing pressure, our business, financial condition and results of operations could be materially and adversely affected.

Our sales conducted through trading companies may subject us to risks associated with limited control over end customers.

We primarily sell our products through direct sales to end customers, and we also conduct a portion of our sales through trading companies. In respect of sales conducted through trading companies, such trading companies typically purchase our products on an outright basis and,

upon the transfer of ownership and risks, resell the products to their end customers. We do not have direct contractual relationships with such end customers and do not have control over their procurement decisions, business operations or resale activities. We also do not impose restrictions on the resale prices, geographical distribution or distribution channels of the trading companies.

Accordingly, changes in the operating conditions of the trading companies, their customer base, market competition or their relationships with end customers may affect their demand for our products, which could in turn adversely affect our sales performance and results of operations.

We are subject to risks associated with international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions.

We are subject to the risks associated with international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions, which could adversely affect our business, financial condition and results of operations. Our revenue generated overseas represented 25.3%, 24.8% and 16.8% of our total revenue in 2023, 2024 and 2025. For the six months ended June 30, 2025 and 2026, our revenue generated overseas represented 20.9% and 11.2% of our total revenue, respectively. Our overseas revenue is primarily generated from East Asia, the Americas, Europe and Southeast Asia. These cross-border transactions could be materially and adversely affected by international trade regulations, which could disrupt our supply chain, impact the competitive position of our products, or affect our capability to sell products in certain countries or regions. Moreover, as our business is closely interrelated with the performance of our customers' end-use products in the marketplace, if our customers are subject to restrictive measures of trade protection, our performance and income will be adversely affected. There may be an increase in the severity and frequency of international trade friction and disputes related to our products. We cannot guarantee that foreign governments will not further tighten import policies or impose more stringent product certification requirements for these categories in the future. In addition, some governments have implemented, or may implement, stricter import restrictions within the supply chain, including prohibitions on sourcing raw materials and components from specified regions. Compliance with these restrictions may increase our operational costs and complexity, and inability to demonstrate compliance could lead to restrictions on our ability to export products into certain countries or otherwise adversely affect our business or reputation.

In addition, the PRC government has imposed, and may impose additional export restrictions on battery material technologies in the future. For example, the Announcement on Adjustment and Promulgation of the Catalogue of Technologies Prohibited or Restricted from Export by China issued by the Ministry of Commerce and the Ministry of Science and Technology, effective on July 15, 2025, has resulted in new export restrictions on specific battery cathode material preparation technologies, including those related to lithium ferro phosphate and similar compounds. The export of our organic fluorochemicals may be subject to regulatory oversight under the Regulations on the Administration of Controlled Chemicals, revised on January 8, 2011, and the relevant catalogues of controlled chemicals or precursor substances promulgated by PRC authorities. If any of the Company's products are classified as controlled chemicals or precursor substances, their production, sale, transportation, or export may be subject to registration, filing, licensing, or other regulatory approval requirements, and in certain circumstances may be restricted or prohibited. In addition, certain technology exports now require a license or are prohibited, and any failure to obtain the necessary approvals could limit or delay our ability to supply technologies, products, or services to overseas markets, potentially resulting in a material adverse effect on our overseas operations.

In recent years, complexities in international relations, such as the geopolitical tensions between the United States and China, have presented new challenges. There has been substantial fluctuation in the level and scope of tariffs and other trade restrictions imposed by

both countries over the past period. Any escalation in political tensions, as well as increases in tariffs or changes to trade policies between the U.S. and China, may have a significant impact on our customers' business, which may in turn reduce their demands for our products and business.

In addition, certain foreign jurisdictions may impose investment restrictions, economic sanctions and trade restrictions directly or indirectly affecting China-based technology companies. For example, the U.S. government issued the regulations implementing Executive Order 14105, Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern (such regulations, the Outbound Investment Rule). The Outbound Investment Rule, effective on January 2, 2025, imposes investment prohibition and notification requirements by U.S. persons on a wide range of investments, including acquisition of equity, in companies engaged in specified activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) AI. U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "Covered Transactions", and include certain acquisitions of an equity interest or contingent equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Outbound Investment Rule contains exceptions for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections. Notably, President Trump issued the America First Investment Policy Memorandum on February 21, 2025, which proposes to further expand industry sectors covered by the U.S. outbound investment regulations. These rules may limit our ability to engage in certain kinds of research or to invest or maintain investments in China; they may also limit our ability to raise capital from U.S. and other sources. Such laws and regulations are likely subject to frequent changes, and their interpretations and enforcements involve substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are outside of our control. If there are any such changes in the future, either to the rules or interpretation thereof, or to our business, U.S. investors may be subject to the requirements for notification of or prohibition from certain transactions with us, and our fundraising activities may potentially be subject to restrictions regarding investments or otherwise. Continuing changes in both U.S. and non-U.S. jurisdictions to foreign investment laws and rules could adversely affect our strategic initiatives, financial performance and growth prospects. On July 4, 2025, the One Big Beautiful Bill Act (the "OBBBA") was enacted. The OBBBA provides a series of clean energy tax credits but restricts certain foreign entities, including entities under the control or influence of Chinese citizens, from claiming these tax credits. Moreover, the OBBBA imposes other restrictions, such as sourcing, licensing and payment restrictions, on these foreign entities. Therefore, such restrictions, and similar or more expansive restrictions that may be imposed by the U.S. or other jurisdictions in the future, may be burdensome or costly to comply with and may materially and adversely affect our strategic initiatives, financial performance and growth prospects. There is no guarantee that we will continue to be able to operate in existing geographic markets or enter into new markets given the investment restrictions, economic sanctions and trade restrictions that may be promulgated from time to time. In addition, our suppliers, customers and other business counterparties, either in China or overseas, may be subject to sanctions or other restrictions themselves. Any of our dealings with, or any failure by us to effectively and timely identify, sanctioned or other high-risk counterparties and adopt compliance measures accordingly could expose us to the risks of investigations, penalties, sanctions, additional regulatory scrutiny or reputational damage. Additionally, we may be required to suspend or terminate our business with our suppliers, customers and other business counterparties due to regulatory restrictions or other factors beyond our control, which could adversely affect our business and results of operations.

We may be subject to liabilities associated with work-related accidents and the handling and storage of hazardous materials.

Our production processes entail certain risks, such as industrial accidents, which could lead to significant property damage or personal injury. As a manufacturer of organic fluorochemical products, our operations involve the extensive use, storage and handling of a variety of hazardous substances generated during our production processes. These substances impose inherent risks to our operations, and any mishandling or incident related to them could directly lead to operational disruptions, safety hazards, environmental harm, and subsequent legal and financial consequences. The storage of these hazardous, toxic or flammable materials near our production facilities and the handling of these materials in the production process pose inherent risks. Any such incident relating to our production processes or the handling and storage of hazardous materials, regardless of its location, could result in substantial production interruptions and delays, or claims for significant damage due to personal injuries or property damage, thereby adversely impacting our business, financial condition and results of operations. No work safety incidents of moderate or higher severity occurred, and no suspected or confirmed occupational disease cases were reported during the Track Record Period.

If we are unable to execute our growth strategies and operation expansion plans effectively, our business and prospects may be materially and adversely affected.

Our business, financial condition and results of operations depend in part on our ability to effectively implement our expansion strategies and operation expansion plans. For further details of our expansion plans, see "Business — Production". With our rapid development, the scale of our capacity has continued to grow and is expected to further expand, which will increase the responsibilities of our management. To effectively manage the expected growth of our operations and personnel, we will need to continue to improve our technological, operational and financial systems, policies, procedures and controls. If our management fails to properly manage the expansion of our business, or our organizational structure and management system do not improve in line with our expansion, our competitiveness may be weakened, and we may face management risks caused by rapid expansion.

We are subject to a stable, timely, and sufficient supply of energy and power at commercially reasonable prices.

Our production processes require a stable and sufficient supply of electricity, natural gas, steam, and water. We are exposed to the risk of volatility or disruption in the supply and pricing of these energy sources. Significant increases in energy prices, or the imposition of consumption restrictions or production limits, could materially increase our manufacturing costs and reduce our competitiveness if we are unable to adjust product pricing accordingly. Moreover, disruptions in energy supply due to natural disasters, extreme weather events, equipment failures, transportation interruptions or other unforeseen events could lead to unplanned production stoppages or reduced utilisation, adversely affecting our ability to meet customer orders. In addition, government policies aimed at reducing carbon emissions and promoting energy conservation may result in stricter requirements or guidelines for high energy-consuming enterprises. Compliance with such requirements may increase our capital and operating costs, and failure to comply could result in penalties or forced production cuts. Any of the above could have a material adverse effect on our business, financial condition and results of operations.

Unauthorised use of, or claims relating to, intellectual property rights may harm our brand and reputation and materially and adversely affect our business.

We regard our patents, trademarks and other intellectual property as critical to our success. While we seek to protect them through patents, trade secrets, confidentiality agreements and non-competition undertakings, we cannot assure you that these protections will

prove effective. Some technologies remain in application or are protected only as trade secrets, making them vulnerable to leaks or misappropriation. Even granted patents may be challenged, circumvented or invalidated, and third parties may independently discover our proprietary information. Monitoring unauthorised use is difficult and expensive, and any failure to adequately protect our rights could adversely affect our competitive position, business and financial condition.

We also cannot be certain that our operations do not, or will not, infringe upon intellectual property rights held by third parties. As of the Latest Practicable Date, we were not involved in any IP-related disputes or legal proceedings that we consider material. However, we may be subject to such claims in the future, and defending against them can be costly and time-consuming, diverting management attention and resources. If we are found to have violated third-party intellectual property rights, we may face significant monetary liability, be prohibited from using the relevant intellectual property or be required to develop alternatives, and our business, financial position, results of operations and reputation could be materially and adversely affected.

We may not be able to properly manage our production capacity.

As of June 30, 2026, we had 13 production bases in operation and 11 new projects under construction. For details of the production capacity and utilisation rate, please refer to "Business — Production bases and layout". There is no assurance that such plan will be successfully implemented as scheduled or will be commercially successful. Our production capacity expansion plan is also subject to interruptions caused by risks commonly associated with large construction and expansion projects, such as sufficiency of capital, failure to obtain requisite approvals from regulatory authorities, adverse weather conditions, natural disasters, accidents and unforeseen circumstances and problems, and other factors beyond our control. Furthermore, our investment in such expansion plans may not necessarily lead to the desired results. If the expansion results in production capacity that exceeds our business growth or does not align with market demand for certain product categories, we may encounter issues such as low utilisation rates of production capacity, overproduction, increased fixed costs, and reduced margins. If any of the foregoing events occur, our results of operations, financial performance and business prospects could be materially and adversely affected.

Our production processes are potentially vulnerable to disruptions that can increase our production costs. We may experience potential disruptions in operations due to manufacturing difficulties or potential accidents.

Our production processes are complex, requiring equipment that is periodically modified and upgraded to improve production yields and product performance. From time to time, production difficulties may arise that could cause delivery delays or reduced output. There is no guarantee that we will not encounter production issues in achieving acceptable output or timely product delivery due to factors such as construction delays, challenges in upgrading or modifying existing production lines, building new plants, adapting to new manufacturing technologies or processes or delays in equipment deliveries. Any of these issues could constrain our production capacity and adversely affect our results of operations. In addition, we may experience disruptions in our production lines due to additional factors such as labour shortages or natural disasters, which may delay our production and delivery, leading to sales loss, increased costs and damaged customer relationships. Any such event may adversely affect our business, financial condition and results of operations.

Work stoppages, increase in labour costs and other labour-relate matters may have a material and adverse effect on our business.

Our operations depend on the availability and stability of a significant number of production workers, technicians, engineers and managerial staff. Any work stoppages, strikes, slow-downs or other labour disputes, whether due to wage levels, working conditions, safety incidents or other reasons, could disrupt our production, delay deliveries, lead to cancellation of customer orders and damage our reputation. Labour costs in the regions where we operate have increased in recent years and may continue to rise due to factors such as economic growth, inflation, regulatory changes, adjustments to minimum wage standards, social insurance and housing fund contribution requirements, and competition for skilled personnel. If we are unable to pass on higher labour costs to our customers through price adjustments or efficiency gains, our operating margins could be compressed and our profitability could be adversely affected. In addition, we must comply with applicable labour and employment laws and regulations in the jurisdictions where we operate, including those relating to working hours, occupational health and safety, social insurance and employee benefits. Changes in such laws or regulations, or failure to fully comply with them, may result in penalties, orders to make supplemental contributions, or labour disputes, any of which could have a material and adverse effect on our business, financial condition and results of operations.

Failure to maintain optimal inventory levels could increase our inventory holding costs or negatively impact our sales.

We maintain inventories of raw materials, work-in-progress and finished goods to support our production and delivery schedules and to respond to customer demand. If our inventory levels are higher than appropriate due to inaccurate demand forecasts, changes in customer orders, delays in shipment or other reasons, we may incur increased storage, financing and obsolescence costs, and may need to recognise inventory write-downs or provisions. This risk is heightened in segments where product specifications or formulations change rapidly, or where downstream demand is volatile. Conversely, if we fail to maintain sufficient inventories of certain key products or raw materials, for example due to misjudgment of customer demand, delays in procurement or production disruptions, we may not be able to deliver products in a timely manner or at all. This could result in the loss of sales opportunities, damage to customer relationships and potential claims by customers for late delivery or failure to deliver. Either excessive or insufficient inventory levels may therefore have a material and adverse effect on our business, financial condition and results of operations.

We are exposed to credit risk of our customers and we may fail to collect our accounts receivables in a timely manner or at all.

We extend credit terms to our customers in the ordinary course of business. As a result, we are exposed to credit risk in respect of trade receivables, notes receivable and other amounts due from customers, including trading companies. Our customers may delay or fail to make payments for a variety of reasons. In particular, if any of our major customers or trading company customers were to experience financial distress, bankruptcy or liquidation, our ability to collect outstanding receivables from them could be adversely affected. We enter into a wide variety of contractual arrangements with different customers in the ordinary course of our business. For further details of our credit terms arrangement, see "Business — Customers and Suppliers — Customers — Customer credit terms and settlement". If we are unable to recover significant amounts of receivables, or if we need to make higher provisions for expected credit losses, our liquidity, working capital, financial condition and results of operations may be materially and adversely affected.

We are exposed to foreign currency exchange fluctuations and PRC foreign exchange controls, which may adversely affect our financial condition and our ability to meet foreign currency needs, including dividend payments.

A portion of our business settles transactions in U.S. dollars and other foreign currencies. As we have expanded into, and expect to continue to explore, overseas markets, we are increasingly exposed to foreign exchange risks.

Exchange rate movements between Renminbi and foreign currencies are affected by a wide range of factors beyond our control. Appreciation or depreciation of Renminbi against foreign currencies, or increased exchange rate volatility, may affect the Renminbi value of our foreign-currency-denominated assets and liabilities, our revenues and costs, and our reported foreign exchange gains or losses. We have the U.S. dollar as our core risk management currency and convert foreign currency positions into U.S. dollar equivalents for centralised monitoring and control. However, we remain exposed to risks arising from changes in monetary policy, including U.S. Federal Reserve policy, which may affect the U.S. dollar's value, foreign exchange market volatility, the valuation of our U.S. dollar-denominated cash balances and financial assets, and our interest income on U.S. dollar reserves.

In addition, the conversion of Renminbi and our ability to conduct foreign exchange transactions are subject to PRC laws and regulations. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, require prior filing with the SAFE, along with documentary evidence, and we are required to conduct such transactions through banks licensed to conduct foreign exchange business. Foreign exchange transactions under the capital account, however, are subject to registration with SAFE or its designated banks. We expect to be able to pay dividends in foreign currencies without prior approval from SAFE by complying with applicable procedural requirements. However, we cannot guarantee that we will have sufficient foreign exchange to meet our foreign exchange needs at any given time or under any given exchange rate.

Any tightening of PRC foreign exchange controls, changes in relevant policies, delays in registration or settlement procedures, or insufficiency of foreign exchange could restrict our ability to obtain or remit foreign currencies to satisfy our operational needs, overseas expansion, capital expenditures or dividend payments to shareholders. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations, and the value of your [**REDACTED**].

We may be exposed to risks from our hedging activities in relation to fluctuations in the prices of our raw materials and foreign exchange rates.

During the Track Record Period, we conducted commodity hedging activities to effectively manage the risks of significant price fluctuations of raw materials and, similarly, fluctuations in foreign exchange rates, with a view to improving the stability and sustainability of our operating performance. Hedging activities involves inherent risks and may not fully offset price movements and may result in losses. If we fail to properly monitor our hedging positions, we may be required to deposit additional margin or liquidate positions at a loss, which could adversely affect our liquidity and financial condition.

Our indebtedness and large repayment sums may materially and adversely affect our liquidity and ability to respond to adverse economic and industry conditions.

We have historically relied on short-term and long-term borrowings to fund our operations and capital expenditures and expect to continue doing so. As of June 30, 2026, we had total interest-bearing bank loans and other borrowings of RMB1,208.0 million, of which 76.1% (RMB919.8 million) were due within one year or on demand. Our reliance on these

borrowings exposes us to interest rate risk, and any escalation in prevailing interest rates could substantially increase our finance costs. If we breach any applicable covenants, our bank loans may become immediately payable, which could materially and adversely affect our business, financial condition and results of operations.

Our ability to meet our debt obligations depends largely on our operating performance and the ability of our customers to fulfil their payment obligations to us, both of which are subject to factors beyond our control. We may be unable to refinance our indebtedness on commercially reasonable terms, or at all, and if we encounter difficulties generating sufficient cash to service our debt, we may be forced to sell assets, issue additional securities, reduce capital expenditures or seek to restructure our indebtedness. Obtaining additional financing may result in dilution of shareholders' equity interests or increased fixed obligations and operating covenants that restrict our operations. Failure to service our debt could result in penalties, increased interest costs, legal action by creditors or, in extreme circumstances, bankruptcy.

We may need additional capital for business operations and expansion, and may be unable to obtain such capital in a timely manner or on acceptable terms, or at all.

Our business is capital-intensive. We require significant capital to, among other things, expand and upgrade our production capacity, invest in new technologies and products, enhance R&D capabilities, maintain and overhaul existing facilities, meet working capital needs and pursue potential acquisitions or strategic investments. Our ability to obtain additional capital on acceptable terms, or at all, will depend on a number of factors, including our business performance and prospects, financial condition, credit rating, market conditions for capital-raising activities, investor appetite for securities in our industry, and macroeconomic and political conditions. If we are unable to obtain sufficient financing when needed, we may have to scale back or delay our expansion, capital expenditure or acquisition plans, or limit our operations, which could adversely affect our growth prospects.

We have engaged and may continue to engage in acquisition and investment activities, which could require significant management attention, disrupt our business, dilute shareholder value, and adversely affect our future financial condition and results of operations.

From time to time, we may acquire or invest in other companies, products, services, or technologies. Such activities involve risks, including difficulties in identifying suitable targets at acceptable prices, conducting adequate due diligence, negotiating and consummating transactions, and integrating acquired businesses into our existing operations. We may not accurately assess the value of acquisition targets. Our valuation assumptions may prove incorrect due to incomplete information, undisclosed liabilities or changes in market conditions, and the value of an acquired business may subsequently deteriorate due to competitive, regulatory or macroeconomic developments.

Even if we complete such transactions, they may not achieve their intended benefits or strengthen our business as expected. We may face challenges in aligning management teams, systems, cultures and operations, and in retaining key personnel of the acquired business. We may fail to realise the anticipated benefits, synergies, cost savings or efficiencies, which could result in impairment charges and a material adverse effect on our financial condition and results of operations. Acquisitions may disrupt our ongoing operations and divert management attention. Funding acquisitions through cash, debt or equity issuances could increase our leverage, affect our financial condition or dilute our shareholders.

We rely on various services from third-party providers for our business operations.

We rely on third-party providers for a range of services that are important to our operations, including but not limited to logistics and warehousing, utilities supply, equipment installation and maintenance, engineering and construction services, security, cleaning and certain testing and inspection services. If any provider fails to perform its obligations or experiences financial difficulties, our operations could be interrupted or delayed and we may incur additional transition costs. Any material disruption or deterioration in the services provided by third parties could adversely affect our business, financial condition and results of operations.

Our risk management and internal control systems, together with our corporate governance framework, may not be able to fully protect us from all risks inherent in our business.

We have established a risk management and internal control system to identify, assess, monitor and mitigate risks across our operations, financial reporting and compliance. This system encompasses policies and procedures covering financial controls, procurement and sales, inventory, quality control, EHS, IT, anti-fraud and anti-corruption, and legal compliance. We also maintain a corporate governance framework that clearly defines the respective roles and responsibilities of the board, management and committees.

During the Track Record Period, to safeguard effective collection of payments, we accepted payments from other entities within that customer's group designated by a certain customer under a temporary fund reallocation arrangement. Such third-party payments represented an extremely low proportion of revenue, involved only isolated instances, and were supported by written agreements. As advised by our PRC Legal Adviser, these arrangements did not breach any mandatory PRC legal provisions, and the risk of our being required to return such funds is remote, as (i) they were based on genuine transactions and do not constitute unjust enrichment, and (ii) the underlying agreements were duly performed with no related administrative penalties incurred. As of the Latest Practicable Date, all such transactions ceased and we have since brought the relevant settlement arrangements within our internal control framework with enhanced monitoring measures.

Inherent limitations mean our systems may not identify or address all risks in a timely and effective manner, particularly amid business expansion, new product launches or market entry. Controls may be circumvented or rendered inadequate due to changing circumstances, resource constraints, system limitations, human error, collusion or fraud. Failure to prevent material misstatements, regulatory breaches, operational incidents or other significant risks could result in financial losses, sanctions, reputational harm or other adverse consequences, and any material failure of our risk management, internal control or governance systems could have a material adverse effect on our business, financial condition and operating results.

Any preferential income tax treatment and the government grants and subsidies that we enjoy may be altered or terminated. There may be different interpretations between us and the relevant tax authorities as to the tax treatment, assessment and pricing of intra-Group transactions.

We benefit from various government grants and incentives, primarily related to R&D projects and construction of production facilities, as well as tax incentives such as reduced enterprise income tax rates for "High and New Technology Enterprises" and preferential regimes enjoyed by certain subsidiaries. Although we are not aware of any unresolved material tax disputes, there can be no assurance that we will not be subject to additional tax

assessments, surcharges or penalties in the future. If government grants and tax incentives available to us are reduced, discontinued or required to be repaid, or if our effective tax rate increases as a result of policy changes or tax authorities' interpretations, our financial condition and results of operations could be materially and adversely affected. Both the preferential income tax treatment and the government grants and subsidies we have received are subject to certain criteria and procedures stipulated by local governments, and their continuity is not guaranteed. If we are unable to obtain future government grants and subsidies or preferential tax treatment at comparable levels, or at all, our profitability for the period may be adversely affected.

We may also be subject to tax assessments or inquiries by the relevant tax authorities in the jurisdictions in which we operate. We were in communication with the tax authorities regarding a tax assessment involving approximately RMB5.9 million. The final outcome of such assessment is uncertain. If any such disagreement is ultimately resolved in a manner adverse to us, we may be required to pay additional taxes, late payment surcharges and penalties.

Any exercise of the redemption rights under our 2022 Convertible Bonds will have a dilutive effect on your shareholdings.

According to the terms of the 2022 Convertible Bonds, we would be required to transfer the beneficial interest of the relevant number of A Shares to the bondholders upon exercise of the conversion right by bondholders during the exercise period. Additional A Shares may be required to be issued to the bondholders as a result of automatic adjustments to the conversion price made under the terms of the 2022 Convertible Bonds. As of the Latest Practicable Date, the aggregate principal amount underlying the outstanding 2022 Convertible Bonds is RMB1,804,591,900, and the Company has not exercised the redemption right since the public issuance of the 2022 Convertible Bonds. Assuming a conversion price of RMB40.49 per A Share, being the prevailing conversion price as of the Latest Practicable Date, the aggregate number of A Shares which may be issued upon conversion of the outstanding 2022 Convertible Bonds would be approximately 44,568,829 A Shares, representing approximately 5.91% of the total number of Shares as of the Latest Practicable Date. For details, see "History and Corporate Structure — Issuance of 2022 Convertible Bonds." If the bondholders exercise their conversion rights in whole or in part, additional Shares will be issued, which will dilute the interests of our existing Shareholders. Depending on the market price of our Shares at the time of conversion and the then-applicable conversion price, such conversion could also put downward pressure on the trading price of our Shares. Further, if the conversion price is adjusted downward pursuant to the anti-dilution or other adjustment provisions of the 2022 Convertible Bonds, the number of Shares to be issued upon conversion would increase, which would further dilute our Shareholders' interests. Any of the foregoing could have a material and adverse effect on the value of your [**REDACTED**] in our Shares.

Share-based compensation may cause shareholding dilution to our existing Shareholders and have an adverse effect on our financial performance.

We have implemented share incentive schemes to attract, retain and motivate key management and employees, under which we may grant share options, restricted shares or other equity-based awards. The exercise of share options or the vesting of other equity-based awards will increase the total number of our issued Shares and dilute the ownership interests of our existing Shareholders. In 2023, 2024, 2025, and for the six months ended June 30, 2026, share-based payment incurred were RMB125.9 million, RMB55.6 million, RMB66.6 million, and RMB70.7 million, respectively. See note 37 to the Accountants' Report set out in Appendix I to this document for details of the share incentive scheme. Under applicable accounting

standards, we are required to recognise share-based compensation expenses in our consolidated statements of profit or loss based on the fair value of the awards at grant and the vesting schedule. As a result, our operating expenses may increase and our net profit may be reduced, which may in turn adversely affect our financial performance indicators and the attractiveness of our Shares. To further motivate our employees and non-employees to contribute to us, we may grant additional share-based compensation in the future. If we implement new share incentive plans or grant additional awards in the future, the dilutive and financial impact of share-based compensation may be further magnified. Expenses incurred in respect of such share-based payment may also increase our operating expenses and therefore have an adverse effect on our financial performance.

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

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. During the Track Record Period and up to the Latest Practicable Date, we have not received any administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. However, there is no assurance that our historical and current practice with respect to the contribution of social insurance plans and housing provident funds will at all times satisfy the relevant regulatory requirements mainly due to the evolving interpretation and implementation of these laws and regulations. In the event of any non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed time period and to pay penalties if we fail to do so. In addition to the above, if we fail to comply with any other relevant labour laws and regulations in the PRC, we may be exposed to penalties or be required to compensate employees.

Our business operations are subject to risks relating to ESG.

Our business is subject to extensive and increasingly stringent environmental protection laws and regulations. There is an increasing focus on corporate responsibility and a number of regulations and requirements on ESG performance pose reputational, regulatory and other risks to us. There is no assurance that our practice will always be in line with the Good International Industry Practice.

Per- and polyfluoroalkyl substances (PFAS) represent an extensive group of chemical compounds. As of the Latest Practicable Date, the products we sell do not contain any PFAS explicitly prohibited by the applicable laws and regulations in each jurisdiction where we operate. Nevertheless, PFAS regulations worldwide, particularly in the European Union, continue to become more restrictive. We cannot guarantee that our PFAS alternative products will achieve equivalent performance, cost competitiveness or timely commercialisation. Future regulatory changes may impose additional compliance obligations, restrict the sale of our existing products or accelerate the phase-out of PFAS-containing materials.

Compliance with these ESG requirements and relevant environmental protection laws and regulations requires additional investments of resources, and failure to comply could subject us to liability, fines, penalties, suspension of production, a loss of licenses, which could have a material adverse impact on our business and financial performance.

Any negative publicity regarding our Company, Directors, employees or products, regardless of its veracity, could adversely affect our business.

Our image is sensitive to the public's perception of us as a business in its entirety, which includes not only the quality and competitiveness of our products, but also our corporate management and culture. Any negative publicity about our Company, Directors, employees or products, regardless of veracity, could lead to potential loss of customers or difficulty in retaining or recruiting talent that is essential to our business operations. As a result, our business, financial condition, results of operations, reputation and prospects may be materially and adversely affected.

Disputes with joint ventures and other business partners may also materially and adversely affect our businesses.

We are subject to risks associated with our joint ventures and other business partners, including potential liabilities arising from guarantees and other financial support provided by us. From time to time, we may establish joint ventures, strategic alliances or other forms of cooperation with third parties. These arrangements involve various risks, including that our partners may have business strategies, investment horizons or risk appetites that differ from ours, or may take actions that are inconsistent with our interests, policies or objectives. Any dispute with our joint venture or other business partners that cannot be settled in a timely manner could result in significant monetary damages and have a material and adverse effect on our business, financial condition and results of operations. We may also provide guarantees or other forms of financial support in connection with the financing requirements of our joint ventures. In June 2026, our Board and Shareholders' meeting approved the provision of a guarantee in respect of banking facilities to be obtained by Shilei Fluorine Materials, our joint venture. Under the approved arrangement, we may provide a guarantee in respect of RMB214.1 million principal, together with the related interest, penalties and other costs and expenses, corresponding to our 42.83% equity interest in Shilei Fluorine Materials. The remaining portion of the relevant banking facilities is to be guaranteed by the other shareholder of Shilei Fluorine Materials, and Shilei Fluorine Materials has agreed to provide us with a full counter-guarantee in respect of our guaranteed amount. If Shilei Fluorine Materials or any other joint venture for which we provide financial support fails to repay its borrowings or otherwise perform its obligations, we may be required to make payments under the relevant guarantee. Any counter-guarantee or other risk mitigation arrangement may not be enforceable in a timely manner or may not fully compensate us for the losses incurred, particularly if the relevant joint venture is experiencing financial difficulties. We may also be requested to provide additional funding or other support to such joint ventures. Any material payment obligation, loss or dispute arising from these arrangements could adversely affect our liquidity, financial condition and results of operations.

We are exposed to risks relating to the retention of our senior management.

Our performance and future success depend to a significant extent on the services and leadership of our senior management and other key personnel, including experienced technical experts and R&D leaders. These individuals possess deep industry knowledge, long-standing customer relationships, and an understanding of our technologies, processes and internal systems. If one or more members of our senior management or other key personnel were to resign, join a competitor, establish competing businesses or otherwise reduce their involvement in our operations, we may lose important relationships, institutional knowledge and strategic direction. Our ability to execute our business plans, drive innovation, manage operations and maintain customer confidence could be adversely affected. Any significant loss of senior management or key personnel could have a material and adverse effect on our business and prospects.

Our business depends substantially on the continuous efforts of our talent pool comprising employees and scientists who support our existing operations and future growth. If we are unable to retain, attract, recruit or train such personnel, our business may be materially and adversely affected.

Our success depends on our ability to attract, recruit and train a large number of qualified employees and retain existing key personnel including scientists and experts, R&D professionals and experienced sales personnel. Competition for talent is intense, and we may not be able to retain or attract the qualified workforce necessary to support our future growth. Any of the above issues related to our workforce may materially and adversely affect our business, reputation, financial condition and results of operations.

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

We are exposed to fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties, including violation of anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws. Any material fraud or misconduct could result in financial losses, regulatory penalties, reputational damage and adverse effects on our business.

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

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, breach of contract, employment or labour disputes, antitrust, infringement of intellectual property rights, and environmental matters. Any claims, disputes or legal proceedings may result in substantial costs and diversion of resources and may materially harm our reputation.

Our insurance coverage may not be sufficient to cover all losses, which may increase our costs of operation.

We maintain various insurance policies in line with industry practice and regulatory requirements, which currently include, among others, property insurance, cargo transportation insurance, work-related injury insurance, environmental pollution liability insurance and product liability insurance in respect of certain products. However, our insurance coverage may not be adequate to cover all potential losses and liabilities that may arise in connection with our operations. Certain risks, such as environmental liabilities, reputational damage, loss of key personnel, cyber-attacks, product recalls or certain natural disasters, may not be insurable, may be subject to significant exclusions or deductibles, or may be insurable only at costs that we consider prohibitive. If we experience a significant uninsured or under-insured loss or liability, we may have to bear substantial costs ourselves, which could have a material and adverse effect on our business, financial condition and results of operations.

Our business and operations may be materially and adversely affected by natural disasters, epidemics and pandemics.

Our production bases, research facilities, warehouses, suppliers and customers are located in various regions in the PRC and overseas. Our business may be adversely affected by the occurrence of natural disasters or similar events, such as earthquakes, floods, typhoons, fires, extreme weather events, outbreaks of epidemics or pandemics, which may damage or disrupt our facilities, equipment or supply chain, interrupt production, or lead to government-mandated lockdowns, travel restrictions or changes in customer demand patterns. Any significant natural disaster, epidemic or pandemic could have a material and adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO WHERE WE CONDUCT BUSINESS

We face various risks associated with our international operations and overseas manufacturing, and our inability to effectively manage them could adversely affect our business and performance.

We sell to customers in Europe, the Americas and other parts of Asia. We operate an overseas production base in Poland, and plan to expand our international presence in Southeast Asia, the Middle East and Europe and other regions, subject to market conditions, including (i) fluctuations in foreign currency exchange rates, increased costs of building and maintaining local marketing, technical and service capabilities, and difficulties in recruiting, retaining and managing overseas teams; (ii) delays, cost overruns, suspension or cancellation in the construction and commissioning of new overseas production bases, and potential environmental liabilities at newly acquired or developed sites; (iii) challenges in providing on-the-ground customer service and technical support, and in managing relationships with local business partners; (iv) failure to implement risk management, compliance and internal control frameworks appropriate for local legal, tax, labour, health, safety and environmental regimes, and inability to obtain, renew or maintain necessary licenses, permits and registrations; and (v) different safety, environmental and emergency response standards across jurisdictions, trade barriers including tariffs, sanctions and export controls, and anti-bribery and related compliance requirements. Our Directors have confirmed that the tariffs and other trade restrictions arising from recent geopolitical tensions between China and the United States have not had any material adverse impact on our business operations or financial performance during the Track Record Period, reflecting: (i) a significant portion of our products sold overseas are exempt from such tariffs and other trade restrictions; (ii) the limited proportion of our revenue derived from direct exports to the United States; (iii) the relatively substantial contribution of our overseas markets in Asia, the Americas, and Europe, rather than the United States; (iv) the principal sourcing of our core raw materials and production equipment from suppliers within the PRC and other non-U.S. jurisdictions; (v) our localised overseas production model, which mitigates cross-border trade barriers including tariffs; and (vi) the stability of our operating results during the Track Record Period.

We are also subject to different legal and regulatory regimes in the overseas markets in which we operate, including requirements relating to foreign investment, customs and tax rules, labour standards, health, safety and environmental compliance, product registrations and permits, and intellectual property protection and enforcement. There is no assurance that our overseas projects will proceed on the anticipated timeline or at all. Any of the foregoing risks, if they materialise, could result in higher operating and compliance costs, disruptions to production or logistics, reputational damage or legal penalties, and could materially and adversely affect our business, financial condition, results of operations and prospects.

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

A substantial majority of our assets are located in China, and a majority of our revenue is derived from our business in China. Accordingly, our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in China. Political and economic policies in the PRC could affect our business and financial condition. Laws, regulations and policies related to our industries will continue to evolve, and compliance costs may increase. If we cannot fully comply with these laws, regulations and policies, our business, financial condition, results of operations and prospects may be adversely affected.

Our business is influenced by industrial policies and regulatory requirements in the PRC.

Our products are primarily used in downstream sectors such as NEV, ESS, consumer electronics, AI and digital infrastructure, semiconductors and pharmaceuticals. Demand conditions and investment cycles in these industries are, in turn, influenced by industrial policies, technical standards and regulatory requirements in the PRC, including policies relating to NEV, ESS, IC, high-end manufacturing and environmental protection. Historically, certain PRC industrial policies and initiatives have supported the development of these downstream industries and, in turn, demand for advanced electronic chemicals and functional materials. However, PRC industrial policies may be adjusted, reduced or phased out, and new or more stringent regulatory requirements, such as those relating to environmental protection, work safety, energy consumption, carbon emissions, chemical management and product standards, may increase compliance costs, require operational adjustments, constrain production capacity expansions or alter the competitive landscape in our end markets. Any such changes could materially and adversely affect our revenue growth, capacity utilisation and profitability.

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

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. Interpretation and enforcement of laws and regulations may be subject to future implementation, and local courts may have discretion to reject enforcement of foreign awards or arbitration awards. Changes in current laws or regulations or the imposition of new laws and regulations may slow the growth of our industries and adversely affect our business, financial condition and results of operations.

We could be subject to changes in our tax rates, the adoption of new tax legislation or exposure to additional tax liabilities.

The EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. Any changes to tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

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

We may, from time to time, undertake capital raising activities, including offerings of equity or debt securities in the PRC or overseas markets. In connection with such activities, we may become subject to approval, filing, registration or other regulatory requirements imposed by the CSRC or other relevant PRC governmental authorities, particularly in light of evolving regulatory frameworks governing offshore listings and securities offerings by PRC-related entities. Any failure or delay in obtaining the necessary approvals or completing the required filings could materially and adversely affect our ability to access capital markets in a timely manner or on commercially favourable terms, which may in turn impact our funding strategy, expansion plans and overall financial condition.

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

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realised upon the sale or other disposition of H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. Pursuant to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region ("HKSAR") for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) issued by the State Taxation Administration of the PRC ("STA") effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions. For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), and its implementation regulations, dividends paid by us and gains realised by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the STA, also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your [**REDACTED**] in our H Shares may be materially affected.

You may experience difficulties in effecting service of legal process and enforcing judgements against us, our Directors and senior management.

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

enforce judgements outside of China against us and most of our Directors and senior management outside China. A judgement of a court of another jurisdiction may be reciprocally recognised or enforced in China only if the jurisdiction has a treaty with China or if the jurisdiction has been otherwise deemed by the courts of China to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, China is not a party to treaties providing for the reciprocal enforcement of judgements of courts with certain foreign countries such as the United States, and enforcement in China of judgements of a court in these jurisdictions may consequently be difficult or impossible. On July 3, 2008, the Supreme People's Court promulgated the Arrangement between the Chinese Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "2008 Arrangement"). Under the 2008 Arrangement, where any designated court of China or Hong Kong court has made an enforceable final judgement requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, the party concerned may apply to the relevant court of China or Hong Kong court for recognition and enforcement of the judgement. The 2008 Arrangement took effect on August 1, 2008, but the effectiveness of any action brought under the arrangement remains uncertain. On January 25, 2024, the Supreme People's Court promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "2024 Arrangement"), which became effective on January 29, 2024. The 2024 Arrangement regulates, among others, the scope and particulars of judgements, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgement, the circumstances where the recognition and enforcement of a judgement shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgements in civil and commercial matters between the courts in China and those in Hong Kong. However, the 2008 Arrangement will remain applicable to a "choice of court agreement in writing" within the meaning of 2008 Arrangement which is made before the effective date of 2024 Arrangement.

RISKS RELATING TO CHINESE MAINLAND

We will be concurrently subject to listing and regulatory requirements of Chinese Mainland and Hong Kong.

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

Our A Shares are listed on the Shenzhen Stock Exchange. The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be traded on the Stock Exchange. Under current laws and regulations of China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. The H Share and A Share markets have divergent trading volumes, liquidity and investor bases, and the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share

and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [**REDACTED**] decision in our H Shares.

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us, and may not be an indication of the market price of our H Shares following the completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following the completion of the [**REDACTED**], the market price and liquidity of our H Shares may be materially and adversely affected.

The liquidity, [REDACTED] volume and [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of securities in Hong Kong and elsewhere in the world.

The [**REDACTED**] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of securities, the performance of companies engaging in similar business and specific business reasons such as fluctuations in our revenue, earnings, cash flows and investments, changes in our pricing policies and expenditures, regulatory developments, demand for our products, relationships with our suppliers, movements of key personnel, or actions taken by competitors. Our H Shares may also be subject to fluctuations in [**REDACTED**] related to the overall political and economic conditions in Hong Kong, the PRC or elsewhere in the world.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

Our historical dividends may not be indicative of our future dividend policy. We cannot guarantee when and in what form dividends will be paid on our H Shares following the [**REDACTED**]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our annual business and financial performance, cash flow, future capital expenditure and regulatory requirements. We may not have sufficient or any profits to make dividend distributions even if our financial statements indicate profitability. See "Financial Information — Dividend Policy".

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

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in China. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in China, which are different from those applicable to the [**REDACTED**]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. Therefore, prospective [**REDACTED**] in our H Shares should be reminded that, in making their [**REDACTED**] decisions as to whether

to [**REDACTED**] our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

You will incur immediate and substantial dilution, and may experience further dilution in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. We may require additional cash resources to finance our continued growth or future developments, including any investments or acquisitions we may decide to pursue. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing through selling additional equity or debt securities or obtaining a credit facility. The sale of additional equity securities could result in additional dilution to our Shareholders. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future share option incentive scheme, which would further dilute our Shareholders' interests in our Company.

Future sales or perceived sales of substantial amounts of the H Shares in the public market could negatively affect the price of the H Shares and our ability to raise additional capital in the future.

The market price of the H Shares could decline as a result of future sales of a substantial number of the H Shares or other securities relating to the H Shares in the public market, the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favourable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Our Controlling Shareholders Group has a significant influence in determining the outcome of major corporate transactions that require shareholders' approval and may take actions that conflict with the interest of the other shareholders.

Our Controlling Shareholders Group has substantial influence over our business, including matters related to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of directors and other significant corporate actions. Immediately following the completion of the [**REDACTED**] (assuming that [**REDACTED**] is not exercised, no additional 2022 Convertible Bonds are converted and no additional A Shares are issued under the Effective Restricted Share Incentive Plans and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the Controlling Shareholders Group will collectively hold approximately [**REDACTED**]% of the total issued share capital of our Company. The interests of our Controlling Shareholders Group may differ from those of other shareholders, and they may exercise their influence to take or fail to take actions that conflict with the best interests of other shareholders.

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate", "believe", "could", "going forward", "intend", "plan", "project", "seek", "expect", "may", "ought to", "should", "would" or "will" and similar expressions. These statements are, by their nature, subject to significant risks and uncertainties. Prospective investors are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, even if the Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the disclosure of forward-looking statements in this document should not be regarded as representations by our Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events, or otherwise. For details of these forward-looking statements including the associated risks, see "Forward-looking Statements."

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

We strongly caution our investors not to rely on any information contained in press articles or other media regarding us, our Shares and the [**REDACTED**]. Prior to the publication of this document, there may be press and media coverage regarding the [**REDACTED**] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our investors should not rely on such information.

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

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

In preparation for the [**REDACTED**], we have sought and been granted the following waivers from strict compliance with the Listing Rules and exemption from compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, our Company must maintain sufficient management presence in Hong Kong, which normally requires that at least two executive Directors are ordinarily resident in Hong Kong. Rule 19A.15 further provides that this requirement under Rule 8.12 may be waived by the Stock Exchange after considering relevant factors, including the applicant's arrangements for maintaining regular and effective communication with the Stock Exchange.

Our principal business operations are primarily located, managed and conducted outside Hong Kong, and our Company's headquarters is based in the PRC. Also, our executive Directors and senior management principally reside in the PRC to closely oversee the Group's core operations, strategic development and daily management. We believe it would be practically challenging and commercially unreasonable for us to make arrangements for two executive Directors to be ordinarily resident in Hong Kong, whether through relocating our existing executive Directors or appointing additional executive Directors. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules, and the Stock Exchange [has granted] such waiver. We will implement the following arrangements to ensure regular, adequate and efficient communication with the Stock Exchange and full compliance with the Listing Rules:

(i) Pursuant to Rule 3.05 of the Listing Rules, we have appointed Mr. Zhou and Ms. Cheung Wing Sum (張穎沁) ("**Ms. Cheung**") as our authorised representatives (the "**Authorised Representatives**"). The Authorised Representatives will act as our principal channel of communication with the Hong Kong Stock Exchange and will be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange. Our Company will provide contact details of the Authorised Representatives to the Stock Exchange and will inform the Stock Exchange as soon as practicable in respect of any changes in Authorised Representatives. Accordingly, our Authorised Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. See "Directors and Senior Management" for further biographical details of our Authorised Representatives;

(ii) to facilitate communication with the Hong Kong Stock Exchange, we have provided our Authorised Representatives and the Stock Exchange with the contact details (including mobile phone number, office phone number and/or email address) of each of our Directors. When the Stock Exchange wishes to contact our Directors on any matter, each of the Authorised Representatives will have all necessary means to contact our Directors;

(iii) to the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period after requested by the Stock Exchange; and

(iv) we have appointed Maxa Capital Limited as our Compliance Adviser with effect from the [**REDACTED**] in accordance with Rule 3A.19 of the Listing Rules. The Compliance Adviser will, among other things and in addition to the Authorised Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of our Company with the Stock Exchange during the period from the [**REDACTED**] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [**REDACTED**]. The Compliance Adviser will be available to answer enquiries from the Stock Exchange and will act as an additional and alternative channel of communication with the Stock Exchange when the Authorised Representatives are not available.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

In addition, Note 2 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

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

(ii) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

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

(iv) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time but in any event not exceeding three years from the date of [**REDACTED**] and on the following conditions: (i) the relevant company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the waiver period; and (ii) the waiver can be revoked in the event of a material breach of the Listing Rules by the Company.

We have appointed Mr. He Jingce (賀靖策) ("**Mr. He**") as one of the joint company secretaries of our Company. See "Directors and Senior Management — Senior Management" in this document for further biographical details. Mr. He has extensive experience in corporate governance but currently does not possess the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfil the requirements of the Listing Rules. Therefore, our Company has appointed Ms. Cheung, a member of both The Hong Kong

Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, as the joint company secretaries of our Company, who fully meets the requirements under Rules 3.28 and 8.17 of the Listing Rules to act as one of our joint company secretaries and to provide assistance to Mr. He for an initial period of three years from the [**REDACTED**] to enable Mr. He to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us with, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. He will act as our joint company secretary. The waiver has been granted for a three-year period commencing from the [**REDACTED**] (the "**Waiver Period**"), on the condition that:

(i) Mr. He will endeavour to attend relevant training courses to enhance his knowledge of the Listing Rules during the Waiver Period, and comply with the annual professional training requirement under Rule 3.29 of the Listing Rules;

(ii) Ms. Cheung, as a joint company secretary of our Company, will provide assistance to, and work closely with, Mr. He in discharging his duties and responsibilities as our joint company secretary during the Waiver Period;

(iii) Ms. Cheung is suitably qualified who possesses the qualifications as required under Rule 3.28 of the Listing Rules to render assistance to Mr. He so as to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) throughout the Waiver Period;

(iv) before the expiry of the Waiver Period, our Company will demonstrate to the Stock Exchange and seek the Stock Exchange's confirmation that Mr. He, having had the benefit of Ms. Cheung's assistance during the Waiver Period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules so that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary; and

(v) the waiver will be revoked if there are material breaches of the Listing Rules by our Company.

WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTION

We have entered into certain transaction which will constitute partially-exempt continuing connected transaction of our Company under the Listing Rules following the completion of the [**REDACTED**]. We have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the announcement requirement under the Listing Rules. For further details in this respect, see the section headed "Connected Transactions."

DISCLOSURE OF PARTICULARS OF CONVERTIBLE BONDHOLDERS

Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to set out in the document, among other things, details of the number, description and amount of any of its shares or debentures which any person has, or is entitled to be given, an option to subscribe for, together with the certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration given or to be given (if any) and the names and addresses of the persons to whom it or the right to it was given.

In September 2022, we issued the 2022 Convertible Bonds to a large number of public investors. The 2022 Convertible Bonds were listed on the Shenzhen Stock Exchange in October 2022 (bond code: 123158). See the section headed "History Development and Corporate Structure — Corporate Development — (f) Issuance of 2022 Convertible Bonds" and "Statutory and General Information — A. Further Information about Our Group — 2. Changes in Share Capital of Our Company" in Appendix VI to this document. To our knowledge, (a) financial institutions, including broker-dealers, may hold and trade the 2022 Convertible Bonds through participant accounts with clearing agencies; (b) ultimate bondholders that do not have these accounts typically hold and trade the 2022 Convertible Bonds in the names of their brokers through their brokers' participant accounts with the clearing agencies; (c) the 2022 Convertible Bonds are frequently traded among investors and hence the identities of the ultimate bondholders may change constantly; and (d) the trustee does not have information on the identities of the ultimate bondholders and at most, would only be able to ascertain the identities of the participants/brokers through which the 2022 Convertible Bonds are traded.

We have applied for[, and the SFC has granted], a certificate of exemption from the requirements under Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the disclosure in this document on the following basis:

(a) strict compliance with the applicable disclosure requirements under Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance for each ultimate bondholder on an individual basis (including the disclosure of names and addresses of all bondholders) in this document will be unduly burdensome on us in light of the practical impossibility in identifying the ultimate bondholders and the potentially significant increase in cost and time for information compilation and disclosure preparation;

(b) since the identities of the ultimate bondholders are practically unavailable and given the expected frequent changes of the identities of the ultimate bondholders, it would be practically impossible for us to disclose the names and addresses of all such ultimate bondholders which are Independent Third Parties in this document. This disclosure, even if it can be made, would also not provide meaningful information to the potential [**REDACTED**] of our Company;

(c) material information relating to the 2022 Convertible Bonds has been disclosed in the section headed "History Development and Corporate Structure — Corporate Development — (f) Issuance of 2022 Convertible Bonds" and "Statutory and General Information — A. Further Information about Our Group — 2. Changes in Share Capital of Our Company" in Appendix VI to this document, including but not limited to the aggregate principal amount, the maturity period, principal terms (such as issue price, tenure, conversion, adjustment and redemption mechanisms), the maximum number of A Shares which may be issued upon conversion of all the outstanding 2022 Convertible Bonds and the potential dilution effect upon full conversion of the 2022 Convertible Bonds, and the statement that none of the holders of the 2022 Convertible Bonds were members of our Controlling Shareholders Group, our Directors or president. Accordingly, along with the disclosures made in (c) above, information that should be reasonably necessary for potential [**REDACTED**] to make an informed assessment of our Company in their [**REDACTED**] decision process has been included in the document.

The SFC [has granted] an exemption referred to above on the following conditions:

(a) material information relating to the 2022 Convertible Bonds is fully disclosed in the document, including but not limited to the aggregate principal amount, the maturity period, principal terms (such as issue price, tenure, conversion, adjustment and

redemption mechanisms), the maximum number of A Shares which may be issued upon conversion of all the outstanding 2022 Convertible Bonds and the potential dilution effect upon full conversion of the 2022 Convertible Bonds, and the statement that none of the holders of the 2022 Convertible Bonds were members of our Controlling Shareholders Group, our Directors or president;

(b) the particulars of such exemption are set out in this document; and

(c) this document will be issued on or before [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Qin Jiusan (覃九三)	Room 101, Building 22 Yonghuju, Vanke East Coast Dameisha, Yantian District, Shenzhen Guangdong Province PRC	Chinese
Mr. Zhou Dawen (周達文)	Room 409, Building 6 Huolibao No. 12, Xinsha Road Futian District, Shenzhen Guangdong Province PRC	Chinese
Mr. Zheng Zhongtian (鄭仲天)	Room 1403, Building 2 Phase 3 Kingkey Regency Impression Pingshan District, Shenzhen Guangdong Province PRC	Chinese
Mr. Zhou Aiping (周艾平)	Room 403, No. 2, 2nd Lane Shatang Xincun Community Tongfuyu 1st Road Shatang Community Maluan Subdistrict Pingshan District, Shenzhen Guangdong Province PRC	Chinese
Mr. Wu Chengying (吳成英)	Unit 1-803, Building A2 Mingru Yujing, North Hebin Road Mingxi County, Sanming Fujian Province PRC	Chinese
Non-executive Director		
Ms. Zhong Meihong (鍾美紅)	Room 906, Tower A, Building 31 Phase 1, Qianlin Shanju Wulian Community Longgang Subdistrict Longgang District, Shenzhen Guangdong Province PRC	Chinese
Independent non-executive Directors		
Mr. Liu Changqing (劉長青)	Room 1101, Unit 2, Building 3 Dongfang Mingyuan Zhenjia Garden Yuetang District, Xiangtan Hunan Province PRC	Chinese
Mr. Chen Guohua (陳國華)	Room A, 18/F, Block 8 Yugang Wan, San Po Kong Kowloon Hong Kong	Canadian
Ms. Li Shengnan (栗勝男)	Room 801, Unit 2, Building 6 Jinghuating Phase 3 Xiong'an New Area Hebei Province PRC	Chinese

For further information on our Directors, please refer to the section headed "Directors and Senior Management" of this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

CITIC Securities (Hong Kong) Limited
18/F One Pacific Place
88 Queensway
Hong Kong

China International Capital Corporation Hong Kong Securities Limited
29th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

[**REDACTED**]

Legal Advisers to the Company

As to Hong Kong laws:

Zhong Lun Law Firm LLP
4/F, Jardine House
No. 1 Connaught Place
Central
Hong Kong

As to PRC law:

Zhong Lun Law Firm
22-24/F & 27-31/F, South Tower
of CP Centre
20 Jin He East Avenue
Chaoyang District
Beijing
PRC

Legal Advisers to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Baker & McKenzie** 14th Floor, One Taikoo Place 979 King's Road Quarry Bay Hong Kong *As to PRC law:* **Haiwen & Partners** 20/F, Fortune Financial Centre 5 Dong San Huan Central Road Chaoyang District Beijing PRC
Auditor and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 2504 Wheelock Square 1717 Nanjing West Road Jingan District Shanghai PRC

[**REDACTED**]

CORPORATE INFORMATION

Registered Office	Room 1901, Capchem Plaza No. 9 Changye Road, Liulian Community Pingshan District Shenzhen, Guangdong Province PRC
Headquarter and Principal Place of Business in the PRC	Room 1901, Capchem Plaza No. 9 Changye Road, Liulian Community Pingshan District Shenzhen, Guangdong Province PRC
Principal Place of Business in Hong Kong	46/F, Hopewell Centre 183 Queen's Road East, Wan Chai Hong Kong
Company's Website	**www.capchem.com** *(The information contained on this website does not form part of this document)*
Joint Company Secretaries	**Mr. He Jingce (賀靖策)** Building F, Kingkey Regency Impression Maluan Subdistrict, Pingshan District Shenzhen, Guangdong Province PRC **Ms. Cheung Wing Sum (張穎沁)** *(ACG, HKACG)* 46/F, Hopewell Centre 183 Queen's Road East, Wan Chai Hong Kong
Authorised Representatives	**Mr. Zhou Dawen (周達文)** Room 409, Building 6 Huolibao No. 12, Xinsha Road Futian District, Shenzhen Guangdong Province PRC **Ms. Cheung Wing Sum (張穎沁)** 46/F, Hopewell Centre 183 Queen's Road East, Wan Chai Hong Kong
Audit Committee	Mr. Liu Changqing (劉長青) *(Chairperson)* Ms. Li Shengnan (栗勝男) Ms. Zhong Meihong (鍾美紅)

Strategic and Sustainable Development Committee	Mr. Qin Jiusan (覃九三) *(Chairperson)* Mr. Zhou Dawen (周達文) Mr. Zheng Zhongtian (鄭仲天) Mr. Wu Chengying (吳成英) Mr. Liu Changqing (劉長青) Mr. Chen Guohua (陳國華) Ms. Li Shengnan (栗勝男)
Nomination Committee	Mr. Chen Guohua (陳國華) *(Chairperson)* Ms. Li Shengnan (栗勝男) Mr. Qin Jiusan (覃九三)
Remuneration and Evaluation Committee	Ms. Li Shengnan (栗勝男) *(Chairperson)* Mr. Liu Changqing (劉長青) Mr. Zhou Dawen (周達文)
Compliance Adviser	**Maxa Capital Limited** Unit 2602, 26/F, Golden Centre 188 Des Voeux Road Central Sheung Wan Hong Kong

[**REDACTED**]

Principal Banks	**Bank of China Limited, Shenzhen Pingshan Sub-Branch** Units 34 & 35, Semi-basement, and Unit 45, 1st Floor Building 4, Shenye Dongcheng Shangdi Pingshan Sub-district, Pingshan District Shenzhen, Guangdong Province PRC **China Development Bank, Shenzhen Branch** 6/F, 10/F, 18/F, 19/F, 28/F-33/F CDB Financial Centre 2003 Fuzhong Third Road, Futian District Shenzhen, Guangdong Province PRC

The information and statistics presented in this section and other sections of this document, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Joint Sponsors,* [**REDACTED**]*, any of their respective directors and advisers, or any other persons or parties involved in the* [**REDACTED**]*, and no representation is given as to its accuracy. Any reference to "China", "PRC", or "the People's Republic of China" in the Industry Overview Section or in any statement made by Frost & Sullivan shall mean Chinese Mainland.*

SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on global and China's battery chemicals, organic fluorochemicals, and electronic information chemicals industry for the use in this document, which was commissioned by us for a fee of RMB885,100. In compiling and preparing the F&S Report, Frost & Sullivan adopted the following assumptions: (i) the social, economic and political conditions globally currently discussed will remain stable during the forecast period, (ii) global and China's government policies on battery chemicals, organic fluorochemicals, and electronic information chemicals will remain consistent during the forecast period, (iii) global and China's battery chemicals, organic fluorochemicals, and electronic information chemicals industry will be driven by the factors which are stated in the report in the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties. Our Directors and the Joint Sponsors confirm that they have exercised reasonable care in selecting and identifying the information sources in this section, compiling, extracting and reproducing such information, and have no reason to believe that any fact has been omitted that would render such information false or misleading in any material respect.

ANALYSIS OF GLOBAL AND CHINA BATTERY CHEMICALS MARKET

Definition and Classification of Battery Chemicals Market

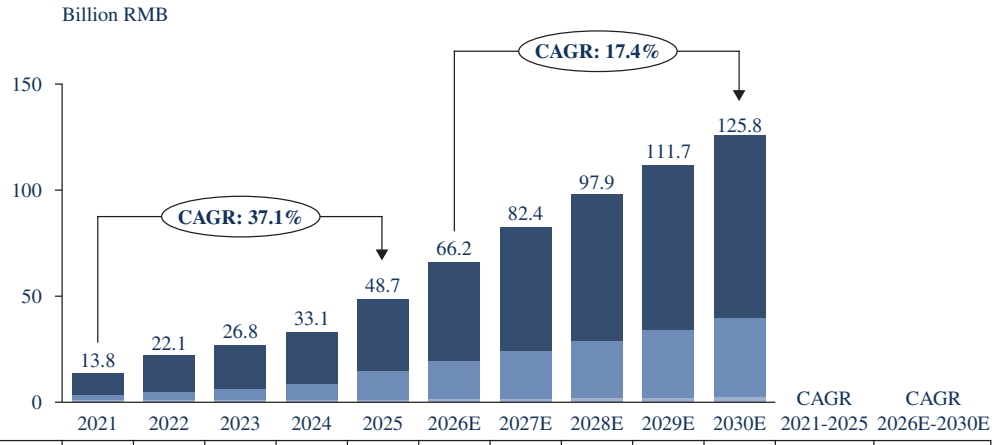
Battery chemicals include secondary lithium-ion battery electrolyte, supercapacitor electrolyte, primary lithium battery electrolyte, solvents, solutions and additives. Electrolyte plays the role of conducting lithium ions between the positive and negative electrodes in the battery, and provides guarantee for lithium-ion batteries to obtain relative advantages such as high voltage and high specific energy. The electrolyte is generally prepared in a certain proportion from high-purity solvents, solutes, additives and other raw materials.

Among them, solute is the key material that determines the performance of the electrolyte; the solvent is the liquid that dissolves solid, liquid or gas solute, and constitutes the largest component of electrolyte in terms of weight; the additive improves key properties of the electrolyte, including stability, conductivity, and efficiency.

Market Size of Battery Electrolyte Market

Battery chemicals refer to electrolytes and their raw material components, including solvents, solutions and additives. The global battery chemicals market grew rapidly from RMB20.6 billion in 2021 to RMB69.6 billion in 2025, representing a CAGR of 35.6%, and is projected to reach RMB172.3 billion by 2030, with a CAGR of 16.4% from 2026 to 2030. The global battery electrolyte market revenue expanded significantly from RMB13.8 billion in 2021 to RMB48.7 billion in 2025, representing a CAGR of 37.1%. The market revenue is projected to further increase to RMB125.8 billion by 2030, with a CAGR of 17.4% from 2026 to 2030. Revenue growth has been driven by rising battery shipment volumes, product mix upgrading toward high-performance electrolytes, and increasing adoption of high-voltage and fast-charging battery technologies.

Market Size of Battery Electrolyte Market (revenue breakdown by application), Global, 2021-2030E

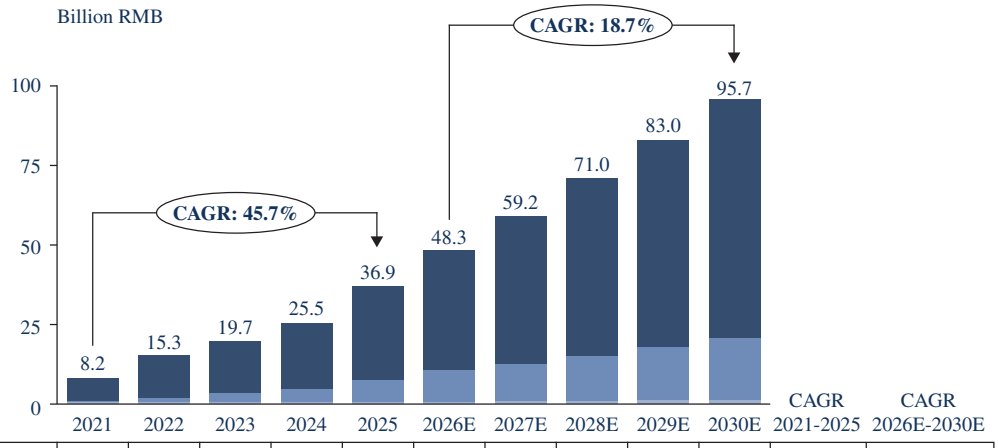


	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	CAGR 2021-2025	CAGR 2026E-2030E
EV Battery	10.5	17.4	20.8	24.9	34.2	46.6	58.3	69.2	77.8	86.3	34.5%	16.6%
ESS Battery	2.4	3.8	5.1	7.2	13.4	18.3	22.6	27.0	31.9	37.2	53.7%	19.4%
Consumer Battery	0.9	0.9	0.9	1.0	1.1	1.3	1.5	1.7	2.0	2.4	3.8%	16.7%

Source: China Automotive Power Battery Innovation Alliance (CAPBIA), Frost & Sullivan

China's battery electrolyte market has expanded rapidly alongside the growth of the domestic battery industry. Market revenue increased from RMB8.2 billion in 2021 to RMB36.9 billion in 2025, reflecting a CAGR of 45.7% during the period driven mainly by the large-scale deployment of electric vehicles and energy storage systems. Looking ahead, the market is expected to maintain steady growth in the forecasting period, supported by continued battery capacity expansion, gradual penetration of higher-performance electrolyte products, and the application of new battery technologies. EV battery electrolyte remains the dominant segment, while energy storage electrolyte has shown a faster growth trend compared with consumer electronics applications.

Market Size of Battery Electrolyte Market (revenue breakdown by application), China, 2021-2030E



	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	CAGR 2021-2025	CAGR 2026E-2030E
EV Battery	7.2	13.5	16.2	21.0	29.3	37.8	46.5	55.9	65.2	75.0	41.8%	18.7%
ESS Battery	0.6	1.4	3.1	4.1	7.1	9.9	11.9	14.2	16.8	19.5	87.3%	18.5%
Consumer Battery	0.4	0.4	0.4	0.4	0.5	0.6	0.7	0.8	1.0	1.2	7.4%	18.9%

Source: CAPBIA, Frost & Sullivan

Market Drivers of Battery Chemicals Market

- ***Rapid Expansion of Downstream Industries.*** The rapid growth of downstream industries including electric vehicles, energy storage, and consumer electronics has steadily increased demand for battery electrolytes. For instance, global EV production volume rose from 3,085.0 thousand units in 2021 to 7,025.5 thousand units in 2025, representing a CAGR of 22.8%, and are expected to reach 17,144.9 thousand units by 2030, with a 20.2% CAGR from 2026 to 2030. Consumer electronics such as smartphones, tablets, laptops, wearables, and AR/VR devices, together with emerging applications including intelligent robots and drones, provide additional steady demand.

- ***Technological Breakthroughs.*** Technological innovation continues to drive the development of the LiFSI electrolyte industry. In addition to solute optimisation, advances in electrolyte additives are increasingly important in improving battery energy density and cycle life, as additives directly influence SEI formation, interfacial stability, and high-voltage tolerance. While $LiPF_6$, as a traditional and important solute, meets basic electrolyte requirements but faces limitations in thermal stability and energy density. LiFSI demonstrates advantages over $LiPF_6$ in ionic conductivity, thermal stability, and hydrolytic stability and is expected to see broader application. At present, large-scale adoption of LiFSI is constrained by complex purification processes and higher production costs. With ongoing improvements in manufacturing and purification technologies of its raw material, metal alkoxide, the proportion of FSI-based components in electrolyte formulations may further increase in the forecasting period. Meanwhile, technological progress in solid-state electrolytes continues, representing a potential long-term direction for battery chemicals innovation.

Development Trends of Battery Chemicals Market

- ***Increasing Industry Concentration.*** The market of global and China battery chemicals continues to concentrate as leading players develop rapidly with cost, production capacity, technological capabilities, and established brand advantages. Meanwhile, battery manufacturers tend to cooperate with large battery chemical manufacturers to ensure quality and stable supply. As a result, the gradual displacement of small and medium battery chemical manufacturers by leading players accelerates market concentration.

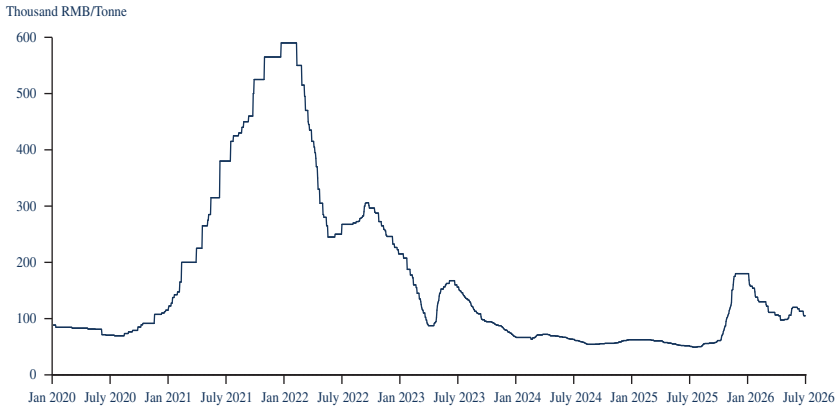
- ***Accelerating Technological Development.*** The proportion and variety of additives can largely affect the overall performance of the battery chemicals. With high voltage and high nickel content becoming the trend of lithium-ion batteries, the corresponding standards for battery chemicals rise, urging the manufacturers to emphasize R&D capability and intensity. Additionally, the manufacturers of battery chemicals and batteries are cooperating to develop new formulations, further improving efficiency and lowering the cost of the R&D process.

Cost Analysis of Battery Chemicals Market

As the largest segment within battery chemicals, the price of lithium-ion battery electrolytes is influenced by fluctuations in upstream raw materials, including solutes, solvents, and additives, as well as changes in supply-demand dynamics across the battery industry. $LiPF_6$, as the solute in the electrolyte, accounts for approximately 40%-50% of the total electrolyte cost. It plays a critical role in determining the battery's energy density and cycle life, as its ionic dissociation characteristics, stability, and compatibility with solvents directly influence ion transport efficiency and the formation of a stable solid — electrolyte

interphase (SEI). China's production capacity for $LiPF_6$ is relatively concentrated among a limited number of domestic suppliers, while the industry's import dependence has declined as domestic output expansion has strengthened overall supply self-sufficiency. In 2021, the price of $LiPF_6$ surged sharply due to a combination of strong demand from rapidly growing lithium-ion battery production and upstream supply constraints, including limited availability of raw materials and pandemic-related disruptions. During 2022-2023, prices declined as rapid capacity expansion led to temporary oversupply, while downstream demand growth moderated. In October 2025, prices rebounded driven by renewed downstream demand, including the electric vehicle and energy storage sector. In the first half of 2026, the price of $LiPF_6$ in China experienced an overall modest decline, mainly due to supply recovery alongside weak downstream procurement, as previously idled capacity restarted and new plants gradually put into use.

Price of $LiPF_6$, China, 2020-2026H1



Source: Frost & Sullivan

ANALYSIS OF GLOBAL AND CHINA ORGANIC FLUORINE CHEMICALS MARKET

Definition and Classification of Organic Fluorochemicals Market

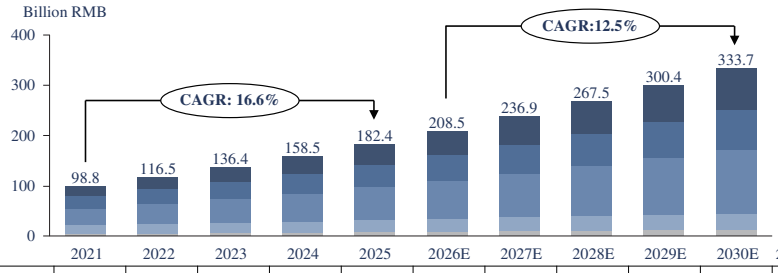
The fluorine chemical industry is based on fluorine resources, with fluorspar as the primary source and hydrofluoric acid as the foundation of the entire industry chain. Its products are broadly classified into inorganic fluorochemicals and organic fluorochemicals. Organic fluorochemicals, which represent the higher value-added segment, can be further categorised into fluorinated fine chemicals and fluoropolymers. Benefiting from the unique performance of fluorine-containing compounds, organic fluorochemicals are widely applied in sectors such as AI and digital infrastructure, pharmaceuticals, clean energy and other related fields, and are among the fast-growing and technology-intensive segments within the chemical industry.

Market Size of Organic Fluorochemicals Market

The growth of the organic fluorochemicals market is driven by expanding demand from downstream industries requiring high-performance materials, including AI and digital infrastructure, pharmaceuticals, clean energy, rail transportation, and other application fields. The unique properties of organic fluorochemicals, such as chemical stability, heat resistance, corrosion resistance and dielectric performance, support their increasing adoption in advanced applications. The global organic fluorochemicals market revenue expanded significantly from RMB98.8 billion in 2021 to RMB182.4 billion in 2025, representing a CAGR of 16.6%. The market revenue is projected to further increase to RMB333.7 billion by 2030, with a CAGR of 12.5% from 2026 to 2030. The global market size of HFPO and its downstream products grew

from RMB2.0 billion in 2021 to RMB6.1 billion in 2025 and is expected to reach RMB12.0 billion by 2030, with HFPO and its downstream products accounting for approximately 3.3% of the organic fluorochemicals market in 2025.

Market Size of Organic Fluorochemicals Market (revenue breakdown by application), Global, 2021-2030E

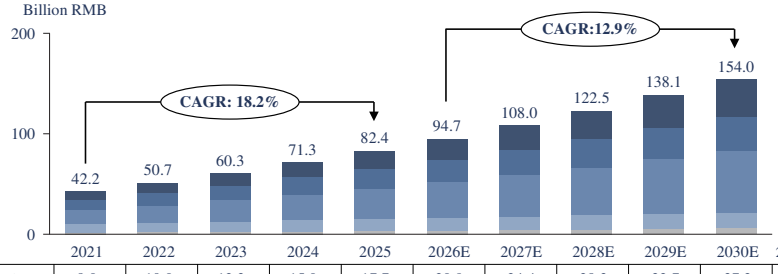


	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	CAGR 2021-2025	CAGR 2026E-2030E
AI and Digital Infrastructure	19.8	24.1	29.1	34.9	41.1	48.1	55.9	64.5	74.0	84.0	20.1%	15.0%
Pharmaceuticals	25.6	29.9	34.5	39.6	45.1	51.1	57.5	64.2	71.4	78.4	15.2%	11.3%
Clean Energy	32.5	39.1	46.8	55.5	64.9	75.3	86.9	99.6	113.6	128.0	18.9%	14.2%
Rail Transportation	17.9	19.8	21.7	23.5	25.4	27.1	28.7	30.0	31.0	31.4	9.1%	3.7%
Others	3.0	3.6	4.3	5.1	6.0	6.9	8.0	9.2	10.5	11.9	18.5%	14.5%

Source: Frost & Sullivan

The development of China's organic fluorochemicals market is driven by the expansion of downstream manufacturing sectors and the upgrading of industrial structures toward higher value-added materials. Growing demand from downstream industries supports the adoption of organic fluorochemicals in advanced applications. In parallel, increasing domestic substitution, ongoing technological progress and capacity expansion in high-end and specialty products continue to enhance market demand and support the sustainable development of the industry. China's organic fluorochemicals market revenue expanded significantly from RMB42.2 billion in 2021 to RMB82.4 billion in 2025, representing a CAGR of 18.2%. The market revenue is projected to further increase to RMB154.0 billion by 2030, with a CAGR of 12.9% from 2026 to 2030.

Market Size of Organic Fluorochemicals Market (revenue breakdown by application), China, 2021-2030E



	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	CAGR 2021-2025	CAGR 2026E-2030E
AI and Digital Infrastructure	8.0	10.0	12.3	15.0	17.7	20.9	24.4	28.3	32.7	37.2	21.9%	15.6%
Pharmaceuticals	10.5	12.5	14.7	17.1	19.6	22.2	25.1	28.2	31.4	34.7	16.8%	11.7%
Clean Energy	14.4	17.6	21.4	25.8	30.3	35.3	40.9	47.1	53.9	60.9	20.4%	14.6%
Rail Transportation	8.0	9.0	10.1	11.1	12.1	13.1	13.9	14.7	15.4	15.7	11.0%	4.7%
Others	1.3	1.6	1.9	2.3	2.7	3.1	3.7	4.2	4.8	5.5	20.2%	14.9%

Source: Frost & Sullivan

Market Drivers of Organic Fluorochemicals Market

- ***Growing Downstream Market Demand.*** Organic fluorochemicals serve a wide range of applications, and the downstream market is expanding steadily. Driven by the growth of AI and digital infrastructure, pharmaceuticals, and clean energy industries, demand for related fluorine materials has increased. As a result, the continued development of downstream sectors is expected to further support demand growth in the organic fluorochemicals industry, presenting new opportunities for its expansion.

- ***Increasing Performance Requirements from Downstream Applications.*** Ongoing material upgrading trends across downstream industries are further driving the organic fluorochemicals market. Compared with conventional materials, fluorine-containing compounds offer enhanced durability, reliability, and functional performance, enabling improved product lifecycles and efficiency. In fields such as AI and digital infrastructure, pharmaceuticals, clean energy, higher standards for safety, efficiency, and environmental resistance are accelerating the substitution of traditional materials with fluorinated alternatives. In addition, continuous technological progress is expanding the application scope of organic fluorochemicals into more specialized and high-value niches.

Development Trends of Organic Fluorochemicals Market

- ***Expansion of High-End Applications and Value-Added Product Opportunities.*** With the excess capacity at the low end and the rising demand for high-end applications, the recent fluorine chemical enterprises industry leading capacity planning is gradually shifting to TFE, HFP, and their derivatives, it is expected that the future high-end market prospects are broad, high-end domestic organic fluorochemicals will achieve further breakthroughs in AI and digital infrastructure, pharmaceuticals, and clean energy, and the added value of products will be greatly improved, with an increasing number of niche product categories that are high value-added and highly profitable, creating opportunities for industry players with R&D advantages.

- ***Capacity Optimisation and Industry Consolidation.*** Market development is accompanied by ongoing capacity adjustment and consolidation within the organic fluorochemicals industry. Stricter environmental, safety, and regulatory requirements are raising compliance costs, encouraging the exit of smaller and less efficient producers. At the same time, leading enterprises are expanding scale through capacity optimisation, integration along the value chain, and selective mergers or cooperation. This trend is expected to improve industry concentration, enhance supply stability, and promote more rational competition over the medium to long term.

ANALYSIS OF GLOBAL AND CHINA ELECTRONIC INFORMATION CHEMICALS MARKET

Definition and Classification of Electronic Information Chemicals Market

Electronic information chemicals refer to a category of high-purity chemical materials used in the manufacturing of electronic components and semiconductor devices. These chemicals play a critical role in ensuring product performance, reliability, and process stability. They mainly include capacitor chemicals and semiconductor chemicals.

Capacitor chemicals are key process and functional materials used in the production of electrolytic capacitors, essential for ensuring capacitor performance. They are widely applied across various capacitor products and can be broadly categorised into aluminium electrolytic capacitor chemicals, aluminium foil chemicals, tantalum capacitor chemicals, and solid polymer capacitor chemicals.

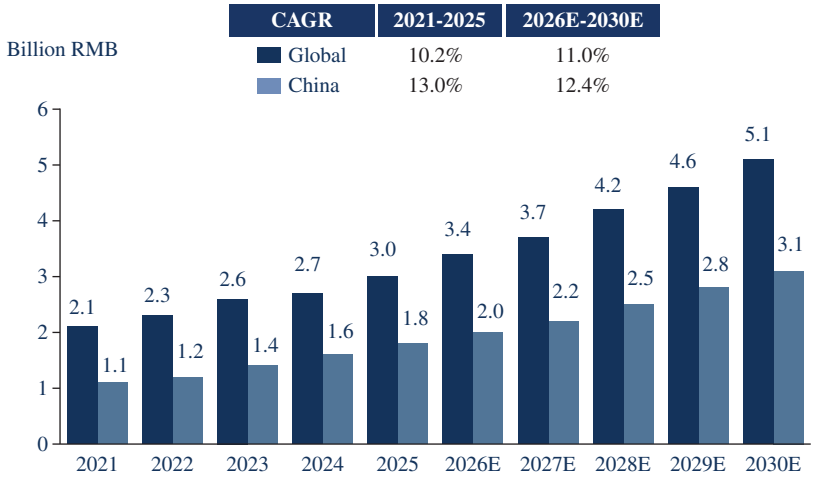
Semiconductor chemicals are an important subset of semiconductor materials used throughout the semiconductor manufacturing process. They mainly include general-purpose chemicals, such as high-purity hydrogen peroxide and functional chemicals, such as etching, cleaning, and cooling liquids. Their technical level and quality directly impact the performance, reliability, and yield of downstream semiconductor products, leading to stringent requirements on purity, impurity control, particle levels, and consistency.

Market Size of Capacitor Chemicals Market

In terms of revenue, the global capacitor chemicals market increased from RMB2.1 billion in 2021 to RMB3.0 billion in 2025, with a CAGR of 10.2% and is expected to further increase to RMB5.1 billion in 2030, representing a CAGR of 11.0% from 2026 to 2030. The market is expected to be driven by the increase in upstream supply and downstream demand, as well as technological breakthroughs in the industry.

China has the largest capacitor chemicals market around the world. The market increased from RMB1.1 billion in 2021 to RMB1.8 billion in 2025, with a CAGR of 13.0%, and is expected to further increase to RMB3.1 billion in 2030, representing a CAGR of 12.4% from 2026 to 2030.

Market Size of Capacitor Chemicals Market (by revenue), Global and China, 2021-2030E



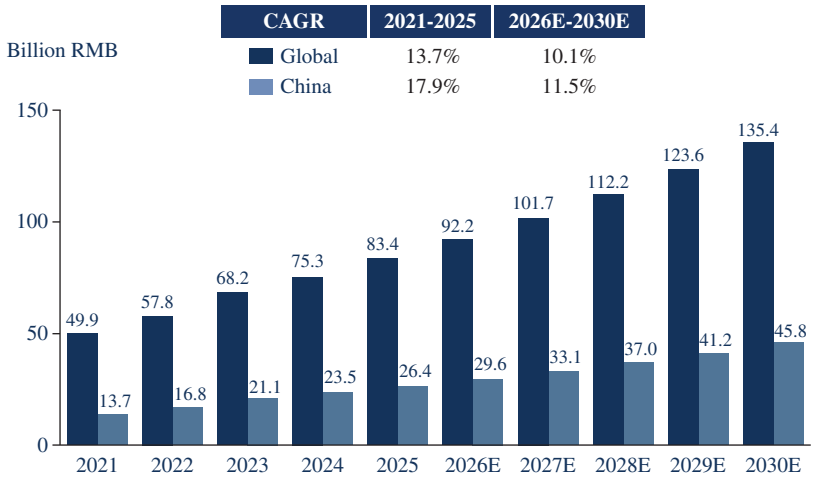
Source: Frost & Sullivan

Market Size of Semiconductor Chemicals Market

Driven by the expansion of downstream application industries, strong support from national policies, and upgrading of related technologies, major application industries of semiconductor chemicals experienced relatively rapid growth in recent years, boosting the growth of upstream raw materials such as semiconductor chemicals.

The market size of global semiconductor chemicals market in terms of revenue has increased from RMB49.9 billion in 2021 to RMB83.4 billion in 2025, and China's semiconductor chemicals market has grown from RMB13.7 billion in 2021 to RMB26.4 billion in 2025. Going forward, it is expected that with the continuous improvement of downstream demand and the upgrade of technical level in downstream industries, global and China's semiconductor chemicals will maintain relatively rapid growth in forecasting period, and is expected to expand to RMB135.4 billion and RMB45.8 billion respectively in 2030, representing CAGRs of 10.1% and 11.5% from 2026 to 2030 respectively. And it is expected that China's semiconductor chemicals market will show more rapid growth rate than the overall semiconductor chemicals market globally in the next five years.

Market Size of Semiconductor Chemicals Market (by revenue), Global and China, 2021-2030E



Source: Frost & Sullivan

Market Drivers of Electronic Information Chemicals Market

- ***Technological Innovation and Material Upgrades.*** Continuous technological breakthroughs are driving the development of the electronic information chemicals market. As downstream applications demand higher performance, miniaturization, and improved reliability, manufacturers are accelerating innovation in core materials such as electrolytes and functional chemicals. For example, advancements in new electrolyte systems and high-stability materials are enhancing product lifespan, thermal resistance, and operational stability. Emerging technologies, such as solid-state materials, are also being explored to address limitations of traditional solutions under extreme conditions, further expanding application scenarios in high-reliability fields.

- ***Advancements in Electronic Component Manufacturing Technologies.*** The evolution of advanced manufacturing technologies, particularly in electronic components such as capacitors and semiconductor devices, is raising performance requirements for electronic information chemicals. Innovations such as stacked structures, ultra-thin processing, and precision manufacturing techniques require chemicals with higher purity, improved conductivity, and superior thermal stability. At the same time, increasing emphasis on environmental sustainability is encouraging the development of greener and more efficient chemical solutions, thereby driving product upgrades across the market.

Development Trends of Electronic Information Chemicals Market

- ***Transition Toward Green and Low-Carbon Development.*** The electronic information chemicals market is increasingly shifting toward environmentally friendly and low-carbon practices, driven by global sustainability goals and stricter environmental regulations. Companies are accelerating the development of eco-friendly products, such as low-toxicity and biodegradable chemicals, as well as cleaner production processes. In parallel, capabilities such as energy-efficient manufacturing and reduced emissions (e.g., wastewater minimization) are becoming key competitive factors, with environmentally compliant products expected to gain stronger market acceptance and pricing advantages.

- ***Rising Industry Concentration and Competitive Differentiation.*** As parts of the electronic information chemicals market enter a more mature stage, industry concentration is expected to increase. Leading players with strong R&D capabilities, advanced process technologies, and effective cost control are likely to consolidate market share. At the same time, competition is shifting from scale expansion to differentiated capabilities, including product performance, quality consistency, and customer service. This trend is gradually raising entry barriers and reinforcing the position of technologically advanced companies.

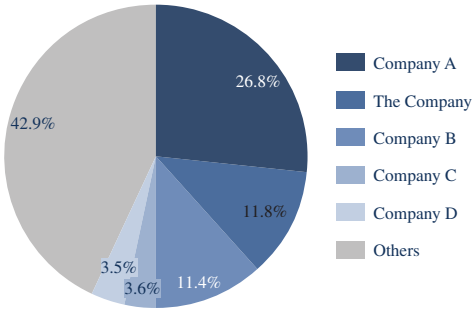
COMPETITIVE ANALYSIS

Rankings of Global Battery Chemical Providers

As the largest segment within battery chemicals, the global market size of battery electrolyte in terms of revenue in 2025 was RMB48,707 million. It's a relatively concentrated market with top 5 battery electrolyte providers accounted for 57.1% of the market size globally.

In terms of battery electrolyte revenue in 2025, the Company ranked as second largest battery electrolyte provider globally, with RMB5,742 million of revenue and 11.8% market share globally in 2025. Furthermore, the Company achieved the largest global market share of battery electrolyte revenue (excluding the PRC) from 2020 to 2025.

Ranking of Battery Electrolyte Providers by Revenue[(1)], Global, 2025



Rank	Company Name	Revenue from Battery Electrolyte (Million RMB)	Market Share
1	Company A	13,046	26.8%
2	**The Company**	**5,742**	**11.8%**
3	Company B	5,550	11.4%
4	Company C	1,736	3.6%
5	Company D	1,721	3.5%
	Others	20,911	42.9%
	Total	**48,707**	**100.0%**

Source: Company Report, Frost & Sullivan

Note:

(1) Company A, a domestic company listed on the Shenzhen Stock Exchange, was established in 2000 and primarily engages in lithium-ion battery materials, with a focus on electrolyte and related fine chemicals.

Company B, a domestic company listed on both the Shenzhen and Hong Kong Stock Exchanges, was established in 1995 and primarily engages in sales of new energy vehicles, batteries, and electronic products.

Company C, a domestic private company, was established in 2004 and primarily engages in lithium-ion battery electrolyte and related new energy materials.

Company D, a domestic private company, was established in 2007 and primarily engages in the production of battery chemical products.

Competitive Landscape of Global and China Organic Fluorochemicals Providers

The global and China organic fluorochemicals markets are characterized by a wide range of product categories and a large number of market participants. Therefore, the markets are highly fragmented. And the markets were historically dominated by overseas materials giants. In recent years, Chinese organic fluorochemical companies have experienced rapid development. Among them, the Company is one of the early entrants in the high-value-added HFPO and its downstream products segment. And most of the other Chinese companies started from other segments of the fluorochemical industry chain and subsequently expanded into this sector. In terms of global revenue from HFPO and its downstream products, the Company ranked the first among global manufacturers in 2025. Its revenue from the sector reached RMB1.6 billion globally in 2025.

Competitive Landscape of Global and China Electronic Information Chemicals Providers

The global and China capacitor chemicals markets are also characterized by a wide range of product categories and a large number of market participants. With a revenue of RMB0.9 billion and RMB0.8 billion in 2025 from capacitor chemicals business in the global and China markets respectively, the Company is the largest player in the global and China capacitor chemicals, in terms of revenue with a market share of 28.5% and 47.7%, respectively.

Furthermore, the Company ranked first among domestic PRC companies by market share in the PRC market for semiconductor cooling liquids in 2025. And the Company's capacitor chemicals ranked first globally by revenue from 2020 to 2025.

Entry Barriers

- ***Technology Barrier.*** In the battery chemicals industry, technological advances in downstream sectors such as new energy vehicles continue to raise technical requirements for upstream suppliers, particularly for battery-grade lithium products. Battery chemicals are critical to lithium battery performance and require stringent impurity control across solutes, solvents and additives, with solvent purification representing a key technical barrier that favors companies with established technological capabilities. Furthermore, in the electronic information chemicals industry, the purification of electronic information chemicals faces major technical barriers. For instance, semiconductor manufacturing, particularly at advanced process nodes, requires that wet electronic chemicals have metal impurity levels below 10 ppt and impose stringent sub-micron level controls on both the quantity and size of particles, resulting in significant barriers for new entrants. In addition, patents and intellectual property constitute important entry barriers within the industry.

- ***Client and Supply Chain Barrier.*** The customer certification cycles in the battery chemicals, organic fluorine chemicals, electronic information chemicals industries are around 12 months. This poses a significant barrier to entry for new players in these industries. Furthermore, leading manufacturers in the four industries have long established cooperation relationships with upstream suppliers to ensure a stable supply of raw materials, and maintain continuous and stable production. However, for new entrants of the industry, the lack of stable supply chains would be one of the main challenges during their early stage of development.

LAWS AND REGULATIONS ON WORK SAFETY AND CHEMICALS

Work Safety Law of the People's Republic of China

According to the Work Safety Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress ("**NPCSC**") on June 29, 2002, and amended on August 27, 2009, August 31, 2014, and June 10, 2021, with effect from September 1, 2021, production and operation entities shall: (I) Possess the work safety conditions stipulated by this Law and relevant laws, administrative regulations, and national or industry standards; (II) Establish a comprehensive work safety responsibility system and work safety rules and regulations; (III) Formulate work safety standards to ensure work safety. Production and business entities that do not meet the conditions for work safety shall not engage in production and business activities. Any special equipment used by enterprises that involves life safety or poses significant hazards, as well as containers and transport vehicles for hazardous materials, must be manufactured by specialized production entities in accordance with relevant national regulations. Such equipment must undergo inspection and testing by qualified inspection and testing institutions, obtain a certificate of safe use or safety mark, and be approved as safe before it can be put into service. In addition, entities engaged in the production, operation, transportation, storage, or use of hazardous materials, or the disposal of discarded hazardous materials, shall be subject to approval and supervision by the relevant competent authorities in accordance with applicable laws, regulations, and national or industry standards.

Regulations on the Work Safety Permits

Pursuant to the Regulations on Work Safety Permits promulgated by the State Council on January 13, 2004, and amended and effective as of July 29, 2014, as well as the Implementation Measures for Work Safety Permits of Hazardous Chemicals Production Enterprises promulgated by the Ministry of Emergency Management (formerly State Administration of Work Safety) on May 17, 2004, and last amended and effective as of March 6, 2017, the state has implemented a work safety permit system for mining enterprises, construction companies, and enterprises producing hazardous chemicals, fireworks, and civilian explosive materials. Hazardous chemical production enterprises shall not engage in production activities without obtaining a work safety permit. The State Administration of Work Safety is responsible for issuing and managing work safety permits for central enterprises and their directly controlled hazardous chemical production enterprises (headquarters). The work safety supervision and administration departments of provincial, autonomous regional, and municipal people's governments of the People's Republic of China are responsible for issuing and managing work safety permits for other hazardous chemical production enterprises.

Regulations on the Safety Management of Hazardous Chemicals

The Regulations on the Safety Management of Hazardous Chemicals, promulgated by the State Council on January 26, 2002, and last amended and took effect on December 7, 2013, stipulate the safety management requirements for the production, storage, use, operation, and transportation of hazardous chemicals. Hazardous chemicals refer to the highly toxic chemicals and other chemicals which are toxic, corrosive, explosive, flammable or combustion-supporting and can harm people, facilities or the environment. The relevant Chinese government departments will issue and adjust the Catalogue of Hazardous Chemicals as appropriate. Hazardous chemical manufacturers must obtain a hazardous chemical production safety permit before commencing production; otherwise, they shall not engage in production activities. Any entity that engages in production without obtaining a work safety permit may be ordered by the relevant work safety supervision and administration department to cease production, have its illegal gains confiscated, and be fined. If such actions constitute a crime, criminal liability shall be pursued according to law. Where an enterprise's work safety permit expires and requires extension, it shall apply for extension procedures three months prior to the expiration date.

Administrative Measures for the Registration of Hazardous Chemicals

According to the "Administrative Measures for the Registration of Hazardous Chemicals" promulgated by the Ministry of Emergency Management (formerly State Administration of Work Safety) on July 1, 2012, and effective as of August 1, 2012, newly established hazardous chemical production enterprises shall complete hazardous chemical registration prior to final completion acceptance. The Hazardous Chemicals Registration Certificate is valid for three years. Enterprises shall extend its validity period before the expiration date. The Hazardous Chemicals Registration Certificate shall specify the nature of the enterprise, registered varieties, validity period, and other relevant information. Among them, the nature of the enterprise shall indicate the producer or importer and/or producer of the hazardous chemicals.

Safety Supervision and Administration Measures for Hazardous Chemical Construction Projects

According to the "Safety Supervision and Administration Measures for Hazardous Chemical Construction Projects" promulgated by the Ministry of Emergency Management (formerly State Administration of Work Safety) on January 30, 2012, effective as of April 1, 2012, and revised on May 27, 2015, effective as of July 1, 2015, new, reconstruction, or expansion projects for the production or storage of hazardous chemicals shall undergo safety condition reviews and safety facility design reviews. Safety reviews shall be conducted by the work safety supervision and administration departments at corresponding levels. The construction unit shall submit applications before the commencement of the construction project and after the completion of the design, respectively. The construction unit shall organise the final acceptance inspection of safety facilities, and the work safety supervision and administration department shall verify the acceptance results.

LAWS AND REGULATIONS ON ENERGY CONSERVATION

The Energy Conservation Law of the People's Republic of China

According to the latest revision of the Energy Conservation Law of the People's Republic of China, adopted by the Standing Committee of the National People's Congress on October 26, 2018, and effective on the same date, the state implements an energy conservation assessment and review system for fixed-asset investment projects. Projects that fail to meet mandatory energy efficiency standards shall not be commenced by the construction unit; those already completed shall not be put into production or use.

The Measures for the Energy Conservation Review and Carbon Emission Assessment of Fixed Asset Investment Projects

According to Measures for the Energy Conservation Review and Carbon Emission Assessment of Fixed Asset Investment Projects promulgated by the National Development and Reform Commission on July 17, 2025, and effective as of September 1, 2025, the energy efficiency review opinion for fixed asset investment projects serves as a crucial basis for project commencement, completion acceptance, and operational management. For government-funded projects, the construction unit must obtain an energy conservation review opinion issued by the energy conservation review authority before submitting the project feasibility study report. For enterprise-funded projects, the construction unit must obtain an energy conservation review opinion prior to commencing construction. Projects that have not undergone energy conservation review as required, or whose energy conservation review has not been approved, shall not be commenced by the construction unit. Those already completed shall not be put into production or use.

LAWS AND REGULATIONS ON FIRE PROTECTION

Fire Protection Law of the People's Republic of China

According to the Fire Protection Law of the People's Republic of China, as amended by the Standing Committee of the National People's Congress on April 29, 2021, and effective on the same date, the emergency management departments of the State Council and local people's governments at or above the county level shall supervise and manage fire protection work. The fire protection design and construction of construction projects must comply with national engineering construction fire protection technical standards.

LAWS AND REGULATIONS ON PRODUCT LIABILITY

The Product Quality Law of the People's Republic of China

According to the revised Product Quality Law of the People's Republic of China, which was amended by the Standing Committee of the National People's Congress and took effect on December 29, 2018, producers and sellers shall establish and improve internal product quality management systems, strictly implement position-specific quality standards, quality responsibilities, and corresponding assessment methods. Producers and sellers shall bear product liability in accordance with this law.

Quality of products shall pass standard examinations and no substandard products shall be used as qualified ones. Industrial products which may be hazardous to the health of the people and the safety of lives and property shall conform to the State and trade standards for ensuring the health of the human body and safety of lives and property. In absence of such State or trade standards, the products shall conform to the minimum requirements for ensuring the health of the human body and the safety of lives and property. It is prohibited to produce or sell industrial products that do not come to the requirements and demands for physical health and safety of body and property. Producers or sellers shall be responsible for any compensation arising from their unlawful acts such as production or sales of defective, eliminated or ineffective products, faking the place of origin or quality marks, mixing or adulterating products or passing off imitations as genuine, substandard products as qualified ones or non-conforming products as conforming. Penalties include confiscation of proceeds from such unlawful sales, revocation of business licenses and imposition of fines. In serious cases, the offender shall be investigated for criminal liability according to law. Producers or sellers shall be liable for any damage to any person or property due to the defects of products resulting from their defaults.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

The Ecological Environment Code of the People's Republic of China

The Ecological Environment Code of the People's Republic of China (the "Ecological Environment Code"), adopted by the National People's Congress on March 12, 2026, and effective as of August 15, 2026, establishes a comprehensive regulatory system for the protection of the ecological environment, prevention and control of pollution and other public hazards, and safeguarding of public health and ecological environmental rights and interests. The Ecological Environment Code consists of five parts with 1,242 articles, namely General Provisions, Pollution Prevention and Control, Ecological Protection, Green and Low-Carbon Development, and Legal Liability and Supplementary Provisions.

Upon the effectiveness of the Ecological Environment Code, the Environmental Protection Law of the People's Republic of China and nine other separate environmental laws were simultaneously repealed.

Under the Ecological Environment Code, the competent department of ecology and environment under the State Council is responsible for formulating national ecological environment quality standards and national pollutant discharge standards. For items not specified in the national ecological environment quality standards, provincial, autonomous regional, and municipal governments may establish local ecological environment quality standards and local pollutant discharge standards.

The Ecological Environment Code stipulates that enterprises and other producers and operators shall take effective measures to prevent and reduce environmental pollution and ecological damage, conserve and intensively utilise resources, control greenhouse gas emissions, fulfil their obligations for green and low-carbon development, and bear liability for any damage caused thereby. Enterprises subject to pollutant discharge permit management shall obtain pollutant discharge permits and discharge pollutants in accordance with the requirements thereof. Those without a valid pollutant discharge permit shall not discharge pollutants.

Enterprises violating the Ecological Environment Code shall be ordered to rectify, fined, or ordered to suspend production or use, depending on the severity of the violation. Violations of the Ecological Environment Code that constitute a crime shall be subject to criminal liability in accordance with the law.

Regulations on Environmental Protection Management of Construction Projects

According to the Regulations on Environmental Protection Management of Construction Projects promulgated by the State Council on November 29, 1998, last amended on July 16, 2017, and effective as of October 1, 2017. Upon completion of a construction project, the construction unit shall inspect the completed environmental protection facilities and prepare an acceptance report in accordance with the rules and procedures stipulated by the national environmental protection authorities. Only construction projects that have been accepted as qualified may commence operations or be made available for use. The Ministry of Environmental Protection (abolished) ("**MEP**") promulgated and implemented the Interim Measures for Environmental Protection Acceptance upon Completion of Construction Projects on November 20, 2017. The Measures specify the procedures and standards for construction units to conduct environmental acceptance inspections upon completion of relevant projects.

Regulations on the Administration of Pollutant Discharge Permits

Pursuant to the Regulations on the Administration of Pollutant Discharge Permits promulgated by the State Council on January 24, 2021, amended and effective from March 1, 2021, discharging entities subject to pollutant discharge permit management shall apply for and obtain a pollutant discharge permit. The Regulations implement key management, simplified management, and pollutant discharge registration management based on the extent of environmental impact caused by pollutant discharging entities. The discharge permit is valid for five years. Discharging entities must apply for renewal before expiration and shall, in accordance with the law, complete amendment procedures or reapply when discharge information changes.

Laws and Regulations on Companies

According to the latest revision of the Company Law of the People's Republic of China (the **"Company Law"**) enacted by the Standing Committee of the National People's Congress on December 29, 2023, and effective as of July 1, 2024, both limited liability companies and joint-stock limited companies established within the territory of the People's Republic of China possess legal personality. Shareholders of a limited liability company shall be liable to the company only to the extent of their subscribed capital contributions. Shareholders of a joint-stock company shall be liable to the company only to the extent of their subscribed shares. The Company Law also applies to foreign-invested enterprises. Where foreign investment laws contain special provisions, such provisions shall apply.

Laws and Regulations on Foreign Investment

The Foreign Investment Law of the People's Republic of China ("**Foreign Investment Law**") was promulgated on March 15, 2019, and took effect on January 1, 2020. It superseded the Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures, the Law of the People's Republic of China on Sino-Foreign Cooperative Joint Ventures, and the Law of the People's Republic of China on Wholly Foreign-Owned Enterprises. The State Council promulgated the Implementing Regulations of the Foreign Investment Law of the People's Republic of China ("**Implementing Regulations**") on December 26, 2019. These regulations took effect on January 1, 2020, superseding the Implementing Regulations of the Sino-Foreign Equity Joint Venture Enterprise Law of the People's Republic of China, the Provisional Regulations on the Term of Sino-Foreign Equity Joint Ventures, the Detailed Rules for the Implementation of the Law of the People's Republic of China on Sino-Foreign Cooperative Joint Ventures, and the Detailed Rules for the Implementation of the Law of the People's Republic of China on Wholly Foreign-Owned Enterprises. These Regulations further elaborate on the provisions of the Foreign Investment Law to ensure its effective implementation.

According to the "Regulations on Guiding the Direction of Foreign Investment" promulgated by the State Council on February 11, 2002 and effective as of April 1, 2002, foreign investment projects are classified into four categories: encouraged, permitted, restricted, and prohibited. Foreign investment projects falling under the encouraged, restricted, and prohibited categories are listed in the Catalogue of Industries Encouraging Foreign Investment and the Special Administrative Measures for Foreign Investment Access (Negative List) ("**Negative List**"). Foreign investment projects not classified as encouraged, restricted, or prohibited shall be categorised as permitted foreign investment projects.

The Negative List, issued by the National Development and Reform Commission ("**NDRC**") and the Ministry of Commerce on September 6, 2024, and effective as of November 1, 2024, specifies industries that are "prohibited" and "restricted" for foreign investment. Investment in industries covered by restricted categories in the negative list must obtain permits issued by the competent authorities.

The Foreign Investment Law regulates investment activities conducted directly or indirectly within China by foreign natural persons, enterprises, or other organizations. Investment activities include establishing foreign-invested enterprises in China, acquiring shares, equity interests, property interests, or other similar rights and interests in enterprises, investing in new projects in China, and undertaking other investments as prescribed by laws, administrative regulations, or the State Council. Under the Foreign Investment Law, the Chinese government provides foreign investors with pre-establishment national treatment plus a negative list management system. Accordingly, foreign investors and their investments receive treatment no less favourable than that accorded to domestic investors and their investments during the investment access phase. For foreign investments outside the scope of the negative list, the state grants national treatment, which stipulates special administrative measures for market access applicable to foreign investments in specific sectors.

Laws and Regulations on Dividend Distribution

The Company Law sets forth the principal regulations concerning dividend distribution. Dividend distributions by wholly foreign-owned enterprises are further regulated by the Foreign Investment Law and its implementing regulations.

Under such laws and regulations, Chinese companies (including wholly foreign-owned enterprises) may only pay dividends from their accumulated profits (if any) as determined in accordance with Chinese accounting principles. In addition, under Chinese accounting principles, Chinese companies (including wholly foreign-owned enterprises) must retain at least 10% of their post-tax profits annually as statutory reserves until the accumulated amount of these reserves reaches 50% of their registered capital. Such reserves shall not be distributed as cash dividends. In addition, wholly foreign-owned enterprises in China must also retain funds as appropriate and in accordance with their articles of association for employee incentives and benefits. Such reserves or funds shall not be distributed as dividends.

LAWS AND REGULATIONS ON TAX

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the People's Republic of China ("**Enterprise Income Tax Law**"), promulgated by the National People's Congress on March 16, 2007, and last amended and effective as of December 29, 2018 by the Standing Committee of the National People's Congress, and the Enterprise Income Tax Law of the People's Republic of China Implementation Regulations (2024 Revision) ("**Enterprise Income Tax Law Implementation Regulations**") promulgated by the State Council on December 6, 2007, revised on December 6, 2024, and effective on January 20, 2025, enterprises and other organizations deriving income shall pay enterprise income tax. Under the Enterprise Income Tax Law, enterprises are classified as resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise established within China, or one established under the laws of a foreign country (or region) but with its place of effective management within China, which is subject to a uniform 25% corporate income tax rate on its worldwide income. It is also stipulated that qualified "small and low-profit enterprises" shall be subject to a reduced corporate income tax rate of 20%, while "high-tech enterprises" in industries prioritized by the Chinese government shall be subject to a reduced corporate income tax rate of 15%. In certain circumstances, enterprise income tax may be exempted or reduced, or enterprise income tax incentives may be granted.

Dividend Tax

Under the Enterprise Income Tax Law, dividend and other equity investment income (referring to investment income derived from a resident enterprise's direct investment in another resident enterprise) between qualified Chinese resident enterprises is exempt from taxation.

According to the Notice of the State Administration of Taxation on Issues Concerning the Implementation of Dividend Provisions in Tax Treaties, effective on February 20, 2009, to qualify for the preferential tax rate stipulated in the tax treaty, all of the following requirements must be met: (1) The tax resident receiving the dividends must be limited to a company as defined by the tax treaty; (2) The proportion of equity and voting shares in the Chinese resident company directly held by the tax resident must meet the percentage specified in the tax treaty; and (3) The tax resident must directly hold equity in the Chinese resident company at any time within the twelve consecutive months preceding the receipt of dividends, and such holding

must meet the percentage specified in the tax treaty. On February 3, 2018, the State Administration of Taxation issued the Announcement on Issues Concerning "Beneficial Owners" in Tax Treaties (effective on April 1, 2018), providing clearer guidelines and adopting a comprehensive assessment approach to determine whether a company qualifies as a beneficial owner–a prerequisite for enjoying preferential tax rates on dividends.

According to the "Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Benefits" promulgated by the State Taxation Administration on October 14, 2019, and effective as of January 1, 2020, non-resident taxpayers shall enjoy treaty benefits under the principle of "self-assessment, declaration-based enjoyment, and retention of relevant documentation for inspection". Non-resident taxpayers who independently determine that they meet the conditions for claiming treaty benefits may, in accordance with the provisions of these measures, claim such benefits either when filing their tax returns or through the withholding agent when filing the withholding tax return. They shall simultaneously compile and retain relevant data for future reference, and accept subsequent management by the tax authorities.

Value-Added Tax

Pursuant to the Value-Added Tax Law of the People's Republic of China promulgated on December 25, 2024, and effective as of January 1, 2026, all entities and individuals engaged in the sale of goods, processing or repair services, the sale of services, intangible assets, or real estate within China, as well as the importation of goods, shall pay value-added tax on the value added generated from processing, production, sales, or services. Such entities and individuals shall be deemed taxpayers of value-added tax ("**VAT**") and shall be liable for VAT payment. Unless otherwise specified, the value-added tax rate shall be 13% for taxpayers selling goods, services, tangible movable property leasing services, or importing goods. Taxpayers selling transportation, postal, basic telecommunications, construction, or real estate leasing services; selling real estate; transferring land use rights; or selling or importing the following goods shall be subject to a 9% tax rate. Taxpayers selling services or intangible assets shall be subject to a 6% tax rate.

Laws and Regulations on Land

According to the Land Administration Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on June 25, 1986, last amended on August 26, 2019, and effective as of January 1, 2020, and the Implementation Regulations for Land Administration Law of the People's Republic of China, promulgated by the State Council on January 4, 1991, last amended on July 2, 2021, and effective as of September 1, 2021, land in China is owned by the state or collectively. State-owned land and land collectively owned by farmers may be allocated for use by organizations or individuals according to law. The legally registered ownership and right to the use of land shall be protected by law and may not be infringed upon by any entities or individuals. For the temporary use of state-owned land or land collectively owned by farmers for construction projects or geological surveys, approval shall be granted by the competent natural resources department of the people's government at or above the county level. Land users shall enter into temporary land use contracts with the relevant natural resources authorities or rural collective economic organizations and village committees based on land ownership, and pay temporary land use compensation fees in accordance with the terms of the contract. The term for temporary land use shall generally not exceed two years.

LAWS AND REGULATIONS ON ENGINEERING CONSTRUCTION

Construction Project Planning Permit

According to the Urban and Rural Planning Law of the People's Republic of China, promulgated by the Standing Committee of the National People's Congress on October 28, 2007, and last amended on April 23, 2019, any construction unit or individual undertaking the construction of buildings, structures, roads, pipelines, or other engineering projects within the planning areas of cities or towns shall apply to the competent urban and rural planning authority of the city or county people's government, or to the town people's government designated by the people's government of a province, autonomous region, or municipality directly under the central government, for a construction project planning permit.

Construction Project Construction Permit

According to the Construction Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on November 1, 1997, and last amended and implemented on April 23, 2019, prior to the commencement of construction projects, the construction unit shall apply to the construction administrative department of the people's government at or above the county level where the project is located for a construction permit in accordance with relevant national regulations; however, this requirement does not apply to small-scale projects below the threshold determined by the construction administrative department of the State Council.

Completion Acceptance of Construction Projects

According to the Regulations on Quality Management of Construction Projects promulgated and implemented by the State Council on April 23, 2019, the construction unit shall, prior to commencement of work, complete the procedures for engineering quality supervision in accordance with relevant national provisions. These procedures may be combined with the application for a construction permit or the submission of a commencement report. Upon receiving the construction project completion report, the construction unit shall organise the relevant units, including the design unit, construction unit, and engineering supervision unit, to conduct the completion acceptance. Construction projects may only be delivered for use after passing the completion acceptance.

Laws and Regulations on House Leasing

According to the "Measures for the Administration of Commercial Housing Leases" promulgated by the Ministry of Housing and Urban-Rural Development of the People's Republic of China on December 1, 2010, and effective as of February 1, 2011, within thirty days after the conclusion of a housing lease agreement, the parties to the lease shall register and file the lease with the competent construction (real estate) authority of the Chinese government at the municipal, city, or county level where the leased property is located. Violations of these regulations shall be ordered to be rectified within a specified time limit by the competent construction (real estate) authorities of the municipal, city, or county governments. Individuals or entities failing to rectify violations within the specified time limit shall be subject to fines.

LAWS AND REGULATIONS ON THE IMPORT AND EXPORT OF PRODUCTS

The Foreign Trade Law of the People's Republic of China

Pursuant to the Foreign Trade Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on May 12, 1994, and last amended on December 27, 2025, the filing registration system for foreign trade operators shall be abolished on and from December 30, 2022. The Chinese government implements a system of free import and export of goods and technology, except as otherwise provided by laws and administrative regulations. By December 30, 2022, foreign trade operators engaged in the import or export of goods or technology shall complete filing registration with the competent foreign trade authority of the State Council or its designated agency, except where otherwise stipulated by laws, administrative regulations, or the competent foreign trade authority of the State Council. If a foreign trade operator fails to go through the filing and registration procedures in accordance with regulations, the customs shall not handle the formalities for customs declaration, inspection and release of imported and exported commodities.

The Law of the People's Republic of China on Import and Export Commodity Inspection

Pursuant to the Law of the People's Republic of China on Import and Export Commodity Inspection, as last amended by the Standing Committee of the National People's Congress on April 29, 2021, and effective on the same date, and the Regulations for Implementation of the Law of the People's Republic of China on Import and Export Commodity Inspection, as last amended by the State Council on March 29, 2022, and effective on May 1, 2022, and with certain provisions repealed on August 15, 2026, the General Administration of Customs of the People's Republic of China is responsible for overseeing the inspection of imported and exported commodities nationwide. Its subordinate entry-exit inspection and quarantine agencies conduct inspections on imported and exported commodities listed in the catalogue, as well as other imported and exported commodities required by laws and administrative regulations to undergo inspection by entry-exit inspection and quarantine agencies. For import and export commodities other than those subject to the aforementioned inspections, entry-exit inspection and quarantine agencies shall conduct random sampling inspections in accordance with national regulations. Imported goods that require inspection but have not undergone inspection shall not be sold or used. Export goods that are subject to mandatory inspection but have not been inspected or have failed inspection shall not be exported. The consignee or consignor of imported or exported goods may handle inspection declaration procedures independently or entrust an inspection declaration agency to handle them.

Laws and Regulations on Customs

According to the Customs Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on January 22, 1987, and most recently amended and effective as of April 29, 2021, the Customs of the People's Republic of China is the state organ responsible for supervising and administering the entry and exit of goods across the national border. The Customs is responsible for supervising the entry and exit of vehicles, goods, luggage, postal items, and other articles across the customs border, and for collecting customs duties and other taxes and fees. The consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall register with the customs in accordance with law.

Pursuant to the "Administrative Provisions of the Customs of the People's Republic of China on the Registration and Filing of Customs Declaration Entities" as last amended by the General Administration of Customs on May 29, 2018, and effective as of July 1, 2018, as well

as the "Administrative Provisions of the Customs of the People's Republic of China on the Filing of Customs Declaration Entities" promulgated on November 19, 2021, and effective as of January 1, 2022, which shall apply upon the repeal of the aforementioned provisions, registration of customs declaration entities is divided into two categories: registration of customs declaration enterprises (which must obtain registration approval from the direct-reporting customs office at their location or its authorised subordinate customs office before conducting customs declaration operations) and registration of import/export goods consignees/consignors (which does not require additional approval).

Laws and Regulations on Foreign Exchange

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Administration (the "**Foreign Exchange Regulations**") promulgated by the State Council on January 29, 1996, and last amended and effective as of August 5, 2008, foreign exchange income of domestic institutions and individuals may be repatriated to China or deposited overseas. Domestic institutions and individuals making direct investments abroad or engaging in the issuance or trading of overseas securities and derivatives shall register in accordance with the regulations of the foreign exchange administration department of the State Council. Where national regulations require prior approval or filing with the relevant competent authorities, such approval or filing procedures shall be completed before foreign exchange registration.

The Regulations on Foreign Exchange Settlement, Sale, and Payment issued by the People's Bank of China on June 20, 1996, and effective as of July 1, 1996, stipulate that foreign-invested enterprises may conduct foreign exchange settlement, sale, and payment transactions for capital account items only after providing valid commercial supporting documents and obtaining approval from the State Administration of Foreign Exchange of the People's Republic of China. Effective June 1, 2015, and with certain provisions repealed on December 30, 2019, the "Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Management Policies for Direct Investment" ("**Circular No. 13**") stipulated the simplification of procedures for handling foreign exchange transactions related to direct investment. Pursuant to Circular No. 13, banks shall directly review and process foreign exchange registration for domestic direct investment and foreign direct investment.

According to the "Notice of the State Administration of Foreign Exchange on Further Deepening Reforms to Promote Cross-border Trade and Investment Facilitation" issued and implemented on December 4, 2023, the use of foreign exchange income under capital contributions and foreign debt of non-financial enterprises, as well as the Renminbi funds obtained from their exchange, shall adhere to the principles of authenticity and self-use. Such funds shall not be directly or indirectly used for expenditures prohibited by national laws and regulations; Unless otherwise explicitly stipulated, such funds shall not be directly or indirectly used for securities investment or other investment and wealth management activities (except for wealth management products and structured deposits with a risk rating no higher than Level 2); Such funds shall not be used to extend loans to non-affiliated enterprises (except where explicitly permitted by business scope and in the following four designated zones: Lingang New Area of China (Shanghai) Pilot Free Trade Zone, Nansha New Area of China (Guangdong) Pilot Free Trade Zone, Yangpu Economic Development Zone of China (Hainan) Free Trade Port, and Beilun District of Ningbo City, Zhejiang Province); such funds shall not be used to purchase residential properties for non-self-use purposes (except for enterprises engaged in real estate development or real estate leasing operations).

LAWS AND REGULATIONS ON COMBATING UNFAIR COMPETITION

The Anti-unfair Competition Law of the People's Republic of China

According to the Anti-Unfair Competition Law of the People's Republic of China (the "Anti-Unfair Competition Law"), as last amended by the Standing Committee of the National People's Congress on June 27, 2025, and effective as of October 15, 2025, operators shall adhere to the principles of voluntariness, equality, fairness, and good faith in market transactions, and shall comply with laws and commercial ethics. The term "unfair competition practices" as defined in the Anti-Unfair Competition Law refers to acts committed by business operators in their production and business activities that violate the provisions of the Anti-Unfair Competition Law, disrupt the order of market competition, and harm the lawful rights and interests of other business operators or consumers. Operators who violate the provisions of the Anti-Unfair Competition Law shall bear civil liability, administrative liability, and criminal liability according to the specific circumstances.

The Anti-Monopoly Law of the People's Republic of China

According to the Anti-Monopoly Law of the People's Republic of China (the "Anti-Monopoly Law"), as last amended on June 24, 2022, and effective as of August 1, 2022, monopolistic conduct in economic activities within China, as well as monopolistic conduct outside China that has the effect of excluding or restricting competition in the domestic market, shall be subject to the Anti-Monopoly Law. Monopolistic conduct as defined by the Anti-Monopoly Law includes operators entering into monopolistic agreements, operators abusing their market dominance, and business combinations that have or may have the effect of excluding or restricting market competition. Operators who violate the provisions of the Anti-Monopoly Law may be subject to fines, confiscation of illegal gains, and orders to cease illegal activities by the anti-monopoly enforcement authorities.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Patent

Patents in China are primarily protected under the Patent Law of the People's Republic of China, enacted by the Standing Committee of the National People's Congress in 1984 and subsequently amended in 1992, 2000, 2008, and 2020, along with its implementing regulations. The latest applicable Patent Law was promulgated on October 17, 2020, and took effect on June 1, 2021. After a patent for invention or utility model is granted, unless otherwise provided by law, no entity or individual may implement the patent without the patent holder's authorisation. This means no one may manufacture, use, offer for sale, sell, or import the patented product for production or business purposes, or use the patented method, or use, offer for sale, sell, or import products directly obtained by the patented method. After a design patent is granted, no entity or individual may implement the patent without the patent holder's authorisation, meaning they may not manufacture, offer for sale, sell, or import the patented design product for production or business purposes. Upon a finding of patent infringement, the infringer shall undertake to cease the infringing activities, take corrective measures, and compensate for damages. The term of a patent for invention is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all calculated from the filing date.

Trademark

Pursuant to the Trademark Law of the People's Republic of China (2019 Revision) and the Implementing Regulations of the Trademark Law of the People's Republic of China (2014 Revision), entities and individuals who require exclusive trademark rights for their goods or services in production and business operations shall apply to the Trademark Office for trademark registration. The exclusive right to a registered trademark is limited to the trademark as approved for registration and the goods for which it is authorised for use. The validity period of a registered trademark is 10 years, calculated from the date of approval of registration. The trademark registrant may renew the registration within 12 months prior to the expiration date.

The Trademark Law was revised on June 26, 2026, and the revised version will take effect on January 1, 2027. The regulatory overview herein is based on the currently effective 2019 Revision.

Domain Name

According to the "Measures for the Administration of Internet Domain Names" promulgated by the Ministry of Industry and Information Technology of the People's Republic of China ("**MIIT**") on August 24, 2017, and effective as of November 1, 2017, the MIIT is responsible for managing Internet domain names in China. "CN" and "China" shall be the country code top-level domain for China. Domain name services operate on a "first-come, first-served" basis. Domain name registrars provide domain name registration services, require applicants to provide true, accurate, and complete identity information of the domain name holder for registration, and verify the authenticity and completeness of domain name registration data.

LAWS AND REGULATIONS ON LABOUR AND SOCIAL INSURANCE

Labour

According to the Labour Law of the People's Republic of China, promulgated by the Standing Committee of the National People's Congress on July 5, 1994, effective as of January 1, 1995, and most recently amended on December 29, 2018, employers shall establish and improve rules and regulations in accordance with the law to ensure employees enjoy their labour rights.

Pursuant to the Labour Contract Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on June 29, 2007, effective as of January 1, 2008, and amended on December 28, 2012, as well as the Implementing Regulations of the Labour Contract Law of the People's Republic of China promulgated by the State Council and effective as of September 18, 2008, employers and employees shall enter into written labour contracts to establish an employment relationship. The employment contract shall specify the term of employment, duties, compensation, disciplinary provisions, and the conditions for termination of the employment contract. Where an employment relationship has been established but a written employment contract has not been simultaneously entered into, a written employment contract shall be concluded within one month from the date of commencement of employment.

According to the Occupational Disease Prevention and Control Law of the People's Republic of China, promulgated by the Standing Committee of the National People's Congress on October 27, 2001, and amended on December 31, 2011, July 2, 2016, November 4, 2017, and December 29, 2018, occupational disease prevention and control efforts shall adhere to the

principle of "prioritizing prevention and integrating prevention with treatment", implementing categorised management and comprehensive governance. Workers are entitled to occupational health protection under the law. Employers shall provide workers with a work environment and conditions that meet national occupational health standards and hygiene requirements, and shall take measures to ensure workers receive occupational health protection.

Regulations on Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the People's Republic of China promulgated on October 28, 2010, effective as of July 1, 2011, and subsequently amended and effective as of December 29, 2018, as well as the Provisional Regulations on the Collection of Social Insurance Premiums the Regulations on Work-Related Injury Insurance, the Regulations on Unemployment Insurance, and the Trial Measures for Maternity Insurance for Enterprise Employees, employers must register with social insurance institutions and make contributions to social insurance programs, including basic pension insurance, basic medical insurance, maternity insurance, work-related injury insurance, and unemployment insurance. Basic pension insurance, basic medical insurance, and unemployment insurance are jointly funded by employers and employees. Work-related injury insurance and maternity insurance are funded solely by employers. If an employer fails to pay social insurance premiums in full and on time, the social insurance premium collection agency shall order the employer to pay or make up the arrears within a specified period, and shall impose a late payment penalty of 0.05% of the outstanding amount per day from the date of default. If payment is still not made after the deadline, the relevant administrative department shall impose a fine of one to three times the amount of the arrears.

Pursuant to the Housing Provident Fund Administration Regulations, which took effect on April 3, 1999, and were last amended on August 10, 2026, effective from September 20, 2026, employers shall register for housing provident fund contributions with the Housing Provident Fund Management Centre. Following review by the Management Centre, employers shall establish housing provident fund accounts for their employees at the relevant bank. Employers shall also make timely and full contributions to the housing provident fund for their employees.

If the employer still fails to complete the payment and deposit after the specified period expires, the Housing Provident Fund Management Centre may apply to the People's Court for enforcement.

Laws and Regulations on Overseas Direct Investment

The Measures for the Administration of Overseas Investment was promulgated by the Ministry of Commerce on September 6, 2014 and took effect on October 6, 2014. According to the Measures, overseas investment refers to the act by enterprises lawfully established within China of acquiring ownership, control, and operational management rights of non-financial enterprises abroad through establishment, mergers and acquisitions, or other means, or of obtaining such rights in existing non-financial enterprises. If an enterprise's overseas investment involves sensitive countries, regions, or industries, it must undergo approval management. Other overseas investments shall be subject to filing management. Local enterprises must register with the provincial commerce authorities in their respective locations. Enterprises that meet the relevant requirements shall be registered by the provincial-level commerce authorities, which shall issue certificates for overseas investment to them.

The Measures for the Administration of Enterprise Overseas Investment were promulgated by the NDRC on December 26, 2017, and took effect on March 1, 2018. Under these Measures, sensitive overseas investment projects undertaken by Chinese enterprises either directly or through their overseas controlled entities must be approved by the NDRC. Additionally, non-sensitive overseas investment projects undertaken directly by Chinese enterprises must be filed with the NDRC or the development and reform departments of provincial-level governments. For Chinese enterprises undertaking substantial non-sensitive overseas investment projects through their overseas-controlled entities, where the investment amount reaches US$300 million or more, such Chinese enterprises must submit detailed reports on these substantial non-sensitive projects to the NDRC prior to implementing such projects. Where a Chinese resident acting as a natural person makes overseas investments through an overseas enterprise under its control, these Measures shall apply mutatis mutandis. Subsequently, on January 31, 2018, the NDRC issued the Catalogue of Sensitive Industries for Overseas Investment (2018 Edition), which took effect on March 1, 2018. Pursuant to this catalogue, enterprises undertaking overseas investments in certain industries are subject to restrictions, including but not limited to new media, real estate, and the hotel industry.

Regulations on the Overseas Issuance of Securities and Listing by Domestic Enterprises

The Securities Law of the People's Republic of China (the "Securities Law"), as last amended by the Standing Committee of the National People's Congress on December 28, 2019, and effective as of March 1, 2020, has comprehensively regulated activities within China's securities markets, including securities issuance and trading, acquisitions of listed companies, stock exchanges, and securities firms, as well as the duties of securities regulatory authorities. The Securities Law further stipulates that Chinese enterprises issuing securities directly or indirectly overseas or listing securities abroad shall comply with the relevant provisions of the State Council. Specific measures for subscribing to and trading shares of domestic Chinese companies in foreign currencies shall be separately prescribed by the State Council. The CSRC is the securities regulatory authority established by the State Council. It is responsible for supervising and regulating the securities market in accordance with the law, maintaining market order, and ensuring the lawful operation of the market. Currently, the issuance and trading of H shares are primarily governed by regulations and rules promulgated by the State Council and the CSRC.

The CSRC issued the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (the "**Trial Measures**") along with five supporting guidelines on February 17, 2023, which took effect on March 31, 2023. The Trial Measures comprehensively upgrade and reform the existing regulatory framework governing Chinese enterprises issuing securities and listing overseas, adopting a filing-based regulatory system to oversee both direct and indirect overseas securities issuances and listings by Chinese enterprises. Under the Trial Measures, Chinese enterprises intending to issue securities or list on overseas markets, either directly or indirectly, shall file with the CSRC within three (3) business days after submitting listing application documents to overseas regulatory authorities, and shall report relevant materials.

RELEVANT LAWS AND REGULATIONS IN HONG KONG

Regulations Relating to Business Registration

The Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every person carrying on any business to make application to the Commissioner of Inland Revenue in the prescribed manner for the registration of that business. The Commissioner of Inland Revenue must register each business for which a business registration application is

made and as soon as practicable after the prescribed business registration fee and levy are paid, issue a business registration certificate or branch registration certificate for the relevant business or the relevant branch as the case may be.

Regulations Relating to Taxes

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) ("IRO") is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business.

The Inland Revenue (Amendment) (No. 3) Ordinance 2018 was enacted on March 29, 2018 (the "IRO Amendment Bill"), which introduces the two-tiered profit tax rates regime, i.e., the first HK$2 million of profit of the qualifying group entity will be taxed at 8.25%, and profit above HK$2 million will be taxed at 16.5%. The profit of group entity not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, starting from the year of assessment 2018/19, the Hong Kong profit tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profit and at 16.5% on the estimated assessable profit above HK$2 million for the qualifying group entity.

The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

RELEVANT LAWS AND REGULATIONS IN POLAND

Corporate and commercial law

The principal legislation governing the incorporation, organisation and operation of limited liability companies in Poland is the Act of September 15, 2000 — the Commercial Companies Code (pol. *Kodeks spółek handlowych*, Journal of Laws of 2000, No. 94, item 1037, as amended) (the "**Commercial Companies Code**").

Pursuant to the Commercial Companies Code, a limited liability company has legal personality and is liable for its obligations with all of its assets. The Commercial Companies Code regulates, inter alia, the corporate structure of a limited liability company, including its governing bodies, representation rules and internal management. The Commercial Companies Code also governs key corporate matters, including, among others, the rules concerning the transfer and encumbrance of shares, increases and decreases of the share capital, amendments to the articles of association, as well as mergers, divisions and transformations of companies. As a general principle, the Commercial Companies Code is of a framework and dispositive nature.

Foreign Investment and Capital Controls

Polish law does not impose restrictions on the establishment or operation of commercial enterprises by foreign investors. As a member state of the European Union, Poland ensures the free movement of capital. As a result, foreign investors are permitted to acquire and hold equity interests in Polish companies and to conduct business activities in Poland.

Notwithstanding the above, certain foreign investment transactions may be subject to regulatory review mechanisms aimed at protecting public order, public security or public health. The principal legislation governing such review is the Act of July 24, 2015 on the Control of Certain Investments. This Act establishes a framework for the screening of transactions that may result in the acquisition of a significant shareholding or control over Polish entities. Under the Act, transactions subject to potential review include, among others, the acquisition of shares or equity interests, the acquisition of an enterprise or an organised part of an enterprise, or other arrangements that result in obtaining significant influence or a dominant position in a Polish company.

Competence to conduct proceedings under the Act is vested in the authority designated by law. In addition, Poland participates in the European Union framework for the screening of foreign direct investments established under Regulation (EU) 2019/452, which provides for cooperation and information exchange in relation to investments that may affect security or public order.

Separately from the foreign investment control regime described above, certain sector-specific statutory restrictions may apply to transactions involving foreign investors. In particular, Polish law provides for limitations with respect to the acquisition of agricultural land and certain types of real estate, by investors who are not citizens or entities of the European Union or the European Economic Area.

Environmental Protection and Chemical Substances Regulations

The principal national legislation governing environmental protection includes, in particular, the Act of April 27, 2001 — Environmental Protection Law, the Act of December 14, 2012 on Waste, the Act of July 20, 2017 — Water Law, as well as legislation governing environmental impact assessments and access to environmental information.

Such laws and regulations may require companies to obtain and maintain various administrative decisions and permits, including, among others, decisions on environmental conditions, permits relating to emissions to air or water, noise emissions, waste generation and management, and, where applicable, integrated permits covering multiple environmental aspects of industrial activity.

Failure to comply with environmental regulations may result in administrative measures, financial penalties and, in certain circumstances, civil or criminal liability.

In addition to the general environmental regime, activities involving chemical substances are subject to directly applicable European Union regulations, in particular Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (**REACH**) and Regulation (EC) No. 1272/2008 on the classification, labelling and packaging of substances and mixtures (**CLP**). These regulations impose obligations on manufacturers and other market participants relating to the registration of chemical substances.

Labour Law and Employment

Employment relationships in Poland are primarily governed by the Act of June 26, 1974 — the Labour Code. These provisions regulate the rights and obligations of employers and employees.

Under Polish labour law, the standard working time system is based on a maximum of eight hours per day and an average of forty hours per week.

Polish labour law recognises various forms of employment, including employment based on employment contracts and, separately, civil law contracts. Employment contracts may be concluded for an indefinite period, a fixed term or, in limited cases, for a probationary period. Employment contracts provide employees with statutory employment. Civil law contracts, such as contracts of mandate or contracts for specific work, are governed by the Civil Code and do not constitute employment relationships within the meaning of the Labour Code.

Employers are also required to comply with occupational health and safety obligations, including ensuring safe working conditions. Compliance with labour law regulations is subject to supervision by the National Labour Inspectorate, which is authorised to conduct inspections and impose administrative measures in cases of non-compliance.

In addition, the employment of foreign nationals is subject to specific statutory requirements relating to work permits and residence permits, depending on the nationality of the employee and the nature of the work performed. Employers are required to ensure that foreign employees are legally authorised to work in Poland prior to commencement of employment.

Trade Unions

Trade unions and collective labour relations in Poland are governed primarily by the Act of May 23, 1991 on Trade Unions. Polish law guarantees employees the freedom of association, including the right to establish and join trade unions. Trade unions are entitled to represent and protect the rights and interests of employees in matters relating to employment, working conditions and remuneration. Where a trade union operates within an undertaking, the employer is required to cooperate with such trade union within the scope and on the terms provided by law. This cooperation may include, among others, consultation or agreement with the trade union in specific matters expressly provided for by statute, such as selected employment-related decisions or the adoption of internal regulations.

Collective labour disputes between employers and employees may arise in relation to working conditions, remuneration, social benefits or trade union rights and freedoms.

In addition, employee information and consultation rights are regulated by the Act of April 7, 2006 on Informing and Consulting Employees, which implements relevant European Union legislation. Under this Act, enterprises meeting statutory thresholds may be required to establish employee representative bodies (works councils) with rights to receive information and be consulted on specified matters.

Laws and Regulations on Work Safety and Occupational Health

Work safety and occupational health in Poland are governed primarily by the Act of June 26, 1974 — the Labour Code, together with implementing regulations and sector-specific legislation.

Under Polish law, employers are required to organise work in a manner ensuring occupational safety, provide employees with appropriate training and personal protective equipment. Employers are also required to ensure that machinery comply with applicable safety standards. Employers are further required to conduct medical examinations of employees, maintain occupational health documentation and cooperate with occupational health service providers. In the event of workplace accidents or occupational diseases, employers must comply with statutory reporting, investigation and remedial obligations.

Taxation

The general corporate income tax rate in Poland is 19%, while a reduced rate may apply in certain circumstances provided by law. Taxable income is calculated as the difference between taxable revenues and tax-deductible costs, in accordance with statutory rules.

VAT is governed primarily by the Act of March 11, 2004 on Value Added Tax, which implements the relevant European Union VAT directives. VAT is generally charged at the standard rate applicable in Poland, subject to reduced rates or exemptions in specific cases provided by law. Taxpayers are required to register for VAT purposes, maintain appropriate records, issue VAT invoices and submit periodic VAT returns. The VAT system allows for the deduction of input VAT, subject to compliance with statutory requirements.

Payments of dividends, interest or royalties, may be subject to withholding tax in Poland. The applicable withholding tax rates may be reduced or eliminated under applicable double taxation treaties, provided that statutory conditions are met, including documentation and beneficial ownership requirements.

Transactions between related parties are subject to transfer pricing regulations, which require that such transactions be conducted on an arm's length basis. Polish tax law imposes documentation and reporting obligations in respect of related party transactions, including the preparation of transfer pricing documentation and the submission of information to tax authorities. Failure to comply with transfer pricing requirements may result in additional tax liabilities and penalties.

Competition and Antitrust Law

Polish and European Union competition is designed to ensure the proper functioning of markets and to prevent practices that restrict or distort competition. The principal national legislation governing competition matters in Poland is the Act of February 16, 2007 on Competition and Consumer Protection, supplemented, where applicable, by directly enforceable provisions of European Union law, including Articles 101 and 102 of the Treaty on the Functioning of the European Union.

Polish competition law prohibits agreements, arrangements or concerted practices between undertakings that have as their object or effect the prevention, restriction or distortion of competition. Such prohibitions apply irrespective of the legal form of the arrangement and cover both horizontal and vertical relationships, including agreements relating to price-fixing, market sharing, output limitations or the coordination of competitive behaviour. Agreements or practices that infringe competition law may be declared null and void and may give rise to administrative sanctions.

Competition law further prohibits the abuse of a dominant position on a relevant market. A dominant position is generally understood as a position that enables an undertaking to conduct that may constitute an abuse includes, among others, imposing unfair prices or trading conditions, limiting production, markets or technical development, or applying dissimilar conditions to equivalent transactions with other trading partners.

Certain concentrations of undertakings, including mergers, acquisitions of control and the creation of joint ventures, may be subject to mandatory merger control notification and prior clearance requirements. Transactions meeting specified turnover thresholds must be notified to the President of the Polish Office of Competition and Consumer Protection before their implementation. In cases of infringement, undertakings may be subject to significant financial penalties calculated by reference to their turnover, as well as to other remedial or corrective measures. In addition, certain infringements may give rise to civil liability for damages.

Where an agreement, practice or transaction may affect trade between member states of the European Union, European Union competition law may apply concurrently with national law, and Polish authorities cooperate with the European Commission and other national competition authorities within the European Union enforcement framework.

Special Economic Zone/Polish Investment Zone

The Polish Investment Zone regime provides investment incentives throughout the entire territory of Poland, subject to statutory conditions. Under the Polish Investment Zone framework, investors carrying out new investments may obtain an administrative decision granting the right to benefit from public aid in the form of corporate income tax exemptions. Such exemptions apply to income generated from eligible activities carried out within the scope of the supported investment. The availability, duration and intensity of the tax exemption depend on a number of factors, including the location of the investment, the value of eligible investment expenditures or newly created jobs, and the size of the enterprise. The right to benefit from tax exemptions under the Polish Investment Zone is conditional upon compliance with the terms set out in the relevant decision on support, including obligations relating to the completion and maintenance of the investment, minimum expenditure levels, employment commitments and the duration of business activity. Failure to comply with these conditions may result in the loss or limitation of the granted tax benefits.

The Polish Investment Zone regime operates in accordance with applicable European Union state aid regulations. Accordingly, tax incentives granted under this framework are subject to EU rules on regional aid and must comply with maximum aid intensity thresholds applicable to the relevant region and type of investment.

LAWS AND REGULATIONS IN MALAYSIA

Licensing and Permit Requirements

Business Premise Licence

The Local Government Act 1976 empowers local authorities to grant licences or permits for any trade, occupation or premises and to pass their own. Pursuant to this, the Kulim Municipal Council passed the by-laws to regulate the issuance of trade and business licences as well as advertisement licences. The Licensing of Premises for Trades, Business and Industries By-Laws 2010 which provides that no person may use a place or premises within the Kulim Municipal Council's area for any trade, business or industry without a licence. The Council may issue a license for any period not exceeding three years and it may be renewed, subject to the payment of fees as prescribed in the Schedule. Failure to obtain and hold this licence constitutes an offence, which, on conviction, is punishable by a fine not exceeding RM2,000 and/or by imprisonment of a term not exceeding 1 year with a further fine not exceeding MYR200 for each day of non-compliance.

Manufacturing Licence under the Industrial Coordination Act 1975

The Industrial Co-ordination Act 1975 ("**ICA 1975**") requires a person engaging in a manufacturing activity to first obtain a manufacturing licence. The ICA 1975 defines manufacturing activity to mean "the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade". Failure to obtain the manufacturing licence constitutes an offence punishable on conviction by a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 for every day during which such default continues.

This licensing requirement only applies to companies with shareholders' funds of RM2.5 million and above or employing 75 or more full-time paid employees.

Building Occupation under the Street, Drainage and Building Act 1974

The Street, Drainage and Building Act 1974 ("**SDBA 1974**") provides for uniformity of law and policy in relation to street, drainage and buildings in Peninsular Malaysia, including the power of the ruler or governor to make uniform building by-laws necessary to carry out the provisions of the SDBA 1974.

The uniform building by-laws requires the issuance of the certificate of completion and compliance ("**CCC**") for the occupation of buildings. It is a self-certification regime whereby a CCC is issued by a principal submitting person who is defined in the SDBA 1974 as a professional architect, professional engineer or building draughtsman registered under the relevant written law. Prior to implementation of the CCC regime on April 12, 2007, local authorities were responsible for the issuance of the certificate of fitness for occupation for buildings.

Pursuant to the SDBA 1974, any person who occupies or permits to be occupied any building or any part thereof without a CCC shall be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both.

Employees' Minimum Standards of Housing, Accommodations dan Amenities Act 1990

The Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("**EMSHAA 1990**") requires any employer who provides accommodation to employees is required to obtain a Certificate of Accommodation ("**COA**"). The COA certifies compliance with the minimum standards prescribed under the EMSHAA 1990 and its subsidiary regulations, including requirements relating to safety, space, sanitation, water supply, electricity, fire precautions and other amenities.

An employer that fails to comply with the requirement to obtain and maintain a valid COA is subject to a fine not exceeding RM50,000.

The use of any premises as employees' accommodation remains subject to the applicable requirements, policies and discretion of the relevant local authorities. Approvals of such use may be withheld or subject to conditions depending on the location and zoning of the premises.

Environmental Protection

Environmental Quality Act 1974

The Environmental Quality Act 1974 and the subsidiary regulations and orders made thereunder regulate activities that may impact the environment, including discharging pollutants, handling scheduled wastes, or operating prescribed industrial premises. Companies are required to obtain licences or approvals from the Department of Environment (DOE) for the prescribed activities such as those requiring an Environmental Impact Assessment (EIA). Companies must also comply with specific standards for pollution control on, for example, air, water, noise, and industrial effluent.

A company that fails to comply with the provisions of the Environmental Quality Act 1974 is subject to a general penalty of a fine not exceeding RM10,000 and/or imprisonment for a term not exceeding 2 years on conviction, unless a specific penalty is prescribed for the offence.

Employment Requirements

Employment Act 1955

The Employment Act 1955 governs the law on employment matters in Peninsular Malaysia and the Federal Territory of Labuan, Malaysia. Save for certain offences, the general penalty in respect of an offence committed under or non-compliance with the Employment Act 1955 is a fine not exceeding RM50,000 on conviction.

Other laws on employment include (i) the Employees Provident Fund Act 1991, which imposes the statutory obligations on employers and employees to make contribution towards the Employees' Provident Fund, which is a fund established as a scheme of savings for employees' retirement and the management of the savings for the retirement purposes; (ii) the Employees' Social Security Act 1969, which imposes the statutory obligations on employers and employees to make contribution towards the Social Security Organisation of Malaysia; (iii) the Employment Insurance System Act 2017, which imposes the statutory obligations on employers and employees to make contribution towards the Employment Insurance System; (iv) and the Income Tax Act 1967, which imposes the statutory obligations on employers to make the relevant monthly tax deductions from employees' wages in accordance with the Inland Revenue Board of Malaysia's ("IRBM") monthly tax deduction mechanism, and remit such deductions to IRBM no later than the 15th day of the following month.

Foreign Exchange Control

There is no prohibition under Malaysian law restricting the making of or the receipt of payments between residents and non-residents (other than the restrictions under the Foreign Exchange Policy Notices issued by the Central Bank of Malaysia, those arising from the Malaysian Anti-Money Laundering, Anti-Terrorism Financing, Anti-Restricted Activity Financing and Proceeds of Unlawful Activities Act 2001 and the Securities Commission Malaysia's Guidelines on Prevention of Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Reporting Institutions in the Capital Market (collectively, the "**Foreign Exchange Prohibitions**") in Ringgit Malaysia (on the basis dividends will be paid to the residents' bank accounts in Malaysia) or foreign currency (other than the currency of Israel), for payment of dividends or subscription for or purchase of securities registered in Malaysia.

In this regard, all payments in Ringgit Malaysia (other than those prohibited under the Foreign Exchange Prohibitions) for repatriation abroad must be converted into foreign currency (other than the currency of Israel) with a licensed onshore bank.

LAWS AND REGULATIONS IN THE KINGDOM OF SAUDI ARABIA

Company Incorporation and Corporate Governance

The incorporation and operation of companies in the Kingdom are primarily governed by the Companies Law (Royal Decree No. M/132 dated June 30, 2022) and its Implementing Regulations, administered by the Ministry of Commerce ("MoC"). The Companies Law sets out requirements for incorporation, corporate governance, shareholder rights, capital structure, and statutory reporting. Companies must submit their articles of association to the MoC and maintain compliance with applicable licensing and registration requirements.

Foreign investment is regulated by the Saudi Investment Law (Royal Decree No. M/19 dated June 22, 2024) and the Foreign Investment Law (Royal Decree No. M/1 dated April 10, 2000) and their respective implementing regulations, administered by the Ministry of Investment of Saudi Arabia ("MISA"). Foreign investors may operate through wholly owned subsidiaries or joint ventures with local partners, subject to applicable licensing and regulatory approvals. Key requirements include obtaining a foreign investment licence (where applicable), commercial registration, and fulfilment of tax and labour registration obligations. Under the Vision 2030 reforms, most sectors, including chemicals manufacturing, are now fully open to foreign participation subject to MISA licensing conditions.

Commercial Registration, Industrial Licensing, and Environmental Compliance

The manufacture of chemicals in the Kingdom requires an Industrial Licence from the Ministry of Industry and Mineral Resources ("MIMR"), confirming compliance with technical, safety, and operational standards. Chemical manufacturers must additionally comply with environmental regulations under the Environmental Law (Royal Decree No. M/34 dated November 24, 2001) and obtain approvals for emissions, effluent discharge, and waste management from the Saudi Environmental Authority. Non-compliance may result in fines, suspension, or revocation of licences.

Import and Technical Regulations

Importation of raw materials, chemicals, and equipment is subject to the Customs Law and technical regulations issued by the Saudi Standards, Metrology and Quality Organisation ("SASO"). Imports must comply with applicable standards, including certification and product safety requirements. Non-compliance may result in seizure, recall, or destruction of non-conforming products, and administrative fines of up to SAR 1 million pursuant to the Product Safety Law and SASO Technical Regulations.

Taxation and Zakat

Companies operating in the Kingdom are subject to the Zakat, Tax and Customs Law (Royal Decree No. M/113 dated July 25, 2017, as amended), administered by the Zakat, Tax and Customs Authority ("ZATCA"). The principal obligations are as follows:

- Foreign-owned companies are subject to corporate income tax at a rate of 20% on taxable income.

- Saudi-owned or GCC-owned entities are subject to Zakat, generally calculated at 2.5% of the Zakat base.

- Value Added Tax ("VAT") at a standard rate of 15% applies to the supply of goods and services pursuant to the VAT Law (Royal Decree No. M/113 dated November 2, 2017).

Companies must maintain documentation of all taxable transactions, issue tax invoices, file periodic returns, and comply with inspections or audits conducted by ZATCA. Penalties apply for late filings, incorrect returns, or non-compliance with invoicing and record-keeping requirements.

Labour, Employment, and Social Insurance

Companies operating in the Kingdom must comply with the Labour Law (Royal Decree No. M/51 dated September 27, 2005, as amended), enforced by the Ministry of Human Resources and Social Development ("MHRSD"). Key obligations include registration of employment contracts via the Qiwa platform, compliance with Saudisation requirements under the Nitaqat programme, registration of employees with the General Organisation for Social Insurance ("GOSI"), and compliance with work permit and residency requirements for expatriate employees. Non-compliance may result in fines, suspension of visa issuance, or other administrative sanctions.

Product Safety and Liability

Product safety is governed by the Product Safety Law, the Consumer Protection Law, and relevant SASO technical regulations. Entities manufacturing chemicals must comply with the Civil Defence Regulations for Industrial Facilities, SASO standards for hazardous chemicals, and applicable occupational safety requirements, including proper storage, labelling, fire protection, handling protocols, and emergency response procedures. Entities are liable for damages caused by defective or unsafe chemical products. Penalties include compulsory recalls, compensation to affected persons, and administrative fines.

Real Property Use and Leasing

The use, lease, and management of real property in the Kingdom are governed by the Real Estate Ownership Law for Non-Saudis, the Civil Transactions Law, the Law of Real Estate Registration, and applicable municipal and zoning regulations. Foreign entities may be required to obtain permits or licences from MISA, the MoC, and relevant municipal authorities to use real property for commercial or industrial purposes. Non-compliance may result in administrative penalties, fines, or suspension of property use rights.

Litigation, Arbitration, and Dispute Resolution

Litigation, arbitration, and administrative proceedings in the Kingdom are primarily governed by the Civil and Commercial Procedure Law and the Law of Arbitration (Royal Decree No. M/34 dated May 24, 2012). Judicial proceedings are administered by the Saudi courts under the supervision of the Ministry of Justice. Arbitration is recognised and enforceable in the Kingdom, subject to the requirement that arbitration agreements are in writing and comply with statutory requirements; arbitral awards are enforceable through the competent courts, subject to applicable procedural rules.

Anti-Money Laundering, Anti-Bribery, and Sanctions

Saudi Arabia's framework to combat money laundering and corruption is primarily governed by the Anti-Money Laundering Law (Royal Decree No. M/20 dated 5 February 2018) and the Anti-Bribery Law (Royal Decree No. M/36 dated March 7, 1962). These laws prohibit money laundering, bribery, corruption, and transactions with sanctioned persons or entities. Companies are required to implement appropriate internal controls, maintain records, and report suspicious activities to competent authorities. Breaches may lead to criminal and administrative liability.

Intellectual Property

The Kingdom protects intellectual property through a comprehensive legal framework administered by the Saudi Authority for Intellectual Property ("SAIP"), covering trademarks, patents, copyrights, industrial designs, and trade secrets. Saudi Arabia is a signatory to key international intellectual property treaties, including the Paris Convention, Berne Convention, and Madrid Protocol. Non-compliance with intellectual property laws may result in administrative actions, fines, civil liability, injunctions, and in certain cases criminal liability.

OVERVIEW

Our history can be traced back to 1996, when Zhoubang Chemical was established in Bao'an District, Shenzhen to mainly engage in production and sale of capacitor chemicals under the leadership of Mr. Qin as the general manager. In 2002, in light of the need of production line expansion, Capchem Materials, our predecessor, was established by our Controlling Shareholders Group as a new platform in Longgang District, Shenzhen, so as to enjoy more favourable premise resource and policy flexibilities, while avoiding business disruption. From 2002 to 2004, the management team, key personnel, business relationship and trademarks of Zhoubang Chemical were gradually transferred to Capchem Materials. Following the transition, Zhoubang Chemical ceased operation and was formally deregistered in October 2006.

On April 21, 2008, Capchem Materials was converted into a joint stock limited company and renamed as Shenzhen Capchem Technology Co., Ltd. (深圳新宙邦科技股份有限公司) by our Controlling Shareholders Group (as to 85.39% of the Shares) and other 39 promoters. On January 8, 2010, our A Shares were listed on the Growth Enterprise Market of the Shenzhen Stock Exchange (stock code: 300037). See "Corporate Development and Major Changes in Share Capital and Shareholdings" for more details.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following table sets forth certain key corporate and business development milestones of our Group.

Year	Milestone
1996	Zhoubang Chemical was established and subsequently commenced the manufacture and sale of capacitor chemicals, emerging as one of the early domestic enterprises to enter lithium battery industry.
2002	Capchem Materials was established and commenced the manufacture of lithium-ion battery electrolytes, and has since become our main business platform.
2008	Our Company was converted into a joint stock limited company and renamed Shenzhen Capchem Technology Co., Ltd. (深圳新宙邦科技股份有限公司).
2010	Our Company was successfully listed on the Growth Enterprise Market of the Shenzhen Stock Exchange (stock code: 300037).
2011	We entered into cooperation with renowned Japanese and South Korean enterprises, gaining access to the East Asian International markets.
2012	Huizhou Capchem, our first comprehensive production base, was officially put into operation.
2014	We acquired controlling interests in Zhangjiagang Hicomer Chemical Co., Ltd., entering the electrolyte additives business.

Year	Milestone
2015	We acquired Sanming Hexafluo, entering the field of organic fluorochemicals business.
	We established the semiconductor chemicals business division, marking our entry into the semiconductor chemicals sector.
	We deployed the new type solute LiFSI, a key raw material for lithium-ion battery electrolytes.
2017	We acquired BASF's electrolyte business and its Suzhou facility, and obtained related technical know-how and intellectual property, which accelerated our global expansion in electrolytes.
2018	We established Capchem Poland, Capchem Technology USA Inc., Jingmen Capchem and Hunan Fluopont, thereby increasing our production capacity for battery chemicals.
	We established Fujian Heptafluo, making our entry into the fluoropolymer sector.
2021	The carbonate solvent project of Huizhou Capchem was put into operation, marking our further improvement of the layout for key raw materials of lithium-ion battery electrolytes.
2023	The 40,000 tonnes/Year battery chemicals production line of Capchem Poland and the Phase II project of Sanming Hexafluo (including the nation's first 1,000 tonnes/Year perfluoroisobutyronitrile industrialization production line) were put into operation.
	Sanming Hexafluo and Huizhou Capchem were awarded the "Green Factory" by the Ministry of Industry and Information Technology of the People's Republic of China.
2024	We increased our capital and achieved joint control of Shilei Fluorine Materials, improving the layout of $LiPF_6$, a key raw material for lithium-ion battery electrolytes.
	We were awarded the "2024 LGES Best Partner Award" and the "2024 SAMSUNG SDI Best Partner Award".
2025	We established subsidiaries in Malaysia, the Middle East, South Korea and Japan, further strengthening our manufacturing and sales footprint.
	We have been accredited the Grade A evaluation for information disclosure by the Shenzhen Stock Exchange for four consecutive years.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries which had made a material contribution to our results of operation during the Track Record Period:

Name of Subsidiary	Place of incorporation	Date of incorporation	Equity interest attributable to our Group	Pricipal business activities
Huizhou Capchem	PRC	July 30, 2007	100%	Battery chemicals and electronic information chemicals
Nantong Capchem	PRC	July 26, 2010	100%	Battery chemicals and electronic information chemicals
Suzhou Novolyte	PRC	September 22, 2008	100%	Battery chemicals
Sanming Hexafluo	PRC	August 21, 2007	97.03%	Organic fluorochemicals, battery chemicals and electronic information chemicals.
Jiangsu Hicomer	PRC	March 28, 2014	100%	Battery chemicals
Jiangsu Hicomer Electronic Materials	PRC	May 21, 2021	90.28%	Battery chemicals
Jingmen Capchem	PRC	May 16, 2018	90.50%	Battery chemicals
Hunan Fluopont	PRC	August 27, 2018	51.19%	Battery chemicals
Fujian Heptafluo	PRC	September 7, 2018	87.20%	Organic fluorochemicals
Tianjin Capchem	PRC	June 8, 2021	100%	Battery chemicals and electronic information chemicals
Chongqing Capchem	PRC	January 25, 2022	100%	Battery chemicals
Jiangsu Seals	PRC	April 28, 2023	51.35%	Functional materials
Capchem Poland	Poland	May 8, 2018	90%	Battery chemicals
Capchem Hong Kong	Hong Kong	January 28, 2008	100%	Trading and investment

CORPORATE DEVELOPMENT AND MAJOR CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS

(1) Our Early Development

Our history can be traced back to June 27, 1996 when Zhoubang Chemical was established to mainly engage in production and sale of capacitor chemicals under the leadership of Mr. Qin as the general manager. Upon establishment, Zhoubang Chemical had a registered capital of RMB900,000 and was owned by Mr. Zhou, Ms. Deng and Ms. Zhang Liping (張麗萍) as to 34%, 38% and 28% of the equity interest, respectively. In November 1997, Zhoubang Chemical consequently became owned by Mr. Zhou, Mr. Zheng, Ms. Zhong, Ms. Deng and Ms. Zhang, as to 22.7%, 25.3%, 22.2%, 18.7% and 11.1% of the equity interests, respectively.

On February 19, 2002, Capchem Materials, our predecessor, was established and has gradually become our main business platform. Upon establishment, Capchem Materials was owned by our Controlling Shareholders Group, namely Mr. Qin, Mr. Zhou, Ms. Zhong, Mr. Zheng, Ms. Zhang and Ms. Deng, as to 100% of the equity interest in aggregate, with the registered capital being RMB5.25 million.

(2) Conversion into Joint Stock Limited Company and Listing on the Shenzhen Stock Exchange

In April 2008, our Company was converted into a joint stock limited company and renamed as Shenzhen Capchem Technology Co., Ltd. (深圳新宙邦科技股份有限公司) by our Controlling Shareholders Group (as to 85.39% of the Shares) and other 39 promoters. Among the 39 promoters, Mr. Zhou Aiping (周艾平) is our executive Director, Mr. Jiang Xisong (姜希松) is our president, and Mr. Song Chunhua (宋春華) is a connected person of our Company at the subsidiary level. The remaining 36 promoters are Independent Third Parties.

With the approval by CSRC (Zheng Jian Xu Ke [2009] No. 1385) dated December 15, 2009 and the notice by Shenzhen Stock Exchange (Shen Zheng Shang [2010] No. 7) dated January 8, 2010, our A Shares were listed on the Growth Enterprise Market of the Shenzhen Stock Exchange (stock code: 300037) since January 8, 2010 (the "**A-Share Listing**"). We offered a total of 27,000,000 A Shares in the A-Share Listing, representing 25.23% of our Company's then enlarged share capital. Upon completion of the A-Share Listing, the total share capital of our Company amounted to 107,000,000 A Shares, of which approximately 68,315,680 A Shares, representing 63.85% of the total share capital, were held by our Controlling Shareholders Group and the remaining 36.15% were held by other A Shareholders.

(3) Material Equity Changes Post A-Share Listing

(a) Conversion of Capital Reserves to Share Capital

In April 2012, our Company conducted the conversion of capital reserves into share capital by issuing 64,200,000 new Shares to all Shareholders at a ratio of six new Shares for every 10 existing Shares. Following this conversion, our Company's registered share capital increased to 171,200,000 Shares.

(b) Material Asset Reorganisation

In May 2015, our Company acquired 100% equity interest in Sanming Hexafluo through a combination of share issuance and cash payment, with a total transaction consideration of RMB684 million, among which, 50% (RMB342 million) was settled by issuing an aggregate of 9,426,680 Shares to six then shareholders of Sanming Hexafluo, all of whom were then Independent Third Parties. Concurrently, the Company conducted a non-public offering of 3,394,204 A Shares to qualified independent investors to raise funds of approximately RMB171 million, which was fully utilised to fund the cash consideration for the acquisition of Sanming Hexafluo. The prices for A Shares issued for consideration and funding were determined with reference to the prices of our A Shares and were approved by the then Shareholders and the CSRC. Upon completion, the Company's total share capital increased from 171,200,000 Shares to 184,020,884 Shares.

(c) Conversion of Capital Reserves to Share Capital

In April 2017, our Company conducted the conversion of capital reserves into share capital by issuing 189,217,684 new Shares to all Shareholders at a ratio of ten new Shares for every 10 existing Shares. Following this conversion, our Company's registered share capital increased to 378,435,368 Shares.

(d) Private Placement of Shares

In May 2020, the Company conducted a non-public offering of Shares to 11 qualified subscribers, with a total of 32,758,620 new Shares issued. The additional Shares were listed on the Shenzhen Stock Exchange on May 11, 2020. The subscribers included funds and other financial investment companies, all of which were then Independent Third Parties. The total funds raised from this non-public offering amounted to approximately RMB1,140 million. Subsequent to the offering, the Company's registered share capital increased to 410,792,913 Shares.

(e) Conversion of Capital Reserves to Share Capital

In April 2022, our Company conducted the conversion of capital reserves into share capital by issuing 329,977,850 new Shares to all Shareholders at a ratio of eight new Shares for every 10 existing Shares. Following this conversion, our Company's registered share capital increased to 742,450,163 Shares.

(f) Issuance of 2022 Convertible Bonds

On September 26, 2022, our Company conducted a public offering of convertible bonds (the "**2022 Convertible Bonds**") in the principal amount of RMB1.97 billion with a maturity period of six years, the conversion period of which is from March 30, 2023 to September 25, 2028. The 2022 Convertible Bonds were listed on the Shenzhen Stock Exchange on October 21, 2022 (bond code: 123158). As of the Latest Practicable Date, the remaining number of 2022 Convertible Bonds was 18,045,919, with a remaining par value aggregate of approximately RMB1,804.6 million, none of which was held by members of our Controlling Shareholders Group, our Directors or president. For the principal terms of the 2022 Convertible Bonds, see "Statutory and General Information — A. Further Information about Our Group — 2. Changes in Share Capital of Our Company" in Appendix VI to this document.

(g) Repurchase of A Shares

Since October 28, 2022, our Company has repurchased Shares for the implementation of employee incentive plans. As of October 19, 2023, we had repurchased 2,539,800 Shares as the treasury shares with a total consideration of approximately RMB100 million. On May 18, 2026, all such repurchased Shares were transferred to certain grantees upon satisfaction of their first vesting condition pursuant to terms of the 2025 Restricted Share Incentive Plan and, accordingly, were no longer held by our Company as treasury shares.

Since May 15, 2024, our Company has repurchased Shares for the purpose of cancellation. As of April 30, 2025, we had repurchased 6,104,379 Shares with a total consideration of approximately RMB200 million. The cancellation of such repurchased Shares was completed on May 23, 2025. Subsequent to the completion of the cancellation, our Company's total share capital was adjusted from 753,883,470 Shares to 747,779,091 Shares.

(4) Share Incentive Plans

Since 2016, our Company has adopted various share incentive plans, to attract and retain talents and promote the long-term development of the Company.

The currently effective plan is the 2023 Restricted Share Incentive Plan and the 2025 Restricted Share Incentive Plan (collectively, "**the Effective Restricted Share Incentive Plans**"). The 2023 Restricted Share Incentive Plan has a maximum validity period of 64 months from December 25, 2023, the initial grant date, and our Company intended to grant a total of approximately 11.24 million restricted A Shares. The 2025 Restricted Share Incentive Plan has a maximum validity period of 60 months from April 28, 2025, the initial grant date, and our Company intended to grant a total of 13.57 million restricted A Shares. For more details of the Effective Restricted Share Incentive Plans, see "Statutory and General Information — D. Share Incentive Plans" set out in Appendix VI to this document.

MAJOR ACQUISITIONS AND DISPOSAL

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us or conduct any acquisition that falls within the scope of Rule 4.05A of the Listing Rules.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR [REDACTED] ON THE STOCK EXCHANGE

Our A Shares have been listed on the Shenzhen Stock Exchange since January 2010. Our Directors confirmed, and our PRC Legal Adviser is of the view, that during the Track Record Period and up to the Latest Practicable Date, our Company had complied with all applicable securities laws and regulations in the PRC in all material respects and had no instance of material non-compliance in this regard. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Adviser's view, nothing has come to the Joint Sponsors' attention that would reasonably cause them to cast doubt on our Directors' confirmation with regard to the compliance record of our Company on the Shenzhen Stock Exchange in all material respects.

Our Company seeks to be [**REDACTED**] on the Hong Kong Stock Exchange in order to further advance the Company's globalization strategy, enhance the Company's international brand image and overall competitiveness in global markets, build an international platform for capital operations, optimise the Company's capital structure and shareholder base, and strengthen the Company's corporate governance and core competitiveness. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]" for more details.

PREVIOUS GDR LISTING ATTEMPT

In early 2023, we initiated the possibility of our Company's issuance of global depositary receipts and listing on the SIX Swiss Exchange (the "**Previous GDR Listing Attempt**"), and approached certain professional intermediaries to commence preliminary preparatory work. In May 2023, taking into account uncertainties arising from capital market fluctuations and the Company's business development focus at that time, we voluntarily decided to discontinue with the Previous GDR Listing Attempt, and all relevant preparatory work was ceased. As of the termination of the Previous GDR Listing Attempt, (i) no formal engagement agreements had been entered into with the key professional intermediaries, (ii) no formal proposal had been

submitted to or approved by our management, the Board, the Shareholders' meeting or any other decision-making authority, and (iii) no formal application had been made to relevant regulators or stock exchanges, including the CSRC, the Shenzhen Stock Exchange or the SIX Swiss Exchange.

PUBLIC FLOAT AND FREE FLOAT

Satisfaction of the Public Float Requirement

Rule 19A.13A(2) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of [**REDACTED**], this will normally mean that the portion of H shares for which [**REDACTED**] is sought that are held by the public, at the time of [**REDACTED**], must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3,000,000,000.

The expected market capitalisation of the Company's H Shares (before any exercise of the [**REDACTED**]) will be approximately HK$[**REDACTED**], HK$[**REDACTED**], and HK$[**REDACTED**] calculated based on the [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**] (being the low end, mid-point and high end of the indicative [**REDACTED**] range, respectively), which exceeds the minimum expected market value of not less than HK$3,000,000,000 under Rule 19A.13A(2)(b) of the Listing Rules, thereby satisfying Rule 19A.13A of the Listing Rules.

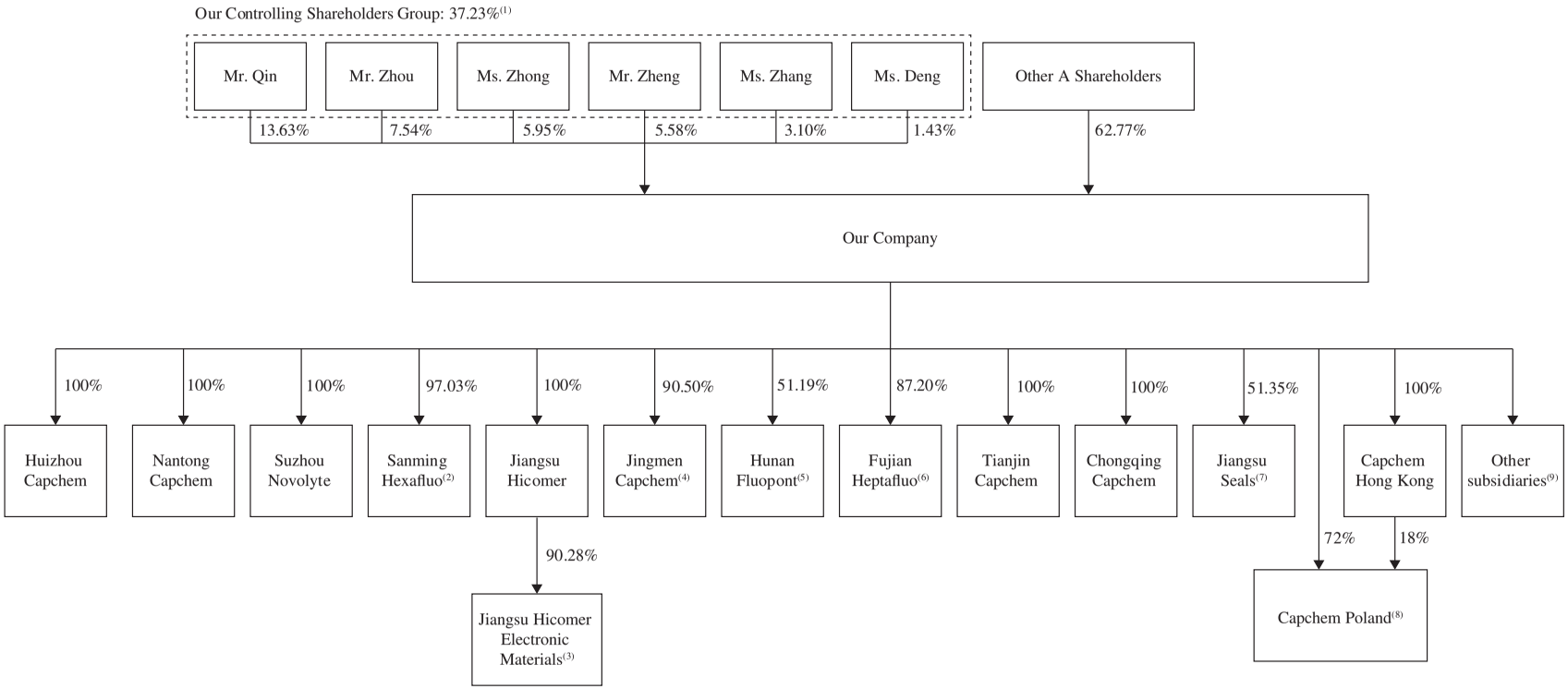
Satisfaction of the Free Float Requirement

Rule 19A.13C(2) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of [**REDACTED**], this will normally mean that the portion of H shares for which [**REDACTED**] is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of [**REDACTED**], must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of [**REDACTED**] (excluding treasury shares), with an expected [**REDACTED**] at the time of [**REDACTED**] of not less than [**REDACTED**]; or (b) have an expected [**REDACTED**] at the time of [**REDACTED**] of not less than [**REDACTED**]. Based on the low end of the indicative [**REDACTED**] range of [**REDACTED**] per H Share, the Company [will] satisfy the free float requirement under Rule 19A.13C(2) of the Listing Rules.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate structure immediately before the [REDACTED]

The following chart sets forth our simplified corporate structure immediately prior to the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised, no additional 2022 Convertible Bonds are converted, no additional A Shares are issued under the Effective Restricted Share Incentive Plans and no changes are made to the issued share capital of our Company and its subsidiaries between the Latest Practicable Date and [**REDACTED**]):



(1) In March 2008, Mr. Qin, Mr. Zhou, Ms. Zhong, Mr. Zheng, Ms. Zhang and Ms. Deng confirmed in the Concert Party Agreement that since the establishment of Shenzhen Capchem, they have acted in concert in all important matters of our Company. Meanwhile, they undertook that, from the date of signing the Concert Party Agreement, they shall act in concert when making decisions on major matters of our Company, including but not limited to exercising voting rights, proposal rights, nomination rights, etc. at shareholders' general meetings, and that if they serve directors of our Company, they shall act in concert when exercising voting rights, proposal rights, nomination rights, etc. at board meetings. In the unlikely event that the Controlling Shareholders Group members have any disagreement, they will continue to consult with each other until a consensus is reached before exercising the relevant voting rights. The Concert Party Agreement is expected to remain effective after the [**REDACTED**]. Ms. Zhang became acquainted with other members of the Controlling Shareholder Group through their alumni relationship, and has previously served within Zhoubang Chemical and the Group. From April 2008 to November 2025, Ms. Zhang consecutively served as a Director and the chairperson of the supervisory committee of the Company. Ms. Zhang currently does not hold any position within the Group due to reaching her retirement age and has no former or existing material disputes or disagreement against the Company. Ms. Deng is the spouse of Mr. Qin.

As of the Latest Practicable Date, a total of 207,107,002 A Shares held by our current or former directors and senior management members (or their successor(s)) were subject to lock-up requirement in accordance with applicable A-share listing rules.

(2) As of the Latest Practicable Date, the remaining 2.97% equity interest in Sanming Hexafluo was held by Mingxi Ningju Investment Partnership (Limited Partnership) (明溪凝聚投資合夥企業(有限合夥)) and Mingxi Fuju Investment Partnership (Limited Partnership) (明溪福聚投資合夥企業(有限合夥)) as to 1.71% and 1.26%, each an Independent Third Party.

(3) As of the Latest Practicable Date, the remaining 9.72% equity interest in Jiangsu Hicomer Electronic Materials was held by Huai'an Hanbang Juneng New Materials Partnership (Limited Partnership) (淮安瀚邦聚能新材料合夥企業(有限合夥)), Mr. Shi Manxing (施滿興), Ms. Wu Jiali (鄔佳麗), Mr. Cao Qi (曹岐) and Mr. Fan Xueguang (范雪光) as to 7.67%, 0.70%, 0.61%, 0.38% and 0.38%, each an Independent Third Party.

(4) As of the Latest Practicable Date, the remaining 9.50% equity interest in Jingmen Capchem was held by EVE Energy Co., Ltd. (惠州億緯鋰能股份有限公司), which is an Independent Third Party except for its holding of the above mentioned 9.50% equity interest.

(5) As of the Latest Practicable Date, the remaining 48.81% equity interest in Hunan Fluopont was held by Nippon Shokubai Co., Ltd. (株式會社日本觸媒), Toyota Tsusho (Shanghai) Co., Ltd. (豐田通商(上海)有限公司) and Changsha Xinlianhuayuan New Energy Partnership (Limited Partnership) (長沙鑫聯華源新能源合夥企業(有限合夥)) as to 38.00%, 5.50% and 5.31%. Among them, Nippon Shokubai Co., Ltd. (株式會社日本觸媒) is a connected person of our Company at the subsidiary level, while both Toyota Tsusho (Shanghai) Co., Ltd. (豐田通商(上海)有限公司) and Changsha Xinlianhuayuan New Energy Partnership (Limited Partnership) (長沙鑫聯華源新能源合夥企業(有限合夥)) are Independent Third Parties.

(6) As of the Latest Practicable Date, the remaining 12.80% equity interest in Fujian Heptafluo was held by Shaowu Conglomeration Investment Centre (Limited Partnership) (邵武凝聚投資中心(有限合夥)) and Shaowu Zhiwei Investment Centre (Limited Partnership) (邵武志偉投資中心(有限合夥)) as to 7.00% and 5.80%, each an Independent Third Party.

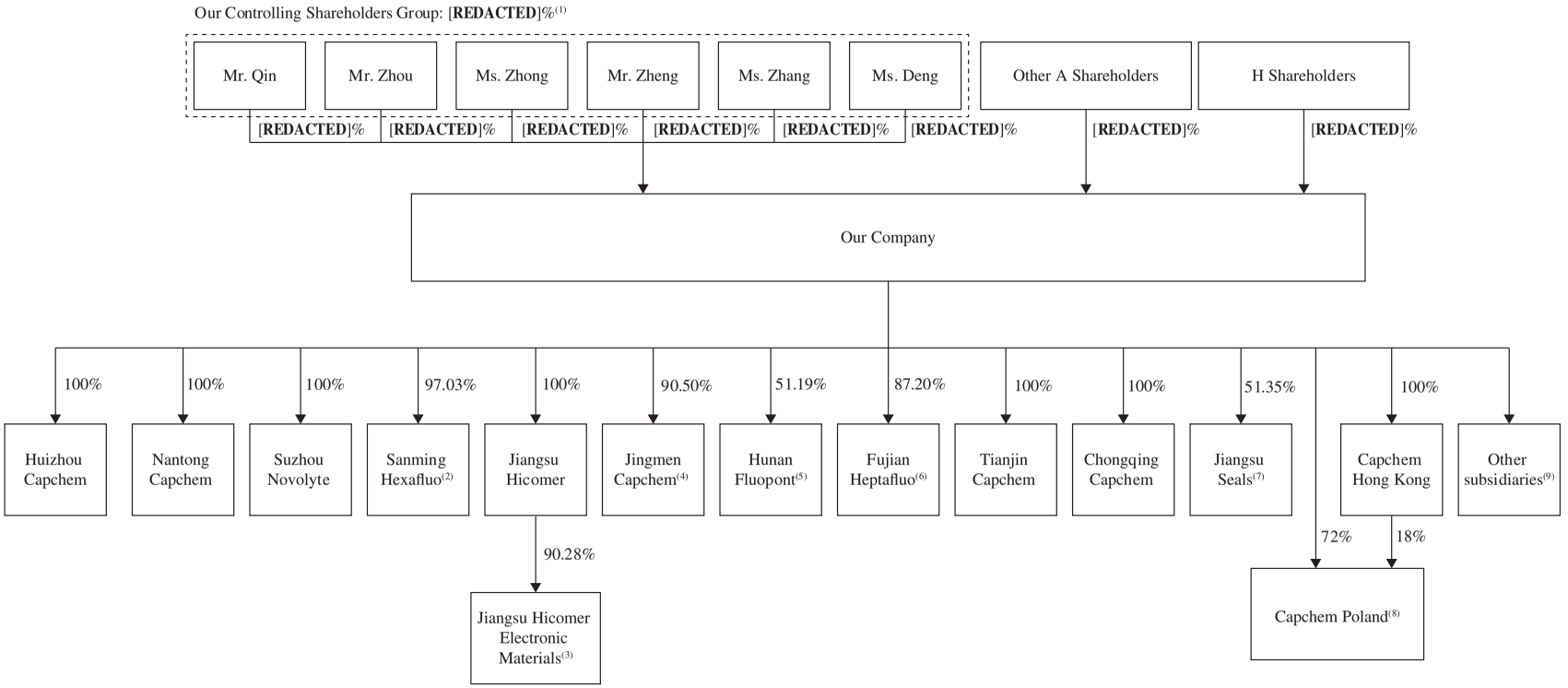
(7) As of the Latest Practicable Date, the remaining 48.65% equity interest in Jiangsu Seals was held by Nantong Jianghai Capacitor Co., Ltd. (南通江海電容器股份有限公司), Shenzhen Rongbang Investment Partnership (Limited Partnership) (深圳市容邦投資合夥企業(有限合夥)), Hunan Aihua Group Co., Ltd. (湖南艾華集團股份有限公司) and Suzhou Tebaisi Electronics Co., Ltd. (蘇州特柏斯電子有限公司) as to 21.40%, 12.84%, 9.41% and 5.00%. Among them, Nantong Jianghai Capacitor Co., Ltd. (南通江海電容器股份有限公司) is an Independent Third Party except for its holding of the above mentioned 21.40% equity interest and 40% equity interest of Nantong Top Electronic Materials Co., Ltd. (南通托普電子材料有限公司), and Shenzhen Rongbang Investment Partnership (Limited Partnership) (深圳市容邦投資合夥企業(有限合夥)), Hunan Aihua Group Co., Ltd. (湖南艾華集團股份有限公司) and Suzhou Tebaisi Electronics Co., Ltd. (蘇州特柏斯電子有限公司) are Independent Third Parties.

(8) As of the Latest Practicable Date, the 90% equity interest in Capchem Poland was held by our Company and Capchem Hong Kong, a wholly owned subsidiary of our Company, and the remaining 10% equity interest in Capchem Poland was held by LG Energy Solution, Ltd., an Independent Third Party.

(9) Other subsidiaries include, in aggregate, 18 subsidiaries established in various jurisdictions, of which 14 are wholly-owned subsidiaries and 4 are non-wholly-owned subsidiaries. As of the Latest Practicable Date, other non-wholly-owned subsidiaries of our Company include (i) Shenzhen Semicomat, a limited liability company, of which the minority interests are held as to 40% by Shenzhen Xinchunbang Investment Partnership (Limited Partnership) (深圳市芯純邦投資合夥企業(有限合夥)), an Independent Third Party except for its holding of the above mentioned 40% equity interest; (ii) Nantong Top Electronic Materials Co., Ltd. (南通托普電子材料有限公司), a limited liability company, of which the minority interests are held as to 40% by Nantong Jianghai Capacitor Co., Ltd. (南通江海電容器股份有限公司), an Independent Third Party except for its holding of the above mentioned 40% equity interest and 21.40% equity interest of Jiangsu Seals; (iii) Hexafluo (Shenzhen) Technology Co., Ltd. (海斯福(深圳)科技有限公司), a limited liability company, 95% of the equity interests in which are held by Sanming Hexafluo, our major subsidiary, and the minority interests are held as to 5% by Mr. Zeng Yizheng (曾一錚), an Independent Third Party; and (iv) Sanming Hexafluo Electronic Materials Co., Ltd. (三明市海斯福電子材料有限公司), a limited liability company, 100% of the equity interests in which are held by Sanming Hexafluo, the shareholding of which is set out under item (2) above.

Shareholding and Corporate Structure Immediately Following the [REDACTED]

The following chart sets forth our simplified corporate structure immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised, no additional 2022 Convertible Bonds are converted, no additional A Shares are issued under the Effective Restricted Share Incentive Plans and no changes are made to the issued share capital of our Company and its subsidiaries between the Latest Practicable Date and [**REDACTED**]):



Notes:

(1) to (9) Please refer to the notes contained in the corporate structure chart immediately prior to the completion of the [**REDACTED**] as set out above.

OVERVIEW

About Us

We are a PRC-based provider of electronic chemicals and functional materials. We principally engage in the research and development, manufacture, sale and services of battery chemicals, organic fluorochemicals and electronic information chemicals. Guided by the core strategic philosophy of being "customer-centric and technology-powered", we provide integrated solutions to customers across sectors including NEV, ESS, consumer electronics, AI and digital infrastructure, semiconductor manufacturing, pharmaceuticals and other advanced industrial applications. We have developed end-to-end "conceptualisation, design, development, validation, industrialisation and continuous optimisation" R&D capabilities, and we operated 13 production bases.

We were founded in 2002, with our origins tracing back to Shenzhen Zhoubang Chemical Co., Ltd., which was established by our founding team in 1996. With three decades of industry experience and development alongside the PRC electronic information industry, we have expanded from our early capacitor chemicals business into three core business segments: battery chemicals, organic fluorochemicals and electronic information chemicals.

In response to industry trends and evolving customer needs, we continued to increase our R&D investment, deepen our technological and product capabilities, broaden our product portfolio into adjacent categories, and strengthen cross-segment technological synergies. By integrating capabilities across our three segments — technology development, manufacturing execution and customer collaboration — we are able to share platforms, transfer know-how and deepen customer engagement across applications and business segments. We believe these cross-segment synergies have supported more efficient product iteration, broader solution coverage and faster scaling of each segment than would have been achievable on a stand-alone basis.

Our Principal Businesses

We have developed three synergistic core business segments around electronic chemicals and functional materials, comprising battery chemicals, organic fluorochemicals and electronic information chemicals.

Battery chemicals

We provide battery chemicals to customers in the power, energy storage and consumer battery markets, including lithium-ion battery electrolytes, supercapacitor chemicals, and emerging electrolytes and auxiliary materials. We have also vertically integrated capabilities across key electrolyte material categories including solutes, solvents and additives. Our power battery electrolytes are primarily used in end applications such as electric vehicles; our energy storage electrolytes are primarily used in power systems, data centres, rail transit, wind power and photovoltaic applications; and our consumer battery electrolytes are primarily used in laptops, tablets, smartphones, smart wearables, consumer drones, robots, smart appliances, power tools and other portable electronics. Supercapacitor electrolytes are primarily used in supercapacitors for applications such as smart meters, hybrid electric vehicles, wind power generation, and computing data centres. For emerging electrolytes and auxiliary materials, we have achieved industrialisation of sodium-ion battery electrolytes and, together with industry partners, are advancing the industrialisation of solid-state electrolytes.

Organic fluorochemicals

We supply fluorinated fine chemicals and fluoropolymers to customers around the world in AI and digital infrastructure, pharmaceuticals and clean energy applications. Starting from key upstream intermediates including TFE or HFPO, we have built a comprehensive fluorochemical industrial chain. In AI and digital infrastructure, our organic fluorochemical products are primarily used in immersion liquid-cooling solutions for data centres and as cleaning solutions for semiconductor manufacturing processes and precision semiconductor components; our products are used as intermediates for anaethetics for pharmaceutical applications; in clean power, our products are used as electrical insulation media for ultra-high-voltage transmission and transformation, and materials for proton-exchange membranes used in hydrogen fuel cells, flow batteries and PEM electrolysers.

Electronic information chemicals

We supply capacitor chemicals and semiconductor chemicals to customers in end markets including consumer electronics, new energy, AI and digital infrastructure. Product portfolio of our capacitor chemicals cover full spectrum of application scenarios within the sector, from upstream aluminium foil chemicals, mid-stream electrolytes and related chemicals for aluminium electrolytic capacitors, to downstream capacitor packaging materials and components. Our capacitor chemicals are primarily used in aluminium electrolytic capacitors, solid capacitors, stacked capacitors, and tantalum electrolytic capacitors applied in automotive electronics, information communications, consumer electronics and household appliances and computing data centres. Our semiconductor chemicals include high purity chemicals, etching liquids, semiconductor cooling liquids, and semiconductor cleaning liquids used in the manufacturing processes for ICs and display panels.



Our Key Partners

Leveraging our strengths in technological innovation, high-quality products and integrated solutions, we have established strong brand recognition and earned the trust of our customers, For further details, please refer to "Competitive Strengths — We have built strong brand recognition and customer trust over three decades, and have maintained stable relationships with customers".

Our Technology and R&D

We have built a full-cycle R&D platform intended to support conceptualisation, design, development, validation, industrialisation and continuous optimisation of new products across our business segments. We have established 32 innovation platforms, including the National Enterprise Technology Centre, and developed five core technology platforms, design and synthesis, materials purification, analysis and testing, formulation and solution, and device testing and evaluation, which support technical synergy among our three business segments and enable the sharing of R&D resources and platforms across the Group.

During the Track Record Period, we invested an aggregate of approximately RMB1,674.4 million in R&D, representing approximately 5.2% of our total revenue from 2023 to June 30, 2026. For further details, please refer to "Competitive Strengths — Full-cycle R&D capabilities in electronic chemicals and functional materials underpin our continuous innovation and industry leadership".

Our Manufacturing Capabilities and Supply Chain

We continue to improve our ability to guarantee supply assurance and responsiveness through a combination of localised production and vertical integration.

In Battery chemicals, we are proactively expanding our manufacturing and delivery footprint outside China. We have put into operation nine production bases in the PRC, one production base in Poland and one facility in Malaysia at pilot production stage, which enables us to provide localised delivery of electrolytes in Europe and Southeast Asia. We are also progressing capacity deployment in Malaysia, Saudi Arabia, and Poland. At the same time, we have developed self-supply capabilities for raw materials used in our electrolytes.

Positioning TFE and HFP as the starting point of our organic fluorochemical value chain, we operate two principal production bases, Sanming Hexafluo and Fujian Heptafluo, and have expanded into higher value-added fluorinated fine chemicals and fluoropolymers for AI and digital infrastructure, pharmaceuticals and clean energy. As a result, we have established a relatively comprehensive vertically integrated value chain with effective complementarity and synergies among intermediate products and raw materials.

In electronic information chemicals, in order to optimise regional capacity deployment, we have established six production bases across major semiconductor clusters.

For further details, please refer to "Competitive Strengths — Localised delivery capabilities and vertically integrated manufacturing support reliable delivery and a stable, cost-efficient supply chain".

COMPETITIVE STRENGTHS

We are a provider of electronic chemicals and functional materials with significant growth potential

We are a provider of electronic chemicals and functional materials. In recent years, transition to renewable energy and industrial upgrade have accelerated growth across end markets such as new energy, fluorochemicals and electronic information, especially as emerging industries typified by computing data centres provide additional impetus to market demand. We believe these structural trends are expanding demand for our products and solutions. From 2023 to 2025, our sales volumes of battery chemicals, organic fluorochemicals

and electronic information chemicals grew at CAGRs of 58.1%, 27.1% and 15.7%, respectively. For the six months ended June 30, 2026, our sales volumes of battery chemicals, organic fluorochemicals and electronic information chemicals increased by 49.8%, 29.3% and 33.3%, respectively, as compared to the same period in 2025.

With three decades of industry experience, we have built strong brand recognition and customer trust through technological innovation, high-quality products and integrated solutions. Leveraging our manufacturing capabilities, cross-segment synergies and lean management systems, we provide customers with "products + solutions" and are well positioned to capture growth opportunities across the battery chemicals, organic fluorochemicals and electronic information chemicals markets.

We have built strong brand recognition and customer trust over three decades, and have maintained stable relationships with customers

Since our inception, we have remained committed to a customer-centric approach and have continued to refine our "products + solutions" business model to create value for our customers. We also pursue a dual-driven strategy of continuous technological innovation and focusing on higher-end market segments. Leveraging our R&D capabilities, product quality and integrated solutions, we have earned recognition and trust from customers in the PRC and overseas and have established a brand image that we believe reflects professionalism, innovation and reliability.

Entry into customers' approved supplier system typically involves a rigorous verification and onboarding process that typically takes from 12 months to 24 months. Once qualified, suppliers generally benefit from high customer stickiness and meaningful entry barriers. We have established stable strategic relationships with a number of industry leaders and have received various "excellent supplier" and similar recognitions from customers.

For our battery chemicals business segment, we have broad coverage among major battery manufacturers. We have established long-term and stable relationships with major power battery manufacturers. For our organic fluorochemicals business segment, we have maintained stable cooperation for over ten years with major multinational new materials and pharmaceutical companies. We also work in collaboration with our electronic information chemicals business segment to provide one-stop solutions to semiconductor customers. For our electronic information chemicals business segment, our capacitor chemicals have ranked first by market share, and we have received "excellent supplier" or similar awards from well-recognised Korean and Japanese customers for our capacitor chemicals from time to time. Our semiconductor chemicals achieved stable mass supply to major IC manufacturers in the PRC market. Our diversified product portfolio in electronic chemicals and functional materials also enables us to provide customers with one-stop solutions that, in our experience, can enhance supply chain efficiency and overall project execution for our customers. For example, in PRC battery manufacturers' effort to build up manufacturing capability in Southeast Asia, we have supported key strategic customers on a project basis by participating across multiple stages, including plant design, equipment selection, import logistics, storage arrangements and electrolyte formulation and application, thereby supporting customers' overseas expansion and improving supply chain efficiency. We also participate in customers' product iteration processes by offering customised formulations and manufacturing solutions, and, in certain cases, further strengthening customer stickiness through joint R&D and joint venture arrangements. We believe such collaboration efforts with customers enable us to stay closely aligned with industry trends customer demands and to drive continuous innovation and new business opportunities.

We also actively promote overseas brand-building and engagement with local customers and communities. In recent years, we have received a number of recognitions, including "Customs AEO Advanced Certified Enterprise" and "2024 Overseas Expansion Pioneer", a "2025 ESG Rating Certificate", as well as various "excellent supplier" or similar recognitions from customers. As a responsible enterprise, we continue to carry out overseas community-building and cultural exchange initiatives and participate in local cultural and sports activities and community safety drills. We also contribute to local community development and advance our ESG practices, with the aim of achieving shared development with local economy, community and environment and strengthening our responsible brand image. We adhere to the principles of "building our brand through quality, enhancing our brand through technology, and safeguarding our brand through integrity". As of June 30, 2026, we had obtained an aggregate of 334 registered trademarks in the PRC and overseas, and have developed a portfolio of brands across our battery chemicals, organic fluorochemicals and electronic information chemicals segments.

Full-cycle R&D capabilities in electronic chemicals and functional materials underpin our continuous innovation and industry leadership

We are technology-driven and provide innovative solutions in electronic chemicals and functional materials to customers. We continue to enhance our fundamental innovation capabilities, increase R&D investment and accelerate the industrialisation of our R&D outcomes. During the Track Record Period, we invested an aggregate of approximately RMB1,674.4 million in R&D, representing approximately 5.2% of our total revenue from 2023 to June 30, 2026. We have established 32 innovation platforms, including a National Enterprise Technology Centre, and have developed five core technology platforms covering (i) design and synthesis, (ii) material purification, (iii) analysis and testing, (iv) formulation and solution, and (v) device testing and evaluation, which support technical synergy among our three business segments and enable the sharing of R&D resources and platforms across the Group. In addition, we have established a comprehensive multi-layer R&D framework comprising our Shenzhen Research Institute, the business segment R&D teams, and laboratories at our production bases. Supported by advanced equipment and infrastructure, these platforms and R&D organisations enable end-to-end R&D across multiple material systems, from concept development and design, to development, validation, release and lifecycle management.

Building on this foundation, we conduct forward-looking research and industrial application across our three business segments and continuously extend our product offerings and solution capabilities, including:

For battery chemicals, we focus on our end-market demands such as higher energy density, enhanced safety, wider operating temperature ranges, longer cycle life and lower cost. We have developed products such as solid-state electrolytes, sodium-ion battery electrolytes, long-life and wide-temperature electrolytes for lithium iron phosphate (LFP) batteries, gel electrolytes and multifunctional additives. These products are designed to support power, energy storage and consumer battery applications to provide battery chemicals solutions with improved ionic conductivity, longer cycle life and enhanced safety performance, and, in certain cases, to support the industrialisation of emerging technologies such as solid-state batteries and sodium-ion batteries. We believe our high-performance "green electrolyte" technologies address key industry needs such as greener manufacturing, wider temperature performance and improved safety.

For organic fluorochemicals, we focus on application areas including AI and digital infrastructure, pharmaceuticals and clean energy. We have developed products such as fluorinated cooling liquids for data centres, perfluoro rubber, HFE cleaning liquids, fluorinated intermediates for inhalation anaethetics, perfluoroisobutyronitrile and PFSA resins. These products are used in applications including data centre liquid-cooling solutions, precision cleaning, electrical insulation for ultra-high-voltage power transmission and transformation, and key materials for flow batteries, hydrogen fuel cells and PEM electrolysers. Our core technologies in organic fluorochemicals, particularly our molecular design, synthesis and structure — property tuning capabilities for fluorinated functional chemicals, enable us to address performance limitations of conventional materials and improve application fit in demanding use cases, thereby helping downstream high-end manufacturing customers overcome materials bottlenecks.

For electronic information chemicals, with a focus on application scenarios such as capacitor industrial manufacturing, we have developed new products including long-life, high-reliability electrolytes for aluminium electrolytic capacitors, solid — liquid dispersion systems and electrolytes designed to withstand high temperatures of up to 150°C, and conductive silver paste and carbon paste for ultra-low-ESR multi-layer polymer capacitors. Leveraging these capabilities, we provide integrated solutions to our customers in the capacitor industry covering, among other things, electrolytes, conductive polymer materials and electronic packaging materials. In our semiconductor chemicals business, we focus on ultra-high-purity chemicals and advanced purification technologies, formulation-based wet chemicals and precise chemical system design capabilities. We believe these capabilities help address common challenges in semiconductor manufacturing, such as process residues, low selectivity, insufficient stability and narrow process windows, which can otherwise adversely affect performance and yield.

We have also built R&D and industrialisation advantages in organic fluorochemicals, where products generally involve higher technical barriers and stringent quality requirements. Through continuous investment, we have developed capabilities covering products such as fluorinated cooling liquids for data centres, perfluoroelastomer materials, HFE cleaning liquids and perfluoroisobutyronitrile. We believe we are among a limited number of PRC companies with both R&D and industrialisation capabilities for certain of these products.

We collaborate with research institutes and universities to support technology iteration and industrial application. We have cooperated with the Shanghai Institute of Organic Chemistry and the Institute of Process Engineering of the Chinese Academy of Sciences and universities including South China University of Technology, Southern University of Science

and Technology, and Xiamen University. For example, since 2016 we have maintained technical cooperation with Southern University of Science and Technology, and in 2023 we jointly established the "Capchem — SUSTech Shenzhen National Applied Mathematics Centre Joint Laboratory for Carbon Peaking, Carbon Neutrality and Digital Economy," which primarily conducts research on electrolytes, solid-state electrolytes, binders and carbon peaking and carbon neutrality-related topics. In 2025, we made notable progress in fundamental research relating to high-voltage lithium-ion batteries and, together with Southern University of Science and Technology, published research findings in *Small* on a novel electrolyte additive, CBS. We also collaborated with universities and industry partners to co-develop an N-type conductive polymer and are advancing the commercialisation of the related R&D outcomes.

We place significant emphasis on building our R&D talent pipeline, developing proprietary patents and protecting intellectual property. As of June 30, 2026, we had 1,133 R&D and technical personnel and our in-house R&D team comprises professionals with cross-disciplinary backgrounds in fields such as chemistry, electronics, materials science and industrial control. We had filed an aggregate of 1,716 patent applications, and had obtained an aggregate of 602 PRC granted patents and 112 overseas granted invention patents. In addition, we have led and taken part in a number of key national, provincial and ministerial R&D initiatives, including major R&D programs and "strengthening industrial foundations" projects. We also participated as a drafting contributor in the formulation of two national standards, six industry standards and 38 standards issued by industry associations, covering areas including electrolytes, solid-state electrolytes, sodium-ion battery electrolytes, LiFSI and other battery chemicals, various organic fluorochemicals and electronic information chemicals. Meanwhile, we also participated as a drafting contributor in emerging applications such as low-altitude aircraft, humanoid robots and drones.

Our innovation and IP achievements have also received various recognitions, including a "National Manufacturing Single-Product Champion" award for each of our three business segments. Capchem Materials has also been accredited as a "National Enterprise Technology Centre", among other certifications. In addition, our technology innovation achievements have received awards including the "China Patent Excellence Award", "National Intellectual Property Advantage Enterprise", "Guangdong Intellectual Property Demonstration Enterprise", the "First Prize of the Science and Technology Progress Award" of the China Petroleum and Chemical Industry Federation, and the "First Prize of the Science and Technology Invention Award" of the China Petroleum and Chemical Industry Federation.

Localised delivery capabilities and vertically integrated manufacturing support reliable delivery and a stable, cost-efficient supply chain

Over the years, we have established and continue to strengthen manufacturing capabilities that support localised delivery and vertical integration across the supply chain. We believe these capabilities enhance delivery reliability and help us build a stable and cost-efficient supply chain.

Customers in the battery chemicals and electronic information chemicals segments typically have stringent requirements for delivery timeliness, and localised delivery of products closer to customers can help maintain product quality and reduce logistics costs. With a customer-centric approach, we have built a manufacturing footprint in the PRC and overseas to support a stable and efficient delivery system:

For our battery chemicals business segment, our Poland subsidiary commenced production in 2023 and has established localised electrolyte delivery capabilities in Europe. We are progressing capacity expansion projects in regions including Malaysia, Saudi Arabia, and Poland, and we expect to put into operation overseas production bases in Malaysia in 2026, which we believe will further enhance our overseas manufacturing and localised delivery capabilities. In the PRC, we operate nine production bases to serve major lithium battery industry clusters across regions including Beijing-Tianjin-Hebei region, the Yangtze River

delta region, the pearl river delta region, and central China region covering Chongqing, Hubei and Hunan. Besides, we have established presence in Japan and South Korea in order to better serve local customers. For electronic information chemicals, with a focus on filling value-chain gaps and improving our regional capacity footprint, we operate production bases in locations including Tianjin, Nantong, Huai'an and Huizhou, enabling us to serve customers across major industry clusters in Beijing-Tianjin-Hebei region, the Yangtze River delta region, the pearl river delta region. We have also set up subsidiaries in South Korea and Japan to serve our clients in these jurisdictions.

Key electrolyte raw materials including solutes, solvents and additives are critical to stable electrolyte production and cost management. Additives, in particular, plays an important role in improving electrochemical performance, cycle life and safety. We believe a vertically integrated additives capability increases our flexibility in tailoring electrolyte performance and enables faster response to evolving customer requirements. Organic fluorochemicals typically involve longer value chains, a wide range of specialised products and meaningful by-product utilisation opportunities. We believe a vertically integrated footprint helps maximise the value of intermediates and by-products, extend the value chain and increase value-added to our products.

Against this backdrop, we continue to strengthen vertical integration primarily in our battery chemicals and organic fluorochemicals segments:

For our battery chemicals business segment, we have pursued vertical integration along the electrolyte value chain, with solutes, solvents and additives positioned close to upstream chemical feedstock resources, which we believe enables us to provide products and services with competitive cost and strong performance. We completed building our integrated layout for additives in 2014 and for solvents in 2021. For solutes, we began the development and industrialisation of a new solute (LiFSI) in 2018. In 2024, we made an additional capital contribution to Shilei Fluorine Materials and achieved joint control, which strengthened our ability to secure stable supply of a key solute, $LiPF_6$. Our effective capacity for additives and solvents can partially meet our internal electrolyte production needs to secure supply chain stability, and we also sell the remaining capacity to third parties to maintain product competitiveness and market responsiveness. For example, in 2025, leveraging our integrated additives capabilities, we launched the CBS additive, which we believe provides a new solution to enhance the overall performance of high-voltage lithium-ion batteries.

During the Track Record Period, the development of our self-supply capabilities across each major raw material category progressed as follows. For solvents, our consolidated in-house production capability represented a substantial share of our internal electrolyte production requirements. For additives, our in-house consolidated production capability covered a meaningful portion of internal demand, with the degree of self-supply varying from period to period reflecting production ramp-up and operational decisions. For LiFSI (a key solute), our consolidated subsidiary has established material self-supply capabilities, providing a significant proportion of our LiFSI requirements internally. For $LiPF_6$ (the most widely used solute by volume in lithium-ion battery electrolytes). Following our investment in Shilei Fluorine Materials in December 2024, the combined proportion of our total solute requirements sourced from entities under our majority or joint control increased materially in 2025.

For our organic fluorochemicals business segment, we focus on building and extending the value chain for higher value-added fluorochemicals. TFE is a key starting point for fluoropolymers and is also an important point in the industry's shift from lower value-added to higher value-added products. Fujian Heptafluo, starting from TFE, has expanded into fluoropolymers and fluorinated fine chemicals with sizeable market opportunities, including PFSA resins, soluble polytetrafluoroethylene and HFE cleaning liquids, and also supplies

Sanming Hexafluo with key intermediates such as HFP. Sanming Hexafluo, starting from HFP, has expanded into products including fluorinated cooling liquids for data centres, fluorinated inhalation an anaesthetic intermediate and perfluoroisobutyronitrile. Through the internal circulation of key intermediates, such as HFP, between Fujian Heptafluo and Sanming Hexafluo, we believe we enhance raw material supply stability and cost competitiveness and are able to respond more quickly to customised demand for higher end fluorochemicals. In 2023, 2024, 2025, and the six months ended June 30, 2026, the gross profit margins of our organic fluorochemicals segment were 69.2%, 59.1%, 59.8%, and 54.6%, respectively, which we believe reflects the effectiveness of our vertical integration model in converting upstream cost advantages into higher value-added profitability.

Our "concentric circles" synergetic diversification strategy enables deep synergies across our three business segments

We focus on electronic chemicals and functional materials and have expanded laterally into adjacent product areas through a "concentric circles" approach. Building on our experience in capacitor chemicals, we expanded into battery chemicals around 2000. In 2014, we further expanded into organic fluorochemicals and semiconductor chemicals. These three business segments reinforce each other through synergies in technology, manufacturing and customer coverage, which we believe deliver scale benefits and cost advantages beyond a single-business model.

Technology synergies. Our core technological competencies span molecular structure design, synthesis process development, high-purity material purification, large-scale production of new materials, failure analysis for downstream application scenarios, and customized solution development, underpinned by stringent quality control and stable term operational capabilities. Our three business segments feature horizontal synergies and iterative upgrades between their core product technologies and process capabilities, with notable technology-product linkage effects, as demonstrated by the following examples: First, semiconductor chemicals within our electronic information chemicals segment are subject to stringent metal-ion and particulate-impurity control standards, requiring impurity control down to "parts-per-billion" level concentrations. The high-precision impurity-control framework and analytical-detection methodologies developed within this segment have been deployed in parallel across our battery chemicals and organic fluorochemicals segments, materially improving the precision of particulate control within our lithium-battery electrolyte systems and enhancing the composite purity indicators of our products. Second, fluorine-containing functional materials are a class of materials currently prioritised for development in the battery chemicals industry. Our organic fluorochemicals segment has accumulated mature technology reserves in the synthesis and fine purification of fluorine-containing compounds. Leveraging this technological advantage, we have rapidly completed the R&D and industrialisation of a number of these new materials, and have successfully achieved mass-production supply across multiple categories, including the solute LiFSI and additives such as fluorinated carboxylate esters, and fluoroethers. Third, the production processes for a number of core functional materials used in the semiconductor industry require the use of fluorine-containing chemicals, and the technology pathways for these products are highly aligned with the existing product portfolio of our organic fluorochemicals segment. Leveraging this technological homology, we have commericialised our fluorinated cooling liquid products . Taken together, the foregoing examples demonstrate that our three business segments naturally possess attributes of deep technology and product synergy, with cross-segment technological outputs capable of being applied across, and continuously iterated upon by, our other segments. In addition, our Shenzhen research institute operates as a group-level technology platform that serves all three business segments. Core methodologies including synthesis and purification routes, analytical and testing methods, and mechanism-interpretation protocols are developed centrally at the

research institute and made available to each business segment's R&D team for application-specific adaptation. For example, analytical characterisation frameworks developed at the research institute in connection with fluorinated materials research have been adapted by our battery chemicals R&D team to characterise additive behaviour in electrolyte systems, enabling the development of high-performance additives without requiring each segment to build duplicative foundational analytical infrastructure. See "Research and Development — R&D organisation — Shenzhen research institute".

Manufacturing synergies. We also benefit from manufacturing and quality control synergies across our three business segments. Our business segments share industrial-park infrastructure and supporting facilities, such as utilities, warehousing, wastewater treatment and engineering resources, which helps reduce fixed costs and, in our experience, supports profitability. Several of our production bases host more than one business segment on the same site, enabling direct sharing of utilities, wastewater treatment, warehousing and engineering resources. For example, our Huizhou and Nantong production bases house both battery chemicals and electronic information chemicals operations; our Tianjin production base similarly co-locates battery chemicals and electronic information chemicals capacity within a single industrial-park footprint. This co-location allows engineering and EHS teams to be shared across segments at the site level, and avoids duplication of utility infrastructure that would otherwise be required if each segment were located separately. We also coordinate across business segments in areas such as management systems and procedures, raw material procurement, and logistics services, which enhances our bargaining power. In addition, certain by-products generated in one segment can be used as inputs for another. For example, electronic-grade ethylene glycol produced as a co-product in our solvent production for battery chemicals can also secure the supply of solvents used in our electronic information chemicals business.

Customer synergies. Customer synergies are another key advantage. Our three business divisions share customer resources and can engage customers through coordinated account managers and technical teams, which facilitates close communication across segments. This integrated customer management helps us better understand customer needs and supports targeted R&D efforts and cross-selling. We also use our "concentric circles" strategy to provide customers with one-stop, integrated solutions. In one example of customer engagement deepening across segments, in our engagement with customers in the semiconductor industry chain, our coordinated account-management and technical teams identified customer demand for fluorinated cooling liquids used in semiconductor process cleaning and equipment temperature control. Building on our existing supply of wet electronic chemicals to these customers, we have introduced and qualified our fluorinated cooling liquids and other organic fluorochemicals products with the same customers, offering an integrated, "one-stop" solution that meets their diversified needs across product categories, expands the revenue base per customer and our scope of cooperation with customers. For customers in AI and digital infrastructure, we can provide combined solutions that include organic fluorochemicals and semiconductor chemicals, which can help streamline supply chain management and improve overall system performance. For example, certain key overseas customers have demand across our battery chemicals, organic fluorochemicals and electronic information chemicals offerings, and we are able to provide one-stop solutions to such customers leveraging our ability to coordinate customer and technical service capabilities across our three business segments. We believe our ability to provide integrated electronic information chemicals solutions supports deeper and longer-term customer relationships.

Our experienced management team has deep industry insight and strong execution capabilities, enabling us to identify technology trends and market opportunities and to navigate capital markets rules effectively

Our founding team comprises Mr. Qin, Mr. Zhou, Ms. Zhong, Mr. Zheng and Mr. Xie Weidong, who have long served as members of our management team and/or as heads of major production bases. Each of them has a background in chemistry or materials science and has extensive industry experience in the chemicals and materials sectors.

Our Chairman, Mr. Qin, is an experienced entrepreneur and respected industry leader in electronic chemicals and functional materials with deep professional insight in these industries. In 1996, Zhoubang Chemical was established under the leadership of Mr. Qin. In our early years, our core business focused on capacitor chemicals. Under such leadership, we expanded through both organic growth and strategic expansion into three synergistic business segments: battery chemicals, organic fluorochemicals and electronic information chemicals.

We have strengthened our manufacturing and delivery footprint in battery chemicals through the investment and construction of our Poland facility, and we have enhanced the vertical integration of our organic fluorochemicals value chain through the investment and capacity expansion of Sanming Hexafluo and Fujian Heptafluo. Leveraging our understanding of capital markets forces, we have also refined our business portfolio through acquisitions and other strategic transactions, enabling us to broaden our product offerings and execute an external growth strategy. In 2014, we acquired controlling interests in Zhangjiagang Hicomer Chemical, entering the electrolyte additives business; in 2015, we acquired Sanming Hexafluo through a major asset restructuring, entering the organic fluorochemicals business; in 2017, we acquired BASF's electrolyte business and its Suzhou facility, and obtained related technical know-how and intellectual property, which accelerated our expansion in lithium-ion battery electrolytes; in 2018, we commenced a 2,400-tonne new solutes project in Hunan Fluopont through a joint investment; and in 2024, we made an investment in Shilei Fluorine Materials and achieved joint control, supporting the expansion of its $LiPF_6$ capacity and strengthening our supply chain for a key lithium-ion battery electrolyte raw material.

OUR STRATEGIES

We aim to become a leader of electronic chemicals and functional materials. Our medium- to long-term strategy is to focus on electronic chemicals and functional materials as our core and to pursue synergetic diversification through a "concentric circles" approach, supported by enhanced manufacturing capabilities, continued technological innovation and lean management.

Strengthen localised delivery and vertically integrated manufacturing capabilities

We remain customer-centric and strive to continue enhancing our "products + solutions" business model to create value for customers. To support this model and capture growth opportunities in new energy, fluorochemicals and electronic information, we will continue to consolidate and expand localised delivery capability and deepen vertically integrated manufacturing capabilities. Europe and the Americas are important markets for our battery chemicals business, and we are the market leader by market share in the electrolyte markets in Europe and the Americas. From a value-chain perspective, we will continue to enhance localised electrolyte delivery capabilities, with a focus on strengthening our localised delivery and vertical integration footprint for battery chemicals in Europe, the Middle East and Southeast Asia, while further improving our domestic vertical integration in battery chemicals in the PRC. Against the backdrop of rapid growth in emerging industries such as AI and digital infrastructure, pharmaceuticals and clean energy, we believe organic fluorochemicals offer

substantial growth potential. We will continue to expand production capacity in organic fluorochemicals, diversify our product portfolio, enhance delivery assurance and further strengthen vertical integration along the organic fluorochemicals value chain.

Continue product development and forward-looking research under our "concentric circles" synergetic diversification strategy

We are committed to continuous technological innovation to meet the needs of higher-end customers and evolving market demand. Under our "concentric circles" synergetic diversification strategy centred on electronic chemicals and functional materials, we will continue to strengthen cross-segment technology synergies and provide customers with high-quality products and one-stop solutions.

We plan to continue advancing R&D with respect to our products and manufacturing processes across our battery chemicals, organic fluorochemicals and electronic information chemicals segments, with a focus on improving existing products and addressing new requirements from higher-end customers and the market. In terms of product R&D in the battery chemicals segment, we plan to continue iterating our electrolyte products to meet requirements such as higher safety, longer cycle life and higher energy density. We also plan to continue exploring emerging products, including solid-state electrolytes, sodium-ion battery electrolytes, long-life and wide-temperature, low-cost electrolytes for lithium iron phosphate batteries, gel electrolytes and multifunctional additives, as well as electrolyte solutions for high-nickel cathode and silicon-carbon anode systems and high-voltage lithium cobalt oxide cathode and silicon-carbon anode systems. For R&D of organic fluorochemicals products, we plan to focus on application areas such as AI and digital infrastructure, pharmaceuticals and clean energy, continue to broaden our product portfolio and explore next generation fluorinated fine chemicals and fluorinated materials. For electronic information chemicals, we plan to broaden our product categories, meet the demand of emerging industries such as computing data centres, and further leverage synergy resources with our battery chemicals and organic fluorochemicals segments to provide electronic information customers with more competitive product portfolios and solutions.

For R&D efforts in relation to our manufacturing process, we plan to continue building and developing our research institutes at Huizhou Capchem, Sanming Hexafluo and Jiangsu Hicomer Electronic Materials, for the purposes of enhancing our capabilities in fundamental research and the industrialisation of R&D outcomes. Building on R&D achievements across our three business segments, we also intend to prioritise fundamental and frontier research in areas such as basic chemistry, materials science, materials purity and impurity analysis methods. We plan to undertake R&D programs with higher technical barriers, higher value-added potential and longer development cycles. Through cross-segment technology synergies, we will focus R&D investment on functional materials such as high-performance polymer monomers and conductive polymer materials, with the aim of achieving breakthroughs in key technologies and developing new growth drivers under our "concentric circles" synergetic diversification strategy.

Elevate operational excellence through digital transformation, automation and AI-enabled intelligence

Our operating philosophy emphasizes specialisation, operational excellence and deep domain expertise. To reinforce sustainable and high-quality growth, we will continue to upgrade our lean management system — leveraging digital transformation, advanced automation and intelligent technologies to enhance efficiency, agility and competitiveness across the Group.

Digital Transformation. We are accelerating the build-out of an end-to-end digital operating model through a "pilot at key sites, then scale across the Group" approach. By increasing online and data-driven coverage across core workflows, we aim to strengthen real-time visibility, improve management effectiveness and enable faster, higher-quality decision-making.

Advanced Automation. Across our business segments, we will further increase the level of automation in manufacturing and warehousing, with the aim of improving operating efficiency and reducing production costs.

Intelligent Upgrades. We plan to introduce AI-assisted systems in areas such as R&D, production and administrative management to enhance operating efficiency and decision quality.

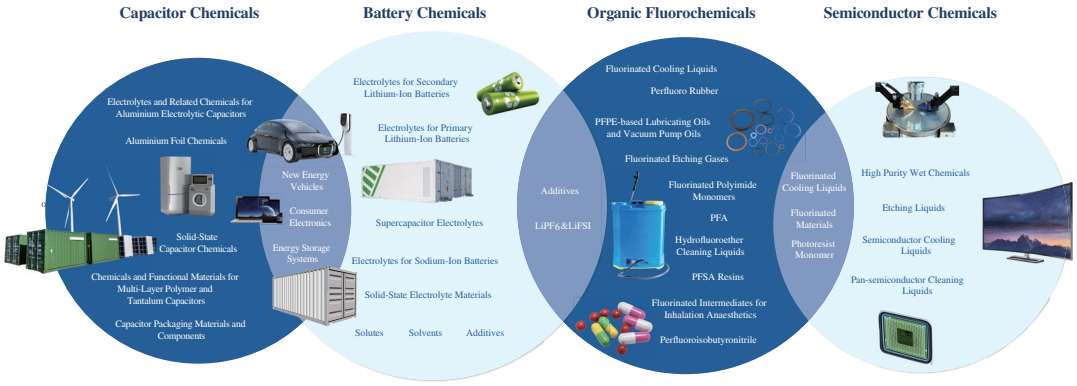
Advance sustainability with best-in-class ESG practices to strengthen our corporate profile

Anchored in a long-term, professional and collective approach to sustainable development, we seek to build our corporate image through robust environmental, social and governance practices and to "create a better future with electronic chemicals and functional materials". Guided by the United Nations Global Compact, the United Nations Sustainable Development Goals and widely recognised standards and guidelines, and priorities of key stakeholders, we will continue to advance our sustainability agenda and refine our sustainability strategy and disclosure.

OUR BUSINESSES

Major business segments

We operate three major business segments: battery chemicals, organic fluorochemicals and electronic information chemicals. Together, these segments form a diversified and synergistic portfolio supported by our longstanding R&D capabilities, product development and integrated manufacturing platform. Our products are applied in NEV, ESS, consumer electronics, AI and digital infrastructure, pharmaceuticals, and other high-end industrial applications, serving a broad range of downstream customers with high performance, reliability and increasingly stringent material requirements.



Battery chemicals

Our battery chemicals are electrolyte formulations together with their constituent solutes, solvents and additives, which act as core functional chemical media inside batteries to realise ionic conduction and stabilise electrochemical interfaces for lithium-ion batteries, supercapacitors and emerging battery systems used in NEV power batteries, energy storage systems and consumer electronics. Our battery chemicals segment focuses on the R&D, production and manufacturing, sale and service of electrolytes for lithium-ion battery electrolytes, supercapacitor electrolytes, and emerging electrolytes and auxiliary materials, as well as related battery chemical materials including solutes, solvents and additives, which are primarily used in power batteries, ESS applications and consumer electronics. In line with downstream demand trends, we enhanced our product structure and capacity layout by optimising electrolyte formulations to support high-nickel, LFP and silicon-carbon chemistries and fast-charging applications, expanding our integrated capabilities in solutes, solvents and additives to strengthen supply stability and cost competitiveness, advancing solid-state electrolyte materials and initiating batch supply of sodium-ion electrolyte products, and improving our overseas delivery capability through our Poland production base while progressing to installation of our overseas production base in Malaysia, and undertaking preparatory work for the construction of our overseas base in Saudi Arabia.

Organic Fluorochemicals

Our organic fluorochemicals comprise fluorine-containing fine chemicals and high-performance fluoropolymers, characterised by high chemical stability, high thermal stability and superior dielectric performance, enabling diversified applications such as heat transfer, lubrication, sealing, etching, electrical insulation and pharmaceutical building blocks across AI and digital infrastructure, pharmaceutical and clean-energy applications. Our organic fluorochemicals segment focuses on the R&D, production and manufacturing, sale and service of HFPO and downstream organic fluorochemicals products, including fluorinated cooling liquids, perfluoropolyether, PFPE-based lubricating oils and vacuum pump oils, perfluoro rubber, fluorinated etching gases, fluorinated polyimide monomers, PFA, HFE cleaning liquids, intermediates for fluorinated inhalation anaethetics, PFSA resins and perfluoroisobutyronitrile, which are used in the AI and digital infrastructure industrial chain, pharmaceuticals, clean energy and other related fields. We continued to strengthen our integrated fluorochemical industry chain by expanding capacity at our Sanming Hexafluo and Fujian Heptafluo production bases to improve raw material self-sufficiency and product stability, advancing key expansion projects (including at Sanming Hexafluo the 30,000-Tonnes/Year High-End Organic Fluorochemical Project, and at Fujian Heptafluo 5,000 Tonnes/Year High-Performance Organic Fluorochemicals Project (Phase 1.5)), and continuing R&D in AI and digital infrastructure, semiconductor, and clean energy.

Electronic Information Chemicals

Our electronic information chemicals are high-purity process chemicals and functional materials used both in the manufacture of, and as performance-determining components within, capacitors and semiconductor devices supplied for consumer electronics, new energy, and AI and digital infrastructure applications. Our electronic information chemicals segment focuses on the R&D, production and manufacturing, sale and service of a range of capacitor and semiconductor chemicals, including capacitor electrolytes and related chemicals for aluminium electrolytic capacitors, aluminium foil chemicals, solid-state capacitor chemicals, chemicals and functional materials for multi-layer polymer and tantalum capacitors, capacitor packaging materials and components, as well as semiconductor chemicals such as high purity chemicals, etching liquids, semiconductor cooling liquids and semiconductor cleaning liquids, which are used in consumer electronics, new energy, AI and digital infrastructure. During the Track Record Period, this segment delivered consistent performance and progress in qualification processes with PRC semiconductor fabs and display manufacturers.

Production Capacity and Utilisation

The table below sets forth the breakdown of production capacity and utilisation rate by business segment and major product category for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,		
	2023		2024		2025		2026		
Segment	Production Capacity (t)[1]	Utilisation Rate	Production Capacity (t)[1]	Utilisation Rate	Production Capacity (t)[1]	Utilisation Rate	Production Capacity (t)[1]	Utilisation Rate	Number of Production Bases[3]
Battery Chemicals	269,691	81.3%	455,443	83.2%	681,577	77.7%	365,238	87.9%	10[2]
Organic Fluorochemicals	6,162	77.7%	16,468	77.9%	19,585	82.1%	10,993	80.3%	2
Electronic Information Chemicals	109,905	58.4%	139,022	50.6%	150,522	51.6%	90,511	55.7%	6
– Capacitor chemicals	38,372	63.7%	43,322	57.8%	43,322	55.5%	21,661	60.1%	
– Semiconductor chemicals	71,533	55.6%	95,700	47.4%	107,200	50.1%	68,850	54.3%	

Notes:

(1) Production capacity is determined by aggregating the rated capacity of the principal equipment used in the production of each product at each relevant production base. Where a production facility or production line commenced operation during the relevant year or period, only the capacity from the date of commissioning to the end of that period is included, without annualization for the partial period. Utilisation rate is calculated as actual production output for the relevant period divided by designed capacity for the same period.

(2) All production bases are located in Chinese Mainland except for one production base in Poland with annual production capacity of 40,000 tonnes of lithium-ion battery electrolytes.

(3) Each of our production bases may support one or more of our business segments.

Products

We offer a broad portfolio of electronic chemicals and functional materials across our battery chemicals, organic fluorochemicals and electronic information chemicals segments. Our products are used in NEV, ESS, consumer electronics, AI and digital infrastructure, pharmaceuticals, and other high-end industrial applications. Our major products within each business segment are set out below.

Battery chemicals

Lithium-ion battery electrolytes

Lithium-ion battery electrolytes are conductive liquid solutions that enable lithium ions to migrate between the cathode and anode during charging and discharging. Electrolyte serves as the medium through which ions travel. Electrolyte is fundamental to the optimisation and maintenance of critical performance parameters of lithium batteries, including energy density, cycle life, safety, C-rate and operating temperature range.

We produce lithium-ion battery electrolytes by blending purified solvents, solutes and functional additives under controlled conditions. Our production process involves multi-stage purification, drying and fine filtration, together with impurity monitoring (including moisture and specified metal ions), with a view to meeting the technical specifications of our downstream battery manufacturers. Our electrolytes are supplied for high-nickel ternary systems, LFP and LMFP systems, silicon — carbon anodes and other chemistries, and are applied mainly in NEV power batteries, stationary ESS linked to solar and wind installations, and consumer and industrial electronics. Our electrolyte products are required to complete stringent quality control process.

Over years of cooperation with customers, we have developed electrolyte formulations that can be adjusted to customers' requirements, for example for higher energy density, fast charging, wider temperature windows or longer cycle life. Different formulations are used, among others, in high-voltage systems, fast-charging systems and low-temperature applications, as reflected in the representative performance indicators set out in the product table below. Beyond specific performance attributes, this formulation library, together with our customer technical service processes and, digitalised customer-management and laboratory/production data systems, supports more efficient joint-development iterations and issue diagnosis during customer trials and ramp-up, helping customers progress from sampling to qualification and maintain stable performance during scale-up.

Supercapacitor electrolytes

Supercapacitor electrolytes are conductive liquid solutions used in electric double-layer capacitors to transport and conduct ions between the positive and negative electrodes, enabling rapid charge and discharge. As a key material in electric double-layer capacitors (EDLC) systems, the electrolyte has a direct impact on key performance parameters, including operating voltage window, internal resistance (impedance), temperature adaptability (including high- and ultra-low-temperature performance), power capability, safety and service life. Our supercapacitor electrolytes are designed to operate reliably in demanding environments and application scenarios where stable performance, fast response and high durability are required. Our products are supplied for use in EDLC cells and modules deployed in applications such as smart meters, hybrid vehicles, wind-power systems and data centres, where high power density, frequent cycling capability and broad temperature tolerance are important.

Emerging electrolytes and auxiliary materials

In emerging systems, we are developing and supplying electrolytes and related materials for sodium-ion batteries and solid-state batteries. For sodium-ion batteries, we provide electrolyte systems for layered-oxide/hard-carbon and polyanionic-cathode/hard-carbon chemistries. These electrolytes are formulated to improve interphase formation on electrodes, enhance cycling and storage performance and as cost-effective alternatives for the cost-sensitive and durability-demanding applications such as low-speed NEV and grid-scale ESS.

We are also developing solid-state electrolyte materials, including polymer solid electrolytes and inorganic solid electrolytes such as LATP, LLZO, LLTO and LiPSCl, which are intended for use in all-solid-state or semi-solid battery systems. These pioneering and emerging products remain in development, customer testing and early industrialisation phases and have not reached scaled production levels.

Battery chemical materials (solutes, solvents and additives)

Solutes, solvents and additives together form the core material system of our lithium-ion battery electrolytes.

Solutes (including LiFSI and $LiPF_6$)

Solutes are the conducting salts in electrolytes. They dissolve in solvents to provide lithium-ion carriers. Common solutes include $LiPF_6$, which is widely used in commercial lithium-ion batteries, and LiFSI, which is used in certain high-voltage or fast-charging systems due to its electrochemical and thermal-stability characteristics. We produce solutes through reactions between lithium compounds and fluorinated reagents, followed by filtration, crystallisation and drying. Production requires moisture control because solutes are sensitive to humidity. We apply monitoring and impurity-control procedures to help us meet customer requirements.

In respect of the key solute $LiPF_6$, Shilei Fluorine Materials, of which we acquired approximately 42.83% interest in 2024, is principally engaged in the production of $LiPF_6$. Shilei Fluorine Materials had independently developed an innovative dynamic constant-temperature crystallisation technology. As of June 30, 2026, Shilei Fluorine Materials has achieved an annual production capacity of 36,000 tonnes, and it expects to further expand capacity in line with market conditions and our internal demand. Solutes are used in NEV power batteries, consumer lithium-ion batteries, high-voltage cell designs and certain semi-solid and solid-state battery applications. Solutes are also being explored as key components in solid-state electrolytes or interface modifiers for semi-solid and all-solid-state battery systems.

Solvents

Solvents form the primary liquid component in lithium-ion battery electrolytes. The principal solvents include EC, DEC, DMC, EMC. EC is a high-dielectric cyclic carbonate that dissolves solutes, while DEC, DMC and EMC are linear carbonates that help adjust viscosity and conductivity. We synthesize solvents through esterification and trans-esterification reactions followed by multi-stage purification, including distillation, rectification, and precision filtration, to meet battery-grade requirements. Through our proprietary ECOSIP™ integrated solvent process, we improved the production efficiency of multiple solvents from ethylene oxide through increased yields, reduced energy consumption and improved product stability. This process also allows us to convert carbon dioxide generated in production into solvents.

Additives

Electrolyte additives are compounds used in small amounts to improve specific electrolyte properties, such as forming protective interphases on electrodes or enhancing stability at high voltage or low temperature. Common additives include VC and FEC. VC is typically used to promote the formation of a stable solid-electrolyte interphase on graphite anodes, which helps maintain capacity retention during cycling. FEC is often used to improve

low-temperature performance and to enhance the interphase stability of certain high-energy battery systems, including those incorporating silicon-based or high-nickel cathode materials. We manufacture electrolyte additives through controlled organic-synthesis processes followed by purification to the levels required for battery applications. Additives are used in NEV batteries, high-voltage cathode systems and fast-charging applications, and in ESS batteries that require long cycle life.

Product Category	Secondary Product Category	Features	Application Scenarios
Lithium-ion battery electrolytes .	Electrolytes for secondary lithium-ion batteries	A key material in rechargeable lithium-ion batteries, formulated to support performance requirements such as high energy density, long cycle life, stable performance across a wide temperature range, enhanced safety and cost efficiency.	• Power batteries (NEV) • ESS batteries (power systems, data centres, rail transit, wind power and photovoltaic) • Consumer batteries (consumer electronic products).
	Electrolytes for primary lithium batteries	A key material in primary (non-rechargeable) lithium batteries, formulated to support high safety, long service life and stable performance across a wide temperature range.	• Consumer batteries (fire protection equipment, electronic devices, medical devices, and computers).
Supercapacitor electrolytes .	–	A key material in electric double-layer capacitors, designed to operate reliably under demanding conditions such as high voltage, high temperature and ultra-low temperature environments.	Supercapacitors (smart meters, hybrid vehicles, wind power and data centres).
Emerging electrolytes and auxiliary materials . . .	Electrolyte and related materials for sodium-ion batteries	A key material in sodium-ion batteries supporting a wide operating temperature range, strong rate capability and long service life.	Power batteries and energy storage batteries (including NEV, electric two-wheelers and energy storage power stations).
	Solid-state electrolyte materials	A key material in solid-state batteries, providing rapid ion-conduction pathways for lithium ions and enhancing battery safety characteristics.	Applications of solid-state batteries (primarily NEV).
Battery chemical materials . . .	Solutes	Provide lithium ions in the electrolyte and influence key performance parameters, including electrochemical stability and stability across extreme temperature conditions.	Raw materials for electrolytes.
	Solvents	The principal constituent of the electrolytes, serving as the dispersion medium of electrolytes and act as the carrier for lithium ions.	Raw materials for electrolytes.

Product Category	Secondary Product Category	Features	Application Scenarios
	Additives	Functional components added to improve electrolyte stability and enhance battery electrochemical performance.	Raw materials for electrolytes.

Organic Fluorochemicals

Organic fluorochemicals for AI and digital infrastructure

For AI and digital infrastructure applications, we supply fluorinated cooling liquids, perfluoropolyether, PFPE-based lubricating oils and vacuum pump oils, perfluoroether rubbers, fluorinated etching gases, fluorinated polyimide monomers, PFA and HFE cleaning liquids.

Fluorinated Pharmaceutical Intermediates

For the pharmaceutical sector, we produce fluorinated pharmaceutical intermediates, including fluorochemicals intermediates for inhalation anaethetics. These intermediates are supplied to pharmaceutical manufacturers as key building blocks for the synthesis of active pharmaceutical ingredients, including raw materials for sevoflurane (an inhalation anaesthetic) and certain antiviral therapies. Our products are used mainly in anaethetics and other pharmaceutical applications, and we may also supply intermediates that can be used in agrochemical synthesis.

Clean Energy Fluorinated Fine Chemicals

For clean-energy applications, we supply fluorinated fine chemicals including PFSA resins and perfluoroisobutyronitrile. Our PFSA resins have high proton conductivity, excellent chemical stability and high temperature resistance, and are primarily used to produce perfluorosulfonic acid ion-exchange membranes. These membranes are used in proton-exchange-membrane ("PEM") electrolysers for hydrogen production, flow batteries and proton-exchange membranes in hydrogen fuel cells. Perfluoroisobutyronitrile is a new-generation environmentally friendly electrical insulating gas; compared with sulphur hexafluoride (SF_6), it can reduce greenhouse-effect impact by more than 98% and can be used as a substitute for SF_6 as an insulating and arc-quenching medium in electrical equipment, including gas-insulated switchgear and gas-insulated transmission lines in ultra-high-voltage transmission and distribution systems.

Product Category	Secondary Product Category	Features	Application Scenarios
Organic fluorochemicals for AI and digital infrastructure . . .	Fluorinated cooling liquids	Highly stable perfluorinated liquids with zero ODP and low GWP.	Cooling media used as immersion liquid cooling for data centres.
	PFPE-based lubricating oils and vacuum pump oils	High chemical stability, high temperature, oxidation resistance, corrosion resistance, high vacuum performance, and flame retardancy.	Vacuum equipment used in semiconductor manufacturing processes such as thin-film deposition, etching, ion implantation, and packaging.

Product Category	Secondary Product Category	Features	Application Scenarios
	Perfluoroelastomer (Perfluoro rubber)	Resistant to high and low temperatures, low compression set performance, resistant to highly corrosive chemicals, and plasma damage.	FFKM seals used in semiconductor processes requiring high temperature and chemical-media resistance.
	Fluorinated etching gases	Meets the requirements for high aspect ratio etching.	Dry-etching processes in semiconductor manufacturing.
	Fluorinated polyimide monomer	High purity, low dielectric constant, and high visible-light transmittance of the prepared polymer.	Manufacture of photosensitive polyimides used in semiconductor packaging.
	PFA	Good thermoplastic processability, chemical corrosion resistance and heat resistance; low friction coefficient; self-lubricating; flame-retardant; water-resistant properties.	Linings for equipment and storage tanks used in semiconductor and high-purity chemical applications.
	HFE Cleaning Liquids	Moderate solvency and good material compatibility; ODP = 0 and significantly reduced GWP.	Precision cleaning of components in pan-semiconductor applications.
	Photoresist Monomer	Fluorine-containing unsaturated compounds characterized by low refractive index, high UV transparency, low surface energy, and both hydrophobic and oleophobic properties.	Key raw materials for photoresists, top anti-reflective coatings (TARC), and other related materials.
Fluorinated pharmaceutical intermediates . . .	Fluorinated intermediates for inhalation anaethetics	Intermediates for fluorinated inhalation anaethetics and intermediates for antiviral drugs, among others.	Raw materials for anaethetics such as sevoflurane, and other pharmaceutical applications.
Clean energy fluorinated fine chemicals	PFSA resins	Good mechanical strength, thermal stability and chemical stability; primarily used to manufacture PFSA ionomer membranes.	Ion exchange membranes for PEM electrolysers in hydrogen production, flow battery, and hydrogen fuel cells.
	Perfluoroisobutyronitrile	Next-generation environmentally oriented insulating gas.	Insulating gas for gas-insulated switchgear and gas-insulated transmission lines used in ultra-high-voltage transmission and transformation systems.

Electronic Information Chemicals

Our electronic information chemicals segment primarily comprises capacitor chemicals and semiconductor chemicals.

Capacitor chemicals

Capacitor chemicals are key process materials and core functional materials used in the production of electrolytic capacitors. We offer a complete product portfolio for our capacitor chemicals. By continuously increasing R&D investment, we lead the industry in technological progress and constantly drive product upgrades and iterations. We provide customers with one-stop solutions, establish long-term strategic cooperation with core capacitor customers, and maintain a stable market share.

Product Category	Secondary Product Category	Features	Application Scenarios
Capacitor chemicals . .	Electrolytes and related chemicals for aluminium electrolytic capacitors	High performance, high purity, and voltage resistance, long service life, low impedance.	Electrolytes act as the cathode of the capacitor and help repair the aluminium oxide film, supporting high reliability and long service life.
	Aluminium foil chemicals	High performance, high purity.	Used in foil formation process in aluminium electrolytic capacitor manufacturing.
	Solid-state capacitor chemicals	Low impedance, high voltage resistance, surge resistance, good temperature resistance.	Replace liquid electrolytes to form the actual cathode in solid-state capacitors. These materials effectively reduce device impedance and enhance long-term reliability.
	Chemicals and functional materials for multi-layer polymer capacitors and tantalum capacitors	Low impedance, good temperature resistance, high reliability.	Functions to draw out device capacity, reduce impedance and leakage current, and improve long-term reliability.
	Capacitor packing materials and components	High insulation, and strength, low chloride ion.	Functions such as insulation, sealing, explosion protection and terminal lead-out, and packaging solutions for snap-in aluminium electrolytic capacitors and supercapacitors adapted to the power supply requirements of servers in computing data centres.

Semiconductor chemicals

Semiconductor chemicals include high purity chemicals, etching liquids, semiconductor cooling liquids, and semiconductor cleaning liquids. These chemicals are used in multiple process steps in IC fabrication.

Product Category	Secondary Product Category	Features	Application Scenarios
Semiconductor chemicals . .	High purity chemicals	High purity, small particle count and size, high quality consistency and stability; meets the industry's Semi G5 standard. It plays a crucial role in improving chip yields and enhancing the clarity of display panel images.	Applied in display panels and IC fields as a key chemical material in production processes such as photolithography, development, etching and cleaning.
	Etching liquids	Excellent etching morphology, strong compatibility with different target materials, high stability, customizable solutions.	Used in etching processes in semiconductor and display panel manufacturing.
	Semiconductor cooling liquids	High performance, high-precision control, wide operating temperature range and features of good insulation performance, non-toxicity, strong material compatibility.	Used as temperature-control media in semiconductor processes (including dry etching) and in packaging and testing processes.
	Semiconductor cleaning liquids	Low surface tension, excellent stability, high material compatibility.	Used for cleaning processes in semiconductor/display manufacturing.

Research and Development

R&D philosophy and strategy

Building on our technology centre and key laboratories, we have established an integrated product development process that links basic research, application development, pilot-scale validation and mass production.

R&D organisation

We have built a multi-tiered R&D organisation covering our research institute, business segment R&D teams and laboratories at our production bases:

Shenzhen research institute (group-level R&D platform)

Our Shenzhen Research Institute serves as our group-level R&D platform and anchors our medium- to long-term technology planning and platform-level R&D. It focuses on front-end process design, fundamental research and method development, and works with our business segment R&D teams to translate platform technologies into product families and application-ready solutions across our major segments. The research institute functions as a platform: it develops core methodologies, such as synthesis and purification routes, analytical and testing methods and mechanism interpretation protocols, that can be used across our business segments, and it provides technical governance for group-wide R&D priorities, technical standards and cross-business synergies. The research institute supports platform R&D through (i) laboratory-scale synthesis and process development, (ii) advanced analytical testing and method development, and (iii) pilot-scale validation and scale-up support in coordination with our business units and production-base laboratories. These capabilities are intended to support our full-cycle R&D platform, from early-stage research through industrialisation.

Business segment R&D teams (application and product development)

Each of our major business segments maintains its own R&D team, including sites such as the Huizhou Research Institute, the Sanming Fluorinated New Materials Research Centre, and the Huaian Hicomer Laboratory and incubation pilot-scale platform. These teams are responsible for: (i) translating platform technologies into specific products and formulations for defined applications; (ii) managing customer-specific projects, including tailoring specifications and coordinating sample and validation plans; and (iii) working with our process engineering teams to prepare products for scale-up and industrialisation.

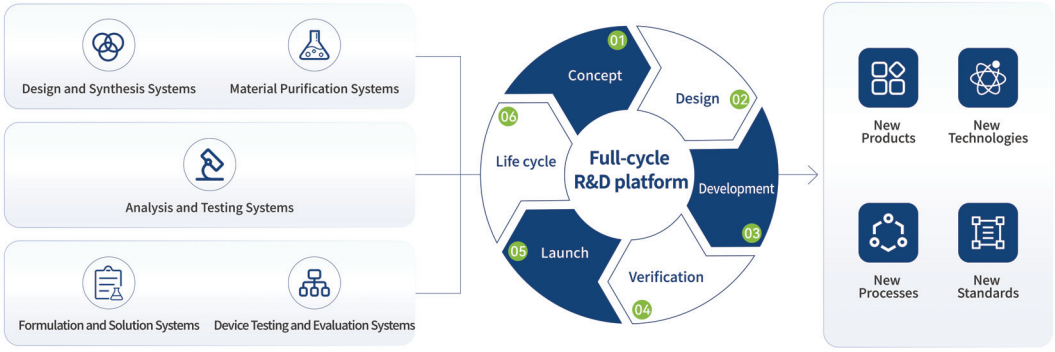
Laboratories at production bases (process, quality and local support)

We also have laboratories on-site at selected production bases that focus on: (i) manufacturing process optimisation and iteration, quality stability and on-line analytical support; (ii) on-site troubleshooting and continuous production improvement; and (iii) providing rapid technical support and sample preparation for nearby customers.

Full-Cycle R&D Platform

We regard research and development as a core driver of our long-term growth, product competitiveness and operational resilience. Over the years, we have established a full-cycle R&D platform covering conceptualisation, design, formulation optimisation, pilot-scale trials and customer qualification, industrialisation, and continuous optimisation of products.

Our full-cycle R&D platform covers the steps set out in the diagram below:



- **Concept and feasibility study** — Based on information we collect on industry trends, regulatory developments and downstream customer requirements in key application fields, our research institute and business unit R&D teams jointly evaluate potential demand and conduct initial feasibility assessments.

- **Project initiation and design** — We formally launch R&D projects that pass the feasibility stage, define technical targets, milestones and budgets.

- **Laboratory development and formulation optimisation** — We design and synthesize candidate materials, optimise formulations and key process parameters, and carry out in-house application testing and analytical verification using our full-cycle R&D platform.

- **Pilot-scale trials and customer qualification** — Promising systems are scaled up to pilot-scale, and we provide trial samples to customers for cell, module or device-level tests. We work with customers to carry out multi-round validation and refine the product based on feedback.

- **Industrialisation and mass production** — Once product performance and manufacturability meet internal and customer standards, we complete process design and equipment configuration, implement at our production bases and monitor initial mass-production runs.

- **Continuous optimisation and iteration** — After industrialisation, we continue to monitor performance, collect data from customer applications and iterate formulations and processes to address new requirements.

Collaboration flow with Customers

We place particular emphasis on "customer-centric" development. In general, our collaboration with key customers follows four main stages:

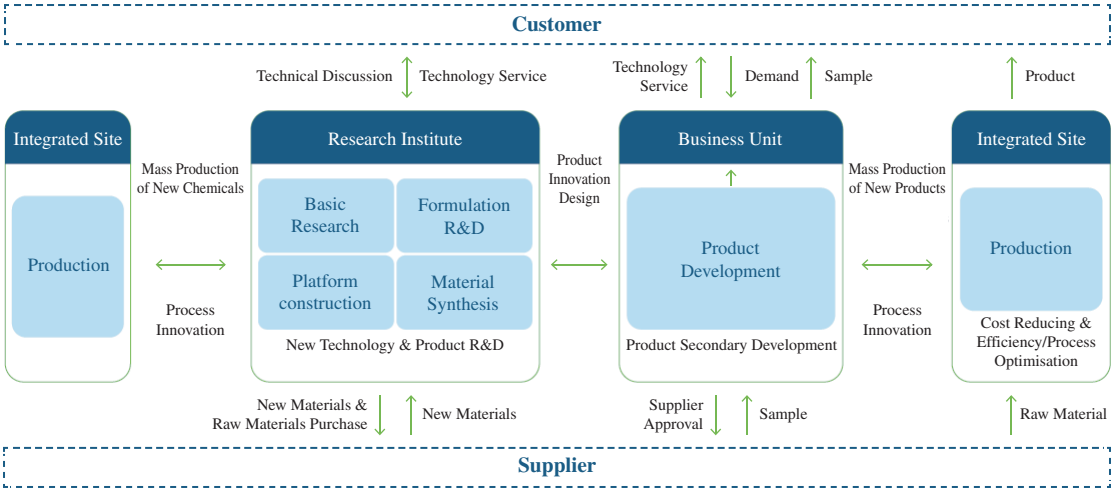
- **Early engagement and specification** — in performing regular technology service and during specific technical discussion sessions, we participate in early technical discussions on customers' next-generation platforms, jointly define key material specifications and align our R&D roadmap with customers' product plans.

- **Development and validation** — after understanding our customers' demands, we iteratively develop and optimise formulations and processes, provide multiple rounds of samples for testing, and adjust our products based on test results and line-trial feedback.

- **Qualification and supplier onboarding** — for certain products in our electronic information chemicals segment, customers typically require a structured supplier onboarding and qualification process that may involve multiple rounds of specification confirmation, sample evaluation and production-line verification over an extended period. Once qualified, products are typically subject to ongoing quality monitoring and periodic re-validation, which supports long-term supply relationships.

- **Industrialisation and long-term support** — once products are qualified, our R&D team will prepare our production bases for scaled production, monitor consistency in mass production and maintain regular technical communication to address new requirements over the product life cycle.

We believe this model improves the success rate of new product industrialisation and supports the formation of long-term, stable supply relationships with key customers.



One example of our industry — academia — research collaborations and value-chain cooperation with customers: from 2020 to 2023, we carried out an in-depth co-development programme with a cellphone/EV manufacturer, focusing on the development of high-performance lithium-ion battery electrolytes. Through close technical collaboration and joint validation, we achieved (i) large-scale mass production of electrolytes for high-voltage lithium cobalt oxide (LCO)/graphite systems, (ii) small-scale introduction of electrolytes for high-voltage LCO/silicon — carbon systems, and (iii) performance verification of electrolytes for sodium-ion batteries.

External collaborations

In addition to internal R&D, we maintain cooperation with universities and research institutes mainly in the PRC through joint research projects, commissioned research and joint laboratories. Our partners include, among others, the Shanghai Institute of Organic Chemistry and the Institute of Process Engineering of the Chinese Academy of Sciences, South China University of Technology, Southern University of Science and Technology, and Xiamen University. These collaborations focus on new material systems and mechanisms relevant to our core businesses, advanced analytical and testing methods and the training of high-level technical talent. Since 2018, we have maintained continuous technical cooperation with Southern University of Science and Technology. In 2023, we and Southern University of Science and Technology jointly established the *"Capchem — SUSTech Shenzhen National Applied Mathematics Centre Joint Laboratory for Carbon Peaking, Carbon Neutrality and Digital Economy"* with an initial construction period of five years, focusing on research on electrolytes, solid-state electrolytes, binders and dual-carbon related topics. For organic fluorochemicals, we have entered into a cooperation agreement with the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences, to jointly develop fluorinated surfactants. We have established a joint laboratory with Xiamen University to develop fluorinated electronic chemicals products.

R&D team

We maintain a sizeable and growing R&D team with a multi-disciplinary background in chemistry, materials science, chemical engineering and related fields. As of June 30, 2026, we had 1,133 R&D and technical personnel, representing 23.6% of our total employees. Our R&D and technical personnel include personnel with doctoral and master's degrees and experienced engineers and technicians. Among these R&D and technical personnel, 687 of which with bachelor's degrees or above as of June 30, 2026. Our R&D team is relatively young, with a majority of staff aged under 40.

Investment in R&D

We have consistently devoted a significant portion of our revenue to research and development.

The following table sets out our R&D expenses during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
R&D expenses (RMB'000)	485,132	392,852	501,872	252,445	294,589
As % of revenue	6.5%	5.0%	5.2%	6.0%	4.0%

R&D management and intellectual property protection

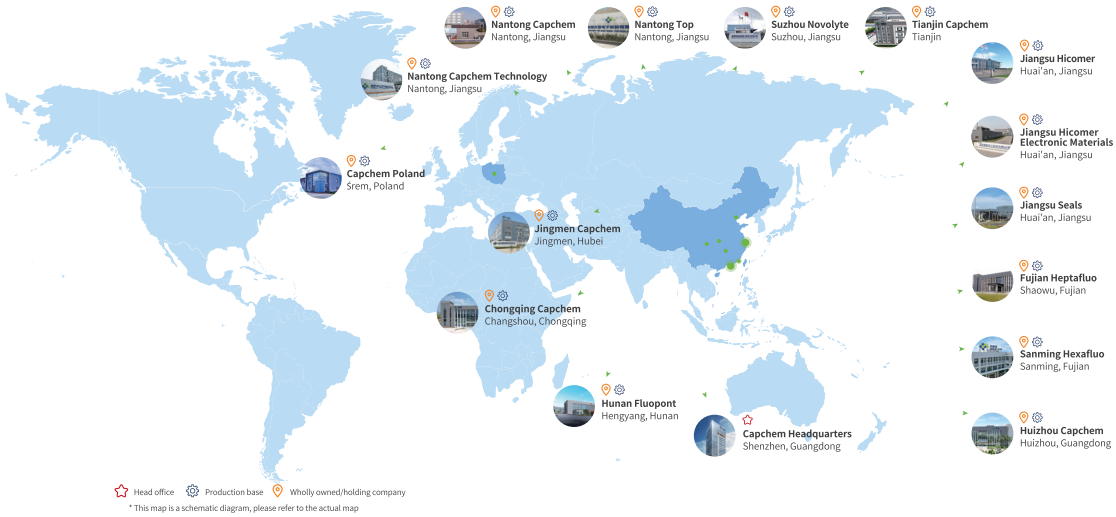
We have implemented an R&D project management system covering project initiation, approval, budgeting, milestone management and acceptance, and we use digital tools and knowledge-sharing mechanisms to improve R&D efficiency and support technology transfer from laboratory to industrialisation. As of June 30, 2026, we had submitted and had accepted 1,716 patent applications in aggregate, including 1,265 domestic patent applications (of which 1,067 were invention patents and 198 were utility model patents), 219 overseas invention patent applications and 232 PCT applications. We had been granted an aggregate of 602 domestic patents (of which 430 were invention patents and 172 were utility model patents) and 112 overseas invention patents, and had registered 334 trademarks in China and overseas. All R&D staff sign confidentiality agreements, and core technical and R&D staff are also subject to non-competition undertakings after departure, in line with applicable PRC laws and regulations. We have not experienced material disputes with former R&D staff in relation to intellectual property or non-competition obligations. For a more detailed discussion of our patents, trademarks and other intellectual property, see "Intellectual Property" below.

Production

Overview of our production footprint

We mainly manufacture our products at our own production bases in the PRC and overseas. Our production activities are organised around our three major product segments: battery chemicals, organic fluorochemicals and electronic information chemicals. As of June 30, 2026, we operated 13 production bases, comprising 12 production bases in the PRC and one production base in Poland, and we have progressed to installation of our overseas production base in Malaysia, and are undertaking preparatory work for the construction of our overseas bases in Saudi Arabia and the expansion of our production base in Poland. Each of our production bases may support one or more of our business segments.

Production bases and layout



We have adopted a regional layout that combines proximity to major downstream customers with access to key raw materials. Domestically, we strategically placed our production bases to cover the pearl river delta region, the Yangtze River delta region, central China, northern China, and the southwest. Our main overseas footprint is in Europe and Southeast Asia, centred on Poland, and Malaysia. This network allows us to (i) locate key electrolytes capacity close to major NEV and ESS customers, solvents and additives capacity close to mineral resources and other resources, (ii) develop organic fluorochemicals capacity near upstream raw material sources and (iii) supply electronic information chemicals to customers in semiconductor, display and capacitor industries in China and overseas. We believe our regional layout helps us reduce logistics costs, better manage lead times and enhance our ability to serve customers on a coordinated basis.

Summary of principal production bases

Our production bases are located in several chemical-industry parks and industrial zones in the PRC and in Europe. As of the Latest Practicable Date, our principal production bases can be summarised as follows:

Base	Location	Production Commencement	Segment(s)	Site area	Status
				thousand square meters	
Huizhou Capchem Chemicals Co., Ltd.	Huizhou, Guangdong	2012	Battery chemicals, Electronic information chemicals	239	In operation
Nantong Capchem Chemicals Co., Ltd.	Nantong, Jiangsu	2014	Battery chemicals, Electronic information chemicals	28	In operation
Jingmen Capchem New Materials Co., Ltd.	Jingmen, Hubei	2019	Battery chemicals	112	In operation
Tianjin Capchem Electronic Materials Co., Ltd.	Tianjin	2022	Battery chemicals, Electronic information chemicals	104	In operation

Base	Location	Production Commencement	Segment(s)	Site area	Status
				thousand square meters	
Chongqing Capchem New Materials Co., Ltd.	Chongqing	2024	Battery chemicals	112	In operation
Novolyte Battery Materials (Suzhou) Co., Ltd.	Suzhou, Jiangsu	2017	Battery chemicals	22	In operation
Jiangsu Hicomer Electronic Materials Co., Ltd.	Huai'an, Jiangsu	2024	Battery chemicals	233	In operation
Jiangsu Hicomer New Materials Co., Ltd.	Huai'an, Jiangsu	2017	Battery chemicals	76	In operation
Hunan Fluopont New Materials Co., Ltd.	Hengyang, Hunan	2021	Battery chemicals	126	In operation
Fujian Heptafluo New Materials Co., Ltd.	Nanping, Fujian	2022	Organic fluorochemicals	393	In operation
Sanming Hexafluo Chemical Co., Ltd.	Sanming, Fujian	acquired in 2015	Organic fluorochemicals, Battery chemicals, Electronic information chemicals	287	In operation
Nantong Top Electronic Materials Co., Ltd.	Nantong, Jiangsu	2014	Others (functional materials)	12	In operation
Jiangsu Seals Electronic Materials Co., Ltd.	Huai'an, Jiangsu	2023	Others (functional materials)	17	In operation
Capchem Poland Sp.zo.o	Poland	2023	Battery chemicals	41	In operation
Nantong Capchem Technology Co., Ltd.	Nantong, Jiangsu	2026	Battery chemicals	100	In operation

Production Base Under Construction/Planning

Project	Location	Segment(s)	Status
Hunan Fluopont Novel Lithium Salt Capacity Expansion Project (Phase 3.1)	PRC	Battery chemicals	Trial production
Nantong Capchem Technology Semiconductor Chemicals and Battery Chemicals Project (Phase 1)	PRC	Battery chemicals, Electronic information chemicals	Trial production
Nantong Capchem Electronics 30,000 Tonnes/Year Novel Electronic Chemicals Capacity Expansion and Technical Renovation Project	PRC	Electronic information chemicals	Trial production
Huizhou Capchem Ammonia Capacity Expansion Project	PRC	Electronic information chemicals	Trial production

Project	Location	Segment(s)	Status
Jingmen Capchem 283,000 Tonnes/Year Battery Chemicals Project (Phase 2)	PRC	Battery chemicals	Installation
Novolyte Malaysia Electronic Information Chemicals Project	Malaysia	Battery chemicals	Installation
Phase 4 Project of Huizhou Capchem	PRC	Battery chemicals, Electronic information chemicals	Installation
Fujian Heptafluo 5,000 Tonnes/Year High-performance Organic Fluorochemicals Project (Phase 1.5)	PRC	Organic fluorochemicals	Installation
Yichang Capchem Electronic Chemicals Project	PRC	Electronic information chemicals	Installation
Hicomer Electronic Materials 59,600 Tonnes/Year Lithium-Ion Battery Additives Project (Phase 2)	PRC	Battery chemicals	Under construction
Sanming Hexafluo 30,000 Tonnes/Year High-End Organic Fluorochemicals Project	PRC	Organic fluorochemicals	Under construction
Sanming Hexafluo Novel Organic Fluorochemicals Research Centre	PRC	Organic fluorochemicals	Decoration
Jingmen Capchem 283,000 Tonnes/Year Battery Chemicals Project (Phase 2 Expansion)	PRC	Battery chemicals	Design
Huizhou Capchem Solvent Capacity Expansion/South Plant Area Technology Upgrade Project	PRC	Battery chemicals	Design
Hunan Fluopont Novel Lithium Salt Capacity Expansion Project (Phase 3.2)	PRC	Battery chemicals	Design
Capchem Poland Battery Chemicals Project (Phase 2)	Poland	Battery chemicals	Design
Tianjin Capchem Semiconductor Chemicals and Battery Chemicals Project (Phase 3)	PRC	Electronic information chemicals	Design
Nantong Capchem Technology 25,000 Tonnes/Year Ultra-Pure Ammonia Capacity Expansion and Technical Renovation Project	PRC	Electronic information chemicals	Design
Middle East Capchem Battery Chemicals Project	Saudi Arabia	Battery chemicals	Project pre-phase

As of June 30, 2026, our planned capacity additions by segment were as follows:

	Battery chemicals	Organic fluorochemicals	Electronic information chemicals
		(tonnes)	
Projects under construction	459,300	26,270	77,000
Projects under planning	562,000	–	54,000
Total	**1,021,300**	**26,270**	**131,000**
of which: overseas project(s) under construction	30,000	–	–
of which: overseas project(s) under planning	350,000	–	–
of which: overseas total	**380,000**	**–**	**–**

Battery chemicals accounts for approximately 86% of total planned capacity additions, with approximately 380,000 tonnes directed to overseas production bases in Southeast Asia, the Middle East and Europe and the remainder to domestic upstream integration of solutes, solvents and additives. Organic fluorochemicals and electronic information chemicals expansion is focused on domestic production.

Capacity and utilisation

We monitor the designed production capacity and utilisation of our principal segments. For our production capacity and utilisation rate, see "Major business segments" above.

Machinery and equipment

Our production bases are equipped with a comprehensive range of machinery and equipment to support each stage of the manufacturing process. Our principal production equipment mainly comprises reactors, formulation and mixing tanks, rectification and distillation columns, evaporators and other reaction, formulation and purification equipment. Our directors believe that the specifications and scale of our equipment are consistent with prevailing industry standards.

Overview of production model

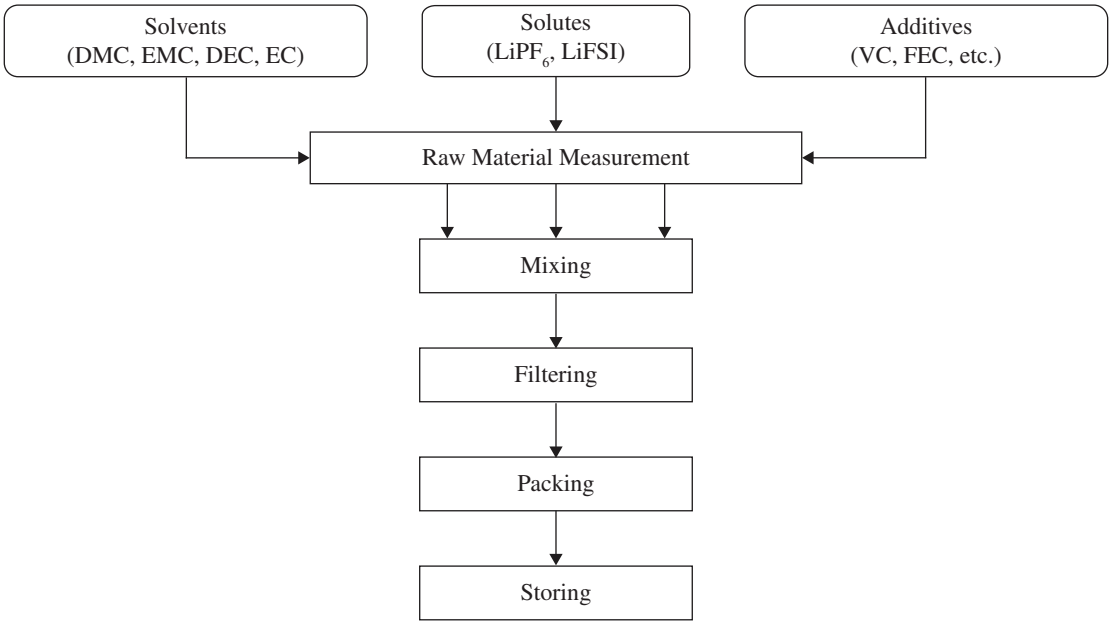
We organise our production activities principally by reference to our major product segments. We generally carry out key production processes, including synthesis, distillation, purification, blending and packaging, at our own facilities. We procure certain raw materials from third-party suppliers and produce certain others internally, as further described in the section headed "Suppliers".

Production processes, integrated value chain and manufacturing management

Our production processes differ by business segment but generally include raw material preparation, reaction and synthesis, separation and purification, finishing and packaging. We standardise these processes across our production bases where possible to enhance operational efficiency and quality consistency.

Battery chemicals

For electrolytes, production typically involves (i) preparation and blending of solvents, (ii) synthesis and dissolution of solutes, (iii) compounding of electrolyte additives and (iv) formulation of finished electrolytes according to customer-specific requirements. For solutes, solvents and additives, we operate dedicated reaction, crystallisation, distillation and drying units to achieve the required purity levels. Moisture, metal ions and other impurities are tightly controlled through multi-stage drying, adsorption and filtration processes to meet battery makers' specifications.



Organic fluorochemicals

For organic fluorochemicals, our production processes mainly involve (i) fluorination and related organic reactions to produce fluorinated intermediates and fine chemicals; (ii) distillation and purification of fluorinated products; (iii) polymerization of fluorinated monomers to produce fluoropolymers such as PTFE, FFKM and PFSA; and (iv) downstream finishing processes, including granulation, dispersion and packaging.

Electronic information chemicals

For electronic information chemicals, we produce capacitor chemicals and semiconductor chemicals, and provide "one-stop solutions" for capacitor chemicals and sealing components. Production focuses on high-purity processing and formulation control to ensure stable electrical performance. For these products, we attach great significance to purity, metal impurity content, particle count and particle size, to provide integrated solutions for our customers. The production of high purity chemicals requires multi-step purification, such as distillation, ion-exchange and fine filtration, and detailed impurity monitoring.

Vertical integration

Our production requires a range of raw materials, including (i) basic organic chemicals, such as carbonates and alcohols, (ii) inorganic salts and lithium-containing materials, (iii) fluorine-containing feedstocks, and (iv) other specialty chemicals. We source these materials

from a diversified base of domestic and overseas suppliers and, for certain key inputs, also rely on our own upstream and intermediate production. In battery chemicals, we have progressively invested in upstream capabilities across solutes, solvents and additives. For lithium-ion battery electrolytes, we are capable of producing core raw materials, including solvents and additives, internally, while continuing to procure certain basic chemicals from external suppliers. During the Track Record Period, our in-house produced solutes are primarily used to meet our internal demand. This allows us to adjust formulations and raw material combinations based on customer requirements, while maintaining control over critical quality-determining intermediates. Our investment in and achievement of joint control over Shilei Fluorine Materials in December 2024 represents a significant development in our supply chain for $LiPF_6$. As of June 30, 2026, Shilei Fluorine Materials had an annual production capacity of 36,000 tonnes and is expected to further expand capacity in line with market conditions and our internal demand. Together with our consolidated LiFSI production capabilities, the proportion of our total solute requirements sourced from entities under our majority or joint control increased substantially over the Track Record Period, and we believe this positions us well to maintain supply stability and cost competitiveness in electrolyte production going forward. In organic fluorochemicals, our industrial chain layout covers key fluorinated intermediates and downstream products such as fluoropolymers and related materials. Sanming Hexafluo specialises in HFPO derivative series products, including HFE and PFPE; Fujian Heptafluo specialises in special fluoropolymers, including PTFE, PFA, PFSA resins and perfluoro rubber. By integrating upstream monomer and intermediate production with downstream fluoropolymers and functional fluids, we can (i) coordinate product development across different stages of the chain and (ii) provide customers with solutions that combine multiple fluorinated materials for specific applications. We intend to continue enhancing our level of vertical integration in selected areas where we expect this to (i) strengthen our control over critical raw materials, (ii) improve cost competitiveness and (iii) support long-term product development in collaboration with our customers.

Strategic goal for self-sufficiency in upstream materials

While we have increased our level of vertical integration in selected parts of our value chain, we do not seek to be fully self-sufficient in raw materials and intermediates. Instead, for key upstream products and intermediate materials for our battery chemicals segment, we generally aim to maintain the capability of supplying a substantial portion internally, with the remainder sold to external customers to maintain market competitiveness. Under this model, our upstream or intermediate production units are positioned as independent profit centres that compete in the open market rather than operating solely as captive suppliers. By requiring these units to sell a significant portion of their products externally, we expect them to remain exposed to market forces and stay in touch with customer requirements and industry benchmarks, and therefore to be more disciplined in cost control, product quality, technology upgrading and operational efficiency. At the same time, our internal consumption of output is intended to provide stability and consistency of supply for our downstream businesses and to ensure close alignment between upstream product development and the needs of our own formulations and finished products. We believe this approach allows us to achieve a balance between (i) the security and technical advantages of having in-house upstream capabilities and (ii) the competitiveness and efficiency benefits that come from continued participation in the external market.

Production management and quality control

Our commitment to high quality and reliability helps strengthen the recognition and trust among our customers. We obtained ISO9001 certification for our quality management system. Moreover, we have obtained ISO10012, ISO14001, ISO27001, ISO45001, ISO50001,

QC080000, IATF16949, and other quality control certifications for our quality control management. We have established production-management procedures covering production planning, equipment management, quality inspection and safety management. We adopt internal policies and standard operating procedures for key steps, including (i) raw material acceptance and inspection; (ii) in-process inspection and sampling; and (iii) finished-product testing and release. As of 2023, 2024, 2025, and the six months ended June 30, 2026, we have a quality control team comprising of 304, 361, 398, and 432 members, respectively. The quality control team is responsible for setting targets of quality control, establishing the quality control systems and inspection guidelines for our production, conducting regular inspections and providing trainings on quality and inspection techniques. To ensure the effectiveness of our quality control system, the quality control team regularly conducts performance reviews and data analysis on our production facilities and equipment. We use information systems, including enterprise-resource-planning (ERP) and production-management software, to support production scheduling, inventory management and traceability. We also maintain equipment-maintenance plans and regular inspection schedules to support stable operation of our production facilities. As a result of our stringent quality control measures, during the Track Record Period and up to the Latest Practicable Date, there was no incident of failure in our quality control systems which had a material impact on us.

Quality control in product development

Our quality control begins at the product development stage. Using our internal testing and analysis platform, and the laboratories at our production bases, we carry out multi-round testing and evaluation of new samples, in accordance with relevant industry standards and customer specifications. Only formulations and processes that meet both our internal requirements and customers' validation standards are transferred to pilot-scale trials and prepared for industrialisation.

Quality control in procurement

We only procure raw materials from suppliers that have been admitted to our qualified supplier list after passing our product quality and reliability assessments and meeting the requirements of us and our customers. For important categories such as solutes, fluorinated intermediates, solvents and high-purity inorganic reagents, we assess suppliers based on raw material quality, delivery performance, and other factors, and we may conduct on-site inspections of their facilities where appropriate. We perform sample inspection and testing on raw materials upon delivery in accordance with our internal standards. Our procurement and quality control procedures are designed to identify and address defective or sub-standard raw materials as early as possible and to prevent them from entering subsequent production stages.

Quality control in production

We conduct our production activities in accordance with our customers' quality specifications and applicable industry standards. Each production base has a dedicated quality control team and on-site laboratory responsible for in-process inspection and monitoring at key control points. Our quality control teams carry out daily inspections and testing of semi-finished products and intermediates to ensure that they meet our internal standards and, where applicable, customers' requirements. For certain customers and products, customers may also conduct on-site audits or inspections of our production facilities and quality systems as part of their qualification and ongoing supervision processes.

Quality control of finished products and logistics

Before shipment, each batch of finished products is subject to sample testing by our quality control teams in accordance with our release standards and customers' agreed specifications. We also inspect and control the packaging of our finished products (for example, drums, canisters, cylinders or other specialised containers) to help safeguard product quality during storage and transportation.

Customers and Suppliers

Customers

We sell our products primarily to industrial customers in the PRC and overseas across a broad range of end markets, including NEV, ESS, consumer electronics, AI and digital infrastructure, pharmaceuticals, and other high-end industrial applications. Our customer base mainly comprises battery manufacturers, capacitor and other electronic component manufacturers, semiconductor manufacturers, IC manufacturers, fine chemical and pharmaceutical companies and other industrial enterprises.

We serve customers both in the PRC and overseas. Revenue from customers in the PRC accounted for approximately 74.7%, 75.2% and 83.2% of our total revenue in 2023, 2024 and 2025, respectively, while revenue from overseas customers accounted for approximately 25.3%, 24.8% and 16.8% during the same periods. Revenue from customers in the PRC accounted for approximately 79.1% and 88.8% of our total revenue in the six months ended June 30, 2025 and 2026, respectively, while revenue from overseas customers accounted for approximately 20.9% and 11.2% during the same periods. Our overseas sales cover East Asia, the Americas, Europe, and Southeast Asia.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	(RMB'000)		*(RMB'000)*		*(RMB'000)*		*(RMB'000)*		*(RMB'000)*	
Revenue from 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%
Revenue from overseas	1,887,338	25.3%	1,944,642	24.8%	1,615,111	16.8%	885,329	20.9%	835,493	11.2%

For our battery chemicals segment, our customers mainly include manufacturers of NEV, ESS, consumer electronics batteries. For organic fluorochemicals, our customers include AI and digital infrastructure companies, pharmaceutical companies and advanced materials companies. For electronic information chemicals, our customers mainly consist of capacitor and other electronic component manufacturers, semiconductor manufacturers, and IC manufacturers.

Sales and marketing model

We primarily adopt a direct sales model supplemented by sales through trading companies. Under our direct sales model, we enter into framework agreements or purchase orders with customers and deliver products directly to their production facilities or designated warehouses. During the Track Record Period, a small portion of our products were sold to selected trading companies that in turn sell to downstream customers in certain regions and for certain product categories. Direct sales are our predominant sales channel and accounted for around 90% of our revenue in each of 2023, 2024, 2025, and the six months ended June 30, 2026, with sales to trading companies accounting for 10.6%, 13.4%, 9.8%, and 7.1%

respectively. We maintain an intellectual property management framework and supporting procedures designed to align with the intellectual property, confidentiality and compliance requirements commonly imposed by our major overseas customers.

Sales to trading companies

Sale to trading companies accounted for 10.6%, 13.4%, 9.8%, and 7.1% of our revenue in the years ended December 31, 2023, 2024, 2025, and the six months ended June 30, 2026, respectively. To the best knowledge of our Directors, all of our customers which are trading companies are Independent Third Parties. None of our trading company customers is controlled by a former or current employee of the Company, uses our brand or name in its own business, or has received material prepayments or financial assistance from us.

Our sales to trading companies is generally supplementary to direct sales and reflects commercial considerations in certain markets, such as (i) channel access leveraging trading companies' existing customer relationship, in particular a large number of small and medium-sized customers, (ii) accounts-receivable risk management where certain end customers request longer credit terms, and (iii) localised technical service needs in certain segments. The use of trading companies as a supplementary sales channel is consistent with industry practice among specialty chemicals manufacturers operating across multiple geographies and customer segments.

We determine the appropriate sales channel for each customer and market on a case-by-case basis, having regard to the following principal factors: (i) customer scale and strategic importance — larger, strategically important customers are served through direct sales, which enables closer technical collaboration and longer-term product co-development relationships; (ii) geographic proximity and local infrastructure — in regions where we have limited local sales and service capabilities, trading companies provide an efficient means of reaching end customers; (iii) credit and receivables risk — where end customers have extended payment cycles or less established credit profiles, trading companies absorb the credit exposure on commercially acceptable terms; and (iv) product category — products requiring less intensive technical support and customer qualification are more suited to the trading company channel than formulation-intensive products where direct technical engagement is critical.

Our relationship with trading companies is a buyer-and-seller relationship: trading companies purchase our products outright and resell them to end customers on their own account, and we do not act as principal or agent in their onward sales. Sales to trading companies are conducted on the basis of individual purchase orders. The principal commercial terms are as follows: (i) we do not impose any minimum purchase requirement or sales target on any trading company; (ii) we do not prescribe the prices at which trading companies resell our products to end customers; (iii) trading companies are not entitled to return products unless they are defective, and we did not experience any material product returns from trading companies during the Track Record Period; (iv) trading companies are responsible for managing their own inventories; (v) as a number of our products are categorised as hazardous chemicals subject to stringent storage and transportation requirements under the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》), our trading company customers generally are not able to maintain excess inventory, which inherently limits the risk of channel stuffing; (vi) revenue from sales to trading companies is recognised upon transfer of control of goods, consistent with our revenue recognition policy for direct sales; and (vii) credit terms offered to trading companies are generally in line with or shorter than those offered to comparable direct sales customers in the relevant business segment. We periodically request trading companies to provide us, on a voluntary basis, with

the identity of key end customers, and conduct joint customer visits with our sales personnel for larger-value end customers, for the purposes of monitoring potential channel overlap. The Directors are of the view that the risk of channel stuffing through the trading company channel is not material.

The number of trading companies engaged by us fluctuates from period to period in line with market conditions and regional demand patterns. We do not maintain a fixed approved panel of trading companies, and arrangements are entered into on an order-by-order basis as commercial needs arise.

Major customers and customer concentration

We have a diversified customer base without over-reliance on any single customer. Our top five customers are primarily battery and electronic component manufacturers.

The revenue contribution from our top five customers in 2023, 2024, 2025, and the six months ended June 30, 2026 is set out below:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Revenue from top five customers (RMB Million)	3,140.3	2,710.3	3,335.1	2,676.0
As % of total revenue	42.0%	34.6%	34.6%	35.9%

The following tables set forth the information of our five largest customers during the Track Record Period:

For the Year Ended December 31, 2023

Customer	Products sold to customer	Location	Revenue	% of our total revenue	Credit terms	Years of business relationship
			(RMB Million)			
Customer A[(1)]	Battery chemicals	South Korea	1,151.3	15.4%	in 60-120 days	since 2015
Customer B[(2)]	Battery chemicals	PRC	949.7	12.7%	in 60-120 days	since 2010
Customer C[(3)]	Battery chemicals	PRC	577.3	7.7%	in 60-120 days	since 2016
Customer D[(4)]	Battery chemicals	PRC	238.1	3.2%	in 60-120 days	since 2018
Customer E[(5)]	Battery chemicals	PRC	223.8	3.0%	in 60-120 days	since 2012

Notes:

(1): Customer A is a manufacturer of lithium-ion batteries for EV, ESS and consumer electronics applications, listed on the Korea Stock Exchange. It is one of the largest battery manufacturers by shipment volume, with operations spanning South Korea, Europe, North America and Asia.

(2): Customer B is a PRC-based manufacturer of primary and secondary lithium batteries for consumer electronics, power and ESS applications, listed on the Shenzhen GEM.

(3): Customer C is one of the world's largest lithium-ion battery manufacturer by shipment volume, listed on both the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. It is primarily engaged in the R&D, production and sales of power batteries and ESS systems for NEV and grid storage applications.

(4): Customer D is a PRC-based manufacturer of power batteries and ESS batteries, principally engaged in the R&D, production and sales of batteries for NEV applications.

(5): Customer E is a PRC-based manufacturer of lithium battery materials and battery systems for NEV power and ESS applications, listed on the Hong Kong Stock Exchange.

For the Year Ended December 31, 2024

Customer	Products sold to customer	Location	Revenue	% of our total revenue	Credit terms	Years of business relationship
			(RMB Million)			
Customer A . . .	Battery chemicals	South Korea	916.1	11.7%	in 60-120 days	since 2015
Customer B . . .	Battery chemicals	PRC	871.7	11.1%	in 60-120 days	since 2010
Customer E. . . .	Battery chemicals	PRC	414.3	5.3%	in 60-120 days	since 2012
Customer F[(1)] . .	Battery chemicals	South Korea	265.7	3.4%	in 60-120 days	since 2011
Customer D . . .	Battery chemicals	PRC	242.4	3.1%	in 60-120 days	since 2018

Note:

(1): Customer F is a manufacturer of lithium-ion batteries for EV, ESS and consumer electronics applications, listed on the Korea Stock Exchange. It has manufacturing operations spanning South Korea, Europe, North America and Asia.

For the Year Ended December 31, 2025

Customer	Products sold to customer	Location	Revenue	% of our total revenue	Credit terms	Years of business relationship
			(RMB Million)			
Customer B . . .	Battery chemicals	PRC	1,333.9	13.9%	in 60-120 days	since 2010
Customer A . . .	Battery chemicals	South Korea	585.7	6.1%	in 60-120 days	since 2015
Customer E. . . .	Battery chemicals	PRC	544.2	5.7%	in 60-120 days	since 2012
Customer G[(1)] . .	Battery chemicals	PRC	482.5	5.0%	in 60-120 days	since 2016
Customer D . . .	Battery chemicals	PRC	388.8	4.0%	in 60-120 days	since 2018

Note:

(1) Customer G is a PRC-based manufacturer specializing in consumer batteries, power batteries and ESS batteries, listed on the Shenzhen Stock Exchange. It is primarily engaged in the R&D, production and sales of lithium-ion battery products for consumer electronics, power tools and NEV applications.

For the Six Months Ended June 30, 2026

Customer	Products sold to customer	Location	Revenue	% of our total revenue	Creditor terms	Years of Business Relationship
			(RMB Million)			
Customer B . . .	Battery Chemicals	PRC	1,164.3	15.6%	in 60-120 days	since 2010
Customer G . . .	Battery Chemicals	PRC	602.0	8.1%	in 60-120 days	since 2016

Customer	Products sold to customer	Location	Revenue	% of our total revenue	Creditor terms	Years of Business Relationship
			(RMB Million)			
Customer E. . . .	Battery Chemicals	PRC	416.8	5.6%	in 60-120 days	since 2012
Customer H[(1)] . .	Battery Chemicals	PRC	281.0	3.8%	in 60-120 days	since 2016
Customer I[(2)]. . .	Battery Chemicals	PRC	212.0	2.8%	in 60-120 days	since 2016

Notes:

(1) Customer H is a PRC-based manufacturer of power batteries and ESS batteries, principally engaged in the R&D, production and sales of power and energy storage batteries, listed on the Shenzhen Stock Exchange.

(2) Customer I is a PRC-based manufacturer principally engaged in the exploration and production of lithium resources, as well as the manufacturing and recycling of lithium-ion batteries, listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange.

In 2023, 2024, and 2025, our top five customers together accounted for approximately 42.0%, 34.6%, and 34.6% of our total revenue, respectively. The revenue contribution from our largest customer was 15.4%, 11.7%, and 13.9% in 2023, 2024, and 2025, respectively. The decline in the percentage contribution of our top five customers from 2023 to 2024 reflects a further diversification of our customer base. For the six months ended June 30, 2026, our top five customers accounted for approximately 35.9% of our total revenue, with our largest customer contributing approximately 15.6% of our total revenue, indicating that our customer concentration remained broadly in line with the levels from 2023 to 2025.

Each of Customer A and Customer B is a minority shareholder of our subsidiaries. Other than that, to the best of our knowledge, all of our five largest customers in each year during the Track Record Period are Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

We generally maintain multi-year relationships with our major customers. For many key customers in sectors such as battery, capacitor and semiconductor, we are a qualified or designated supplier, and our products are subject to customer-specific qualification processes, including line trials and performance verification, before we supply our products to customers at scale.

Pricing strategy

We determine the selling prices of our products primarily based on a combination of the following factors: (i) product category and technical specifications (including purity, moisture and impurity requirements); (ii) quality grade and application scenarios; (iii) order volume and the length and stability of the customer relationship; (iv) procurement and production costs; and (v) prevailing market prices and competitive landscape for comparable products.

For many of our products, particularly those using raw materials such as solutes, solvents and additives, we generally determine prices with reference to the then-prevailing market prices of such raw materials, together with our processing costs and a reasonable profit margin. As a result, changes in prices of raw materials may be reflected, in whole or in part, in the prices we charge our customers.

We review our selling prices from time to time and may adjust them after discussions with customers, having regard to factors such as (i) fluctuations in prices of raw materials or other major cost items; (ii) changes in product specifications or technical requirements requested by customers; (iii) changes in order volume or delivery schedules; and (iv) changes in market demand and competitive conditions in relevant downstream sectors.

For certain long-term arrangements, we may agree with customers on specific pricing mechanisms, so that movements in raw material prices can be reflected in product prices in an orderly manner. The specific pricing mechanisms and adjustment arrangements vary by customer and product line and are subject to negotiation with the relevant customers.

Sales arrangements and key terms of sales agreements

We primarily sell our products directly to customers. With most of our major customers, we enter into overarching framework sales agreements, and the parties then enter into specific purchase orders from time to time under such framework agreements. These arrangements allow us and our customers to agree in advance on the main commercial and technical parameters of our cooperation, while retaining flexibility on actual order volumes and delivery schedules.

Our framework sales agreements with major customers generally share the following features:

- Term: The framework agreements usually have a fixed term of approximately one to five years and may be renewed by mutual agreement prior to expiry.

- Scope of products and quality standards: The agreement sets out the main indicative terms, while the specific product and quality standard are defined in the purchase orders and the quality assurance agreements.

- Ordering and delivery arrangements: The agreements typically set out the arrangements for delivery terms (such as delivery location, transfer of risk and title, and responsibilities for transportation, insurance).

- Pricing and settlement: The framework agreements usually provide that prices will be determined and updated through separate quotations or as set out in the purchase orders and that invoices will be settled in accordance with the agreed settlement arrangements (for example, bank transfer) within the agreed time period.

- Credit terms and payment: Subject to customer creditworthiness, order size and length of cooperation, we may grant credit periods of from 30 days to around 120 days to certain customers.

- Termination: The framework agreements may be terminated upon expiry or earlier in accordance with the terms of the agreements, including for material breach, insolvency or other specified events.

We typically do not undertake to sell, nor do our customers undertake to purchase, a fixed minimum volume under these framework agreements. Actual sales volumes are determined by the purchase orders placed from time to time, having regard to customers' production plans and our available capacity.

Customer credit terms and settlement

For PRC customers, our settlement methods mainly include bank acceptance bills, commercial acceptance bills, electronic receivables and bank transfers. For overseas customers, settlement is primarily conducted by telegraphic transfer or other accepted payment methods. In line with industry practice, our battery chemicals customers generally enjoy longer credit periods than certain electronic information and fluorochemical customers, reflecting differing downstream bargaining positions and order patterns. We implement credit policies and internal approval procedures for new customers and changes in credit limits for existing customers. We also monitor the ageing profile of our trade receivables and record provisions for expected credit losses in accordance with applicable accounting standards. For the six months ended June 30, 2026, our customer profile, geographic revenue mix and customer concentration remained broadly consistent with the trends observed during the Track Record Period. For details of our trade receivables, credit risk management and expected credit loss provisions, see "Financial Information — Trade and Other Receivables" in this document.

Suppliers

Raw materials and supplier base

Our principal raw materials include: (i) battery chemicals segment: solutes (such as $LiPF_6$ and LiFSI), solvents, and additives; (ii) organic fluorochemicals segment: upstream fluorine feedstocks (including hexafluoropropylene, anhydrous hydrogen fluoride and other organic intermediates); (iii) electronic information chemicals segment: boric acid, liquid ammonia, conductive polymers and precursors, organic solvents, specialty monomers used in capacitor chemicals and semiconductor chemicals. We procure raw materials from a diversified group of suppliers. Our main raw materials were solutes, additives and solvents. Our raw materials for all segments in the aggregate account for 78.5%, 74.8%, 76.9%, and 83.6% of our cost of sales in 2023, 2024, 2025, and the six months ended June 30, 2026.

Major suppliers and supplier concentration

We have a broad supplier base and are not materially dependent on any single supplier. Our major suppliers mainly consist of chemical companies providing solutes, fluorinated chemicals, solvents and other bulk raw materials.

During the Track Record Period, the total purchase amounts and concentration of our top five suppliers for the years indicated below were as follows:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Total purchases from top five suppliers (RMB Million)	1,739.3	1,588.0	2,346.8	2,246.9
As % of total purchases	39.0%	30.3%	35.0%	37.6%
Purchases from largest supplier as % of total purchases	13.6%	11.3%	16.1%	21.3%

The following tables set forth the information of our five largest suppliers during the Track Record Period:

For the Year Ended December 31, 2023

Supplier	Background	Materials purchased	Location	Purchase costs	% of total purchases	Credit terms	Years of business relationship
				(RMB Million)			
Supplier A . . .	An enterprise engaged in high-performance inorganic fluorides, electronic chemicals, lithium-ion batteries	Lithium-ion battery raw materials	PRC	607.9	13.6%	in 60-100 days	since 2013
Supplier B . . .	An enterprise specialising in key lithium battery electrolytes	Lithium-ion battery raw materials	PRC	331.0	7.4%	in 60-100 days	since 2015
Supplier C . . .	An enterprise mainly focused on pharmaceutical intermediates and lithium battery chemicals	Lithium-ion battery raw materials	PRC	320.5	7.2%	in 60-100 days	since 2014
Supplier D . .	An enterprise engaged in fluorine-containing new materials	Lithium-ion battery raw materials	PRC	282.1	6.3%	in 60-100 days	since 2021
Supplier E . . .	A lithium battery material enterprise mainly engaged in R&D, production and sales of battery chemicals	Lithium-ion battery raw materials	PRC	197.8	4.4%	in 60-100 days	since 2017

For the Year Ended December 31, 2024

Supplier	Background	Materials purchased	Location	Purchase costs	% of total purchases	Credit terms	Years of business relationship
				(RMB Million)			
Supplier D . .	An enterprise engaged in fluorine-containing new materials	Lithium-ion battery raw materials	PRC	591.7	11.3%	in 60 to 100 days	since 2021
Supplier F . . .	An enterprise focused on supplying basic chemical raw materials	Lithium-ion battery and Capacitor Chemicals raw materials	PRC	382.2	7.3%	prepaid	since 2005

Supplier	Background	Materials purchased	Location	Purchase costs	% of total purchases	Credit terms	Years of business relationship
				(RMB Million)			
Supplier A . . .	An enterprise engaged in high-performance inorganic fluorides, electronic chemicals, lithium-ion batteries and related materials	Lithium-ion battery raw materials	PRC	316.9	6.0%	in 60 to 100 days	since 2013
Supplier B . . .	An specialised specialized in lithium battery key electrolytes	Lithium-ion battery raw materials	PRC	161.8	3.1%	in 60 to 100 days	since 2015
Supplier G . .	An enterprise for pharmaceuticals and new energy	Lithium-ion battery raw materials	PRC	135.4	2.6%	in 60 to 100 days	since 2022

For the Year Ended December 31, 2025

Supplier	Background	Materials purchased	Location	Purchase costs	% of total purchases	Credit terms	Years of business relationship
				(RMB Million)			
Supplier D . .	An enterprise engaged in fluorine-containing new materials	Lithium-ion battery raw materials	PRC	1,077.3	16.1%	in 60 to 100 days	since 2021
Supplier F . . .	An enterprise focused on supplying basic chemical raw materials	Lithium-ion battery and Capacitor Chemicals raw materials	PRC	434.6	6.5%	prepaid	since 2005
Supplier B . . .	An enterprise specialised in lithium battery electrolytes	Lithium-ion battery raw materials	PRC	407.2	6.1%	in 60 to 100 days	since 2015
Supplier A . . .	An enterprise engaged in high-performance inorganic fluorides, electronic chemicals, lithium-ion batteries and related materials	Lithium-ion battery raw materials	PRC	250.1	3.7%	in 60 to 100 days	since 2013
Supplier H . .	An enterprise engaged in lithium-ion battery electrolytes, solvent and high-end innovative materials	Lithium-ion battery raw materials	PRC	177.7	2.7%	in 60 to 120 days	since 2007

For the Six Months Ended June 30, 2026

Supplier	Background	Materials purchased	Location	Purchase costs	% of total purchases	Credit terms	Years of business relationship
				(RMB Million)			
Supplier D . .	An enterprise engaged in fluorine-containing new materials	Lithium-ion battery raw materials	PRC	1,274.3	21.3%	in 60 to 100 days	since 2021
Supplier B . . .	An enterprise specialised in lithium battery electrolytes	Lithium-ion battery raw materials	PRC	356.0	6.0%	in 60 to 100 days	since 2015
Supplier A . . .	An enterprise engaged in high-performance inorganic fluorides, electronic chemicals, lithium-ion batteries and related materials	Lithium-ion battery raw materials	PRC	218.2	3.7%	in 60 to 100 days	since 2013
Supplier F . . .	An enterprise focused on supplying basic chemical raw materials	Lithium-ion battery raw materials	PRC	205.3	3.4%	Prepaid	since 2005
Supplier I . . .	A company engaged in the research, development, manufacturing, and distribution of advanced new energy materials	Lithium-ion battery raw materials	PRC	193.2	3.2%	in 60 to 100 days	since 2023

In 2023, 2024, 2025, and the six months ended June 30, 2026, our top five suppliers together accounted for approximately 39.0%, 30.3%, 35.0%, and 37.6% of our total purchases, respectively.

We hold approximately 42.83% of the equity interest of Supplier D. Other than that, to the best of our knowledge, all of our five largest suppliers in each year during the Track Record Period are Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year during the Track Record Period.

Procurement agreements

We primarily procure raw materials, intermediate materials and certain services from our suppliers under framework procurement agreements supplemented by individual purchase orders. These framework agreements set out general terms for supply. Our framework procurement agreements with major suppliers generally contain the following key terms: (i) Term: The framework agreements usually are open-ended and remain in force until terminated in accordance with their terms; (ii) Scope of supply and quality standards: The agreement sets out the main indicative terms, while the specific product and technical specifications are defined in the purchase orders and the quality assurance agreements. For certain critical raw materials, the agreements may incorporate or refer to detailed technical specifications agreed between us and the supplier; (iii) Ordering and delivery: The agreements specify the

procedures for issuing purchase orders, including forecast arrangements (if any), minimum notice periods for orders, and the terms of delivery (for example, delivery point, transfer of title and risk, responsibilities for transportation and insurance). Actual quantities and delivery schedules are determined by the purchase orders we issue from time to time based on our production needs; (iv) Pricing and price adjustment: Prices are typically set out in the purchase orders or separate price lists and are determined with reference to market prices for similar products, product quality, order volume and other commercial factors. For certain raw materials, the agreements may include price adjustment mechanisms (for example, periodic price review or adjustments linked to changes in benchmark market prices) to reflect fluctuations in raw material costs; (v) Quality inspection and acceptance: The agreements generally provide that we may conduct inspection and testing of the goods upon delivery. If the goods do not conform to the agreed specifications or quality requirements, we may request the supplier to replace or take back the goods, depending on the circumstances and the terms of the agreement; (vi) Payment and credit terms: Payment terms vary among suppliers, taking into account factors such as the nature of the materials or services, the supplier's credit profile and length of cooperation. For major suppliers, we typically settle invoices within 60 to 120 days after delivery and acceptance; (vii) Termination and liability: The agreements may be terminated upon expiry or earlier in case of events such as material breach, repeated failure to meet quality or delivery requirements, insolvency or other specified events. The agreements usually contain provisions dealing with liabilities for defective or non-conforming goods, delayed delivery and other breaches, including replacement of goods, price reduction, liquidated damages or compensation. We believe that our procurement agreements with suppliers are on normal commercial terms and in the ordinary and usual course of business.

Other suppliers (non-raw material suppliers)

Unless otherwise stated, references to our "suppliers" and the analysis of our top five suppliers primarily relate to suppliers of raw materials and intermediate materials used in our production. In addition, we also engage a number of non-raw material suppliers which provide engineering, equipment, logistics and other supporting services to our operations. These non-raw material suppliers mainly include: (i) engineering and construction contractors for plant construction, expansion and technical upgrade projects; (ii) suppliers of production equipment and testing instruments; (iii) logistics and warehousing service providers; (iv) utilities providers (such as electricity, steam and industrial gases); and (v) information technology, consulting and other professional service providers.

Procurement model and settlement

We adopt a centralised procurement model for major raw materials, under which our procurement department organises tendering, supplier qualification, price negotiation and contract management, in coordination with our business segments and production bases. For important categories such as solutes, additives and solvents, we typically enter into annual or multi-year framework agreements with selected suppliers to secure supply and obtain more competitive pricing. We generally settle purchases by bank acceptance bills, electronic trade receivables or bank transfers, in line with industry practice and individual supplier arrangements.

Supply chain management and risk mitigation

We have established supply chain management procedures covering supplier admission, on-site audits, periodic evaluations and ongoing performance monitoring. Our quality management system covers raw material procurement, production and finished goods delivery, and includes raw material incoming inspection, in-process inspection and finished product

testing. We apply strict admission criteria and periodic reassessment to suppliers of critical raw materials, particularly for high-purity materials used in semiconductor-grade chemicals. To mitigate raw material price and supply risks, we (i) implement long-term framework agreements with major suppliers of bulk chemical raw materials; (ii) conduct dynamic tracking of price trends for raw materials and adjust procurement and inventory strategies in response; and (iii) continue to enhance our upstream integration for selected raw materials where commercially and technically justified.

Overlapping of Customers and Suppliers

During the Track Record Period, certain of our five largest customers were also our suppliers, and certain of our five largest suppliers were also our customers, which is consistent with industry practice. These overlapping counterparties included Customer A, Customer B, Customer C and Customer D (each being one of our five largest customers in at least one period) and Supplier D, Supplier E and Supplier H (each being one of our five largest suppliers in at least one period) (each an "Overlapping Customer" or "Overlapping Supplier", and together, the "Overlapping Customers and Suppliers"). Such overlap may arise in our industry because it is a common practice in the industry to have overlapping customers and suppliers, for example, a counterparty may procure our electrolytes and solvents while supplying us with lithium salt materials or other upstream inputs, reflecting the breadth of the industry chain and the complementary positioning of participants at different stages of production.

Customer A is a company specializing in consumer batteries, power batteries, and energy storage batteries. During the Track Record Period, we primarily sold lithium-ion battery electrolytes to Customer A, and we also purchased a small amount of lithium-ion battery electrolytes from Customer A. In 2023, 2024, 2025, and the six months ended June 30, 2026, our revenue attributable to Customer A amounted to RMB1,151.3 million, RMB916.1 million, RMB585.7 million, and RMB179.1 million, respectively, representing 15.4%, 11.7%, 6.1%, and 2.4% of our total revenue for the same periods; and our purchases from Customer A amounted to nil, RMB1.0 million, nil, and nil, respectively, representing nil, 0.02%, nil, and nil of our total purchases for the same periods. The purchase arose as Customer A adjusted its production plans in 2024, resulting in certain battery chemical materials approaching the end of their commercially usable shelf life. Given our material resource integration capacity, we agreed to repurchase these near-expiry battery chemical materials from Customer A on an arm's length basis and at prevailing market price to preserve the long-term commercial relationship.

Customer B is a company engaged in the R&D, production and sales of consumer batteries, power batteries and energy storage batteries. During the Track Record Period, we primarily sold lithium-ion battery electrolytes to Customer B, and we also purchased a small amount of low-value consumables from Customer B. In 2023, 2024, 2025, and the six months ended June 30, 2026, our revenue attributable to Customer B amounted to RMB949.7 million, RMB871.7 million, RMB1,333.9 million, and RMB1,164.3 million, respectively, representing 12.7%, 11.1%, 13.9%, and 15.6% of our total revenue for the same periods; and our purchases from Customer B amounted to nil, nil, RMB26,549, and nil, respectively, representing nil, nil, 0.001%, and nil of our total purchases for the same periods.

Customer C is a PRC manufacturer primarily engaged in the R&D, production and sales of power batteries and energy storage batteries. During the Track Record Period, we primarily sold lithium-ion battery electrolytes and battery chemical solvents to Customer c, and we also purchased certain battery-chemical raw materials (including solutes such as lithium salt materials used for electrolyte production) from Customer C. In 2023, 2024, 2025, and the six months ended June 30, 2026, our revenue attributable to Customer C amounted to RMB577.3 million, RMB219.3 million, RMB216.6 million, and RMB155.8 million, respectively,

representing 7.7%, 2.8%, 2.3%, and 2.1% of our total revenue for the same periods; and our purchases from Customer C amounted to RMB71.9 million, RMB128.3 million, RMB169.4 million, RMB53.8 million, respectively, representing 1.6%, 2.5%, 2.5%, and 0.9% of our total purchases for the same periods.

Customer D is a company mainly engaged in power batteries and energy storage batteries. During the Track Record Period, we primarily sold lithium-ion battery electrolytes to Customer D, and we also purchased a small amount of lithium-ion battery electrolytes from Customer D. In 2023, 2024, 2025, and the six months ended June 30, 2026, our revenue attributable to Customer D amounted to RMB238.1 million, RMB242.4 million, RMB388.8 million, and RMB194.3 million respectively, representing 3.2%, 3.1%, 4.0%, and 2.6% of our total revenue for the same periods; and our purchases from Customer D amounted to nil, RMB0.4 million, nil, and nil, respectively, representing nil, 0.01%, nil, and nil of our total purchases for the same periods. The purchase arose as Customer D adjusted its production plans in 2024, resulting in certain battery chemical materials approaching the end of their commercially usable shelf life. Given our material resource integration capacity, we agreed to repurchase these near-expiry battery chemical materials from Customer D on an arm's length basis and at prevailing market price to preserve the long-term commercial relationship.

Supplier D is a PRC enterprise engaged in the R&D, production and sales of fluorine-containing new materials. During the Track Record Period, we primarily purchased certain battery chemical raw materials (including solutes, i.e. lithium salt materials used for electrolyte production) from Supplier D, and we also sold solvents to Supplier D. In 2023, 2024, 2025, and the six months ended June 30, 2026, revenue attributable to Supplier D amounted to RMB4.6 million, RMB131.3 million, RMB202.0 million, and RMB153.8 million, respectively, representing 0.1%, 1.7%, 2.1%, and 2.1% of our total revenue for the same periods; and our purchases from Supplier D amounted to RMB282.1 million, RMB591.7 million, RMB1,077.3 million, and RMB1,274.3 million, respectively, representing 6.3%, 11.3%, 16.1%, and 21.3% of our total purchases for the same periods.

Supplier E is a PRC lithium battery materials enterprise mainly focused on the R&D, production and sales of battery chemicals. During the Track Record Period, we primarily purchased certain battery chemical raw materials (including solutes, i.e. lithium salt materials used for electrolyte production) from Supplier E, and we also sold lithium-ion battery electrolytes to Supplier E. In 2023, 2024, 2025, and the six months ended June 30, 2026, revenue attributable to Supplier E amounted to RMB1.4 million, RMB16,380.5, RMB5,309.7, and nil, respectively, representing 0.02%, 0.0002%, 0.0001%, and nil of our total revenue for the same periods; and our purchases from Supplier E amounted to RMB197.8 million, RMB36.2 million, RMB11.1 million, and nil, respectively, representing 4.4%, 0.7%, 0.2%, and nil of our total purchases for the same periods.

Supplier H is an enterprise engaged in lithium-ion battery electrolytes, solvent and high-end innovative materials. During the Track Record Period, we primarily purchased solvents from Supplier H, and we also sold additives to Supplier H. In 2023, 2024, 2025, and six months ended June 30, 2026, revenue attributable to Supplier H amounted to RMB5.0 million, RMB39.4 million, RMB44.4 million, and nil respectively, representing 0.1%, 0.5%, 0.5%, and nil of our total revenue for the same periods; and our purchases from Supplier H amounted to nil, RMB94.0 million, RMB177.7 million, and RMB112.0 million, respectively, representing nil, 1.8%, 2.7%, and 1.9% of our total purchases for the same periods.

As of the Latest Practicable Date, none of the Overlapping Customers/Suppliers during the Track Record Period is a connected person of our Group under the Listing Rules. During the Track Record Period, we believe the gross profit margins attributable to sales to our Overlapping Customers were generally consistent with those realised for similar products sold

to our other major customers, and the terms and conditions of the supply arrangements with our Overlapping Suppliers were negotiated on an arms' length basis and were generally in line with those with other comparable suppliers.

Pricing, terms and internal control

We conduct transactions with the Overlapping Customers and Suppliers on normal commercial terms and in the ordinary course of business. Pricing and other principal terms for sales and purchases with these parties are determined through arm's length negotiation, with reference to (i) prevailing market prices for comparable products, (ii) product specifications and quality requirements, (iii) order size and delivery conditions, and (iv) comparable terms with other independent customers or suppliers for similar products during the same period.

We have implemented internal policies and procedures governing the selection and assessment of customers and suppliers. Transactions with the Overlapping Customers and Suppliers are subject to the same credit control, quality control, procurement, tendering (where applicable) and approval processes as those applied to other independent customers and suppliers. The existence of overlapping customers and suppliers may give rise to perceived or potential conflicts of interest, for example where the performance of one side of the relationship (as customer or supplier) could affect the terms or stability of the other side.

To manage such risks, (i) we maintain separate commercial teams and approval processes for sales and procurement; (ii) we do not set off trade receivables against trade payables unless permitted by internal finance policies and agreed with the relevant counterparty, (iii) regularly review the contribution of each Overlapping Customer or Overlapping Supplier to our revenue and purchases and monitor concentration levels, (iv) benchmark the prices and terms offered to or obtained from the Overlapping Customers/Suppliers against those offered to or obtained from other independent customers and suppliers; and (v) seek to maintain alternative sources of supply for raw materials and a diversified customer base.

Having considered the above measures, the Board is of the view that (i) our dependence on any single Overlapping Customer or Overlapping Supplier is not excessive; (ii) our transactions with the Overlapping Customers and Suppliers were conducted on normal commercial terms and in the ordinary and usual course of business during the Track Record Period; and (iii) our existing internal control and risk management systems are adequate to manage the risks associated with Overlapping Customers and Suppliers.

Competition

We operate in competitive markets for electronic chemicals and functional materials. Across our three major business segments — battery chemicals, organic fluorochemicals and electronic information chemicals — we compete primarily on product performance and quality, breadth of product portfolio, technology and R&D capabilities, supply reliability, cost efficiency, environmental, health and safety performance and service capability.

Battery chemicals

The lithium-ion battery electrolyte market is relatively concentrated among a small number of large producers with footprints, supported by a long tail of smaller processors. According to Frost & Sullivan, the five largest electrolyte producers together account for approximately 57% of the electrolyte market in terms of revenue. At the same time, many mid- and small-sized producers continue to supply specific customers or regional niches. In battery chemicals, our principal competitors include electrolyte producers. Some of these competitors

focus more heavily on large-scale processing of purchased raw materials, whereas we combine electrolyte production with upstream integration into solutes, solvents and key additives. Certain competitors also adopt different business models. For example, Company B produces electrolytes primarily for in-house use in its power-battery and energy-storage battery manufacturing, and therefore does not, in general, compete with us for supply to other customers. Overseas, we also compete with electrolyte suppliers in serving NEV and ESS markets in East Asia, the Americas, Europe, Southeast Asia and other regions.

Competition in this segment is expected to remain intense. In recent years, substantial capacity has been added to the electrolyte industry, and the market has entered a stage of periodic and structural overcapacity, particularly in the PRC. We anticipate that producers with stronger vertical integration, technology, customer relationships and overseas supply chains will continue to gain share, while less competitive smaller producers may gradually exit the market.

Organic fluorochemicals

The organic fluorochemicals industry is characterized by relatively high technical and safety requirements, significant capital investment and long customer qualification cycles. Products often need to satisfy stringent performance and reliability specifications for use in AI and digital infrastructure, pharmaceuticals, clean energy. We participate across multiple stages of the organic fluorochemicals value chain, with business coverage extending from upstream fluorinated basic materials and intermediates to downstream fluoropolymers and fluorinated fine chemicals. Our two principal production bases, Fujian Heptafluo and Sanming Hexafluo, use TFE and HFP, respectively, as their starting points for product development and industrialisation. Building on these upstream building blocks, we have expanded into a portfolio of high value-added products, including, among others, data centre cooling liquids, PFA, HFE cleaning liquids, fluorinated intermediates for inhalation anaethetics, PFSA resins and perfluoroisobutyronitrile. Given the breadth of our portfolio and the degree of vertical integration across intermediates and downstream products, we compete with different counterparties across different product lines. In the PRC market, we do not believe there is a single domestic peer that competes directly with us across the full breadth of our fluoropolymer and fluorinated fine chemical portfolio while also maintaining comparable coverage across upstream intermediates and downstream product. Instead, competition typically arises from companies that compete with us in specific sub-categories (for example, particular fluoropolymers or specific fluorinated fine chemicals). These competitors typically participate in one or more subsets of our organic fluorochemical portfolio, rather than replicating our integrated coverage of multiple product families and application fields on a single platform. While this segment is less concentrated than battery electrolytes, we expect competition to increase as both domestic and chemical companies expand into high-end fluorochemical materials driven by demand from AI, data centres, semiconductor manufacturing and new energy applications.

Electronic information chemicals

Our electronic information chemicals segment covers capacitor chemicals and semiconductor chemicals, which exhibit different competitive dynamics. In capacitor chemicals, the market is relatively concentrated among specialised suppliers that have established long-term relationships with capacitor manufacturers. Our principal competitors include chemical divisions of Japanese and Korean conglomerates, among others. In semiconductor chemicals for semiconductor and display manufacturing, competition is more fragmented and includes multinational electronic chemical companies as well as PRC-based suppliers. Competitors generally have long histories in semiconductor chemicals and deep

process know-how accumulated with IDM and foundry customers, while PRC suppliers focus on import substitution, localisation and cost advantages. Our main competitors include chemical companies and PRC electronic chemical vendors serving ICs and display panel manufacturers. However, we expect competition to intensify as more domestic and foreign suppliers invest in local production bases in the PRC to serve the growing semiconductor and display industries and as customers continue to diversify their supplier bases.

Basis of competition

Across our business segments, we compete primarily on product performance and quality, portfolio breadth and solution capability, technology and R&D capabilities, supply reliability, production capacity, localisation and services, cost efficiency and integration.

We believe that our market positions described above, combined with our R&D and manufacturing capabilities, allow us to compete effectively in the markets in which we operate.

Intellectual Property

We rely on a portfolio of patents, patent applications, trademarks, copyrights, trade secrets and other intellectual property rights to support our business operations and product development. Our intellectual property primarily relates to our battery chemicals, organic fluorochemicals and electronic information chemicals businesses, including material synthesis, purification and refining, formulation design, process control, application testing and related equipment and systems.

Overview of intellectual property portfolio

As of June 30, 2026, we had submitted an aggregate of 1,716 patent applications, including 1,265 domestic patent applications, of which 1,067 were invention patents and 198 were utility model patents, 219 overseas invention patent applications and 232 PCT applications. As of the same date, we had been granted an aggregate of 602 domestic patents, of which 430 were invention patents and 172 were utility model patents, and 112 overseas invention patents. We had also registered 334 trademarks in the PRC and overseas.

Our patents and patent applications cover, among other things, electrolyte formulations and production processes, solvent manufacturing technologies, solutes preparation methods, fluorinated fine chemical synthesis routes, fluoropolymer materials and preparation methods, and electronic information chemicals including capacitor electrolytes and semiconductor chemicals. We also own registered copyrights in domain names used in our business operations and internal information systems. These rights support our production-management, R&D and business-support activities.

Patents

Our patent portfolio is an important part of our technology base. As of June 30, 2026, (i) we had 1,265 domestic patent applications and 219 overseas invention patent applications; (ii) we had been granted 602 domestic patents, including 430 invention patents and 172 utility model patents, and 112 overseas patents; and (iii) we had filed 232 PCT applications as part of our overseas patent deployment. Our domestic patents are principally registered with the China National Intellectual Property Administration, and our overseas patents and applications cover a number of jurisdictions, including, among others, countries in East Asia, Europe, the Americas and Southeast Asia, depending on the target markets of the relevant products. We focus our patent filings on core technology platforms and commercially important product

lines, including: (i) battery chemicals: lithium-ion battery electrolytes, high-voltage and wide-temperature electrolyte systems, lithium salt preparation processes such as LiFSI production, solvent synthesis and purification technologies, and electrolyte additive synthesis and formulation technologies; (ii) organic fluorochemicals: synthesis routes for fluorinated intermediates and fine chemicals, such as HFPO and downstream products, fluorinated cleaning and cooling fluids, fluorinated insulating gases and fluoropolymer preparation processes, including PTFE, PFA and PFSA resins; (iii) electronic information chemicals: capacitor electrolyte systems, conductive polymer materials, conductive pastes and high purity chemicals for IC and consumer electronics. We do not consider any single patent to be individually critical to our overall business, and our core technologies generally rely on patent portfolios and technical know-how rather than single patents. For a summary of our major patents, see "Appendix VI — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights."

Trademarks and brands

We use a portfolio of registered trademarks in the PRC and overseas in connection with our corporate name, product brands and related logos. As of June 30, 2026, we had registered 334 trademarks in China and overseas. These trademarks are mainly registered in the PRC, the European Union and other jurisdictions relevant to our operations and target markets. Our principal trademarks include our Chinese and English corporate names and selected product-line brands, which we use on product packaging, marketing materials, technical documentation and at exhibitions. We believe our trademarks help customers identify our products and distinguish them from those of other market participants. We monitor the use of our trademarks in the market and may take such actions as we deem appropriate under the circumstances, including administrative complaints or civil proceedings, to address unauthorized use or infringement where necessary.

Other intellectual property and proprietary rights

In addition to patents and trademarks, we rely on (i) proprietary technologies and trade secrets, including formulation know-how, process conditions, equipment designs, analytical methods and quality-control procedures that may not be suitable for patenting or that we have chosen to retain as trade secrets; and (ii) domain names. We use material code management and related encryption measures to anonymize the names of materials involved in our material and formulation systems, so that individual departments can only see coded material identifiers rather than the corresponding specific material names, thereby reducing the risk that any one department can simultaneously master both the formulation and all underlying raw materials. We further protect our non-patented technologies through internal policies and contractual arrangements, including confidentiality clauses in employment contracts and stand-alone confidentiality agreements with employees, consultants and certain business partners. Our core technical and R&D staff are also subject to post-termination non-competition undertakings in accordance with PRC laws and regulations. To date, we have not experienced any material disputes with former R&D staff in relation to intellectual property rights, trade secrets or non-competition obligations.

IP management and enforcement

We have established an intellectual property management system, with dedicated personnel responsible for patent and trademark management, IP strategy formulation and IP risk control. Our IP management activities include (i) identifying and evaluating inventions and creations arising from our R&D and production activities; (ii) deciding whether to protect such inventions and creations through patent applications, as trade secrets or by other means; (iii)

managing our patent portfolios and monitoring patent filing and grant procedures; (iv) monitoring the use of our trademarks and other IP rights; and (v) coordinating with external patent and trademark agencies and legal advisers on IP matters. From time to time, we may receive inquiries or complaints from third parties alleging that our products or technologies may infringe their IP rights, or we may consider that third parties have infringed our IP rights. As of the Latest Practicable Date, we were not involved in any IP-related disputes or legal proceedings that we consider to be material to our business or financial position. For details of our litigation and arbitration matters, see "Legal Proceedings" in this document. For further information on our R&D activities and how they relate to our IP portfolio, see "Research and Development." For a detailed list of our key patents and trademarks, see "Appendix VI — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights".

Risk Management

We have established a group-wide risk management and internal control framework to support our sustainable development, safeguard asset integrity and ensure compliance with applicable laws and regulations in the PRC and overseas. Our framework combines board-level oversight, functional risk ownership and independent internal audit, and covers all major subsidiaries, departments and business units. According to our internal control self-evaluation, the internal control evaluation scope in 2025 covered entities accounting for 100% of our consolidated total assets and 100% of our consolidated revenue, and we concluded that our internal control design and operation were effective as of December 31, 2025.

Risk Management Objectives and Framework

Our overall risk management objective is to identify, assess and manage material risks that could affect the achievement of our strategic and operational objectives, including those arising from our battery chemicals, organic fluorochemicals and electronic information chemicals businesses, our cross-border operations and our expansion projects.

We have formulated our internal control and risk management system in accordance with the PRC Company Law, the Basic Standards for Enterprise Internal Control and related implementation guidelines, and the rules of the Shenzhen Stock Exchange applicable to listed companies. Under the supervision of our board of directors and audit committee, we have established a set of internal rules and procedures, including our articles of association, rules of procedure of the general meeting, board and supervisory committee, and work rules of our board committees and senior management, which define decision-making, execution and supervision responsibilities and form the governance framework within which risk management is implemented.

Internal Control and Compliance

We have established a comprehensive internal control system covering procurement and payment, inventory management, sales and receivables, and other key processes. For example, in the procurement and payment cycle, we implement warehouse incoming inspection procedures, supplier reconciliation processes and payment approval workflows designed to ensure that raw materials are properly received, recorded and settled. In the sales and receivables cycle, we apply differentiated credit approval mechanisms, strictly control shipment authorisation (including "payment before shipment" arrangements for certain customers), require periodic reconciliation with customers and perform ageing analysis to identify higher-risk receivables. We have established an audit and supervision department

reporting to our audit committee. This department is responsible for internal audit, anti-corruption and internal control diagnostics. It conducts special audits, special investigations and self-assessment reviews, and participates in process optimisation to evaluate the design and operating effectiveness of controls across various businesses, with risk identification as the starting point. We also have a dedicated business process support department that regularly reviews process execution, supports the implementation of updated control requirements and aims to optimise the internal audit process. At the operational level, our business divisions, production bases and functional departments are responsible for identifying and monitoring risks within their respective areas. Our finance business partners (BPs) assigned to business divisions, supply chain and R&D provide risk-focused financial analysis and highlight issues requiring management attention, including those related to new production bases and ramp-up projects. To support integrity and anti-corruption risk management, we maintain multiple whistleblowing channels, including hotlines, internal workflow systems and e-mail, which are open to employees and external partners. We encourage the reporting of suspected misconduct and provide whistleblower protection. The audit and supervision department conducts investigations into reported cases and supports follow-up accountability measures. We also maintain compliance management policies covering areas such as information disclosure, insider information management, environmental protection and safe production, and we monitor changes in relevant PRC and overseas laws and regulations affecting our operations. Our internal control evaluation and internal audit activities are supplemented by annual financial audits performed by independent auditors in accordance with PRC auditing standards. According to our 2025 internal control self-evaluation, we did not identify any material internal control deficiencies during the year.

Financial and Operational Risk Management

Financial performance and budget control

We manage financial performance through a group-wide budgeting and management accounting system. Our budget management committee, supported by a budget management office within our corporate finance team, coordinates the preparation, execution and adjustment of annual budgets at the level of business divisions, production bases and functional centres. Finance BPs and budget officers monitor budget implementation, analyse deviations and report key financial indicators and issues to senior management at regular management and executive meetings.

Operational and safety risks

In view of the inherent hazards of our chemical production activities, we attach importance to safety and environmental risk management. As disclosed in our A share annual report, we adhere to a safety philosophy of "safety first, prevention foremost and comprehensive management" and treat safe production as a fundamental requirement for our sustainable development. We maintain a safety management approach characterized by "institutionalized management, proceduralized systems and digitalized processes", conduct regular safety risk assessments, and adopt a process safety management (PSM) framework supported by risk grading control and hazard identification and rectification systems. We use tools such as HAZOP (hazard and operability) analysis and JSA (job safety analysis) to identify and mitigate potential process risks at our production bases. Operational risks relating to raw material supply, production capacity planning, product quality and major capital expenditure projects are managed within this broader risk management and internal control framework and are reviewed by senior management and the board through regular reporting mechanisms.

Insurance

We maintain insurance coverage for certain key operational risks and assets in line with industry practice and regulatory requirements in the jurisdictions where we operate. Our insurance portfolio typically includes property damage and business interruption insurance for major production facilities, as well as liability insurance for certain activities. We also review our insurance coverage periodically in light of changes in our asset base, production footprint and risk profile.

Environmental, Social and Governance

Overview

As a PRC-based manufacturer of electronic chemicals and functional materials, we believe robust environmental, health and safety management, responsible supply chain practices and sound corporate governance are fundamental to sustaining long-cycle customer relationships and operating reliably at scale. Our ESG priorities focus on (i) safe and compliant operations, (ii) resource efficiency and emissions control, (iii) product responsibility and quality management and (iv) integrity and compliance in dealings with customers, suppliers and other stakeholders.

ESG Governance

We have established a four-level ESG management structure of "Board of Directors — ESG Committee — ESG Management Centre — ESG Working Groups", with a top-down accountability transmission and supervision mechanism intended to guarantee the effective implementation of our ESG initiatives. Our Board of Directors is our highest decision-making body on ESG matters, responsible for overall leadership and supervision of ESG strategy execution. It is responsible for reviewing and approving ESG strategy, ESG report and other major ESG-related matters. Our ESG committee is responsible for reviewing ESG governance principles and strategy, reviewing ESG risk identification/assessment results and confirms control actions for high-risk topics; overseeing ESG governance activities, tracks KPIs and target progress, and approves ESG development/action plans, reviewing annual ESG report and promoting disclosure quality improvements; and exercising other ESG-related powers delegated by the board of directors. Our ESG management centre formulates ESG roadmap and action plans, coordinates implementation across the Group, prepares and publishes the annual ESG report and coordinates timely ESG disclosures. Our ESG working groups are established at headquarters and production bases on a standing or ad hoc basis, embedding ESG management into routine operations within assigned topic areas. These groups are responsible for preparing topic-level annual work plans.

Environmental protection

Our ESG initiative is anchored in the long-term goals of achieving operational carbon peak by 2029 and operational carbon neutrality by 2049. We have articulated a "green product, green process, green plant and green industry" development mind-set to guide our efforts across the product life cycle, and we embed principles such as resource efficiency, energy saving and emission reduction into process optimisation, equipment selection and waste management. In 2025, we invested approximately RMB43.3 million in environmental protection, including expenditure on pollution prevention and control, emission reduction and environmental infrastructure. We strictly comply with environmental laws and regulations in the PRC and other jurisdictions where we operate, and have established an environmental

management structure and procedures covering pollutant emissions, waste management and water resource utilisation. During the reporting period, we did not incur any material administrative penalties for environmental violations.

Emission Control Measures and Practices

Wastewater

Process wastewater and domestic sewage generated at our plants are collected and treated through onsite wastewater treatment facilities or sent to centralised treatment within the industrial parks. Treated effluent that meets the relevant standards is discharged through designated outlets; in certain plants, part of the treated water is reused for production or utilities to reduce freshwater intake. In 2025, our total water withdrawal and total water consumption were approximately 1,579 thousand tonnes and 859 thousand tonnes, respectively, representing a water consumption intensity of approximately 0.89 tonnes per RMB10,000 of revenue. Our total discharged wastewater was approximately 720 thousand tonnes. We promote water conservation and recycling at our production bases. In the six months ended June 30, 2026, our reclaimed water reuse volume reached approximately 293 thousand tonnes, representing a reclaimed water reuse rate of approximately 45%.

Waste gas

VOCs, acid gases and other waste gases are treated through facilities such as absorption, adsorption, condensation and catalytic combustion, as appropriate to the characteristics of the emissions, before being discharged through standardised outlets. In 2025, our total air pollutant emissions were approximately 39 tonnes, comprising 17 tonnes of volatile organic compounds, five tonnes of particulate matter, 16 tonnes of nitrogen oxides and one tonne of sulphur oxides.

In 2025, our total greenhouse gas emissions amounted to approximately 4,346 thousand tonnes of carbon dioxide equivalent, including approximately 0.5 thousand tonnes from Scope 1 emissions and approximately 344 thousand tonnes from Scope 2 emissions (both excluding removals). Our combined Scope 1 and 2 emissions intensity, net of removals, was approximately 0.36 tonnes of carbon dioxide equivalent per RMB10,000 of revenue. To support our low-carbon transition, we consumed approximately 19 million kWh of purchased green electricity during 2025. We continued to optimise our energy mix and improve efficiency: our total energy consumption was approximately 112 thousand tonnes of standard coal equivalent, with an energy intensity of approximately 0.12 tonnes of standard coal equivalent per RMB10,000 of revenue. In 2025, we also invested approximately RMB43.3 million in energy-saving technological upgrades, including improvements to process energy efficiency and utility systems.

Solid and hazardous waste

General industrial solid waste is recycled or disposed of in accordance with applicable regulations. Hazardous waste (such as waste solvents, spent catalysts and contaminated packaging) is stored in specialised warehouses and entrusted to qualified third-party institutions for treatment or disposal. In 2025, we generated approximately 20 thousand tonnes of hazardous waste and approximately 1,832 tonnes of general waste, and we recycled approximately 253 tonnes of general waste. We also recycled approximately 83,390 tonnes of packaging materials in 2025. We have established dedicated procedures for the classification, storage, transportation and disposal of hazardous waste and engage qualified third parties to treat such waste in compliance with applicable laws and regulations. For example, we promote

circular use of packaging materials (including stainless steel drums) across core sites. In 2025, the recycling volume of packaging materials was 83,390 tonnes, covering production bases including Sanming Hexafluo, Nantong Capchem, Huizhou Capchem, Jingmen Capchem, and Chongqing Capchem.

Energy management and clean energy transition

We are committed to using cleaner energy and improving energy efficiency to support our green and low-carbon development. We have established a relatively comprehensive energy (carbon) management system and set up a dedicated energy (carbon) management committee, which is responsible for coordinating energy-management activities across the Group and supervising the achievement of our energy-use and carbon-reduction targets.

Permits, monitoring and compliance

Our major PRC production subsidiaries have obtained pollutant discharge permits or conducted pollutant discharge registration. We conduct regular self-monitoring of key pollutant discharge outlets and engage qualified third-party testing institutions to carry out monitoring of pollutants and ambient environmental factors. The monitoring results indicated that our major pollutant emissions complied with the applicable national and local discharge standards during the corresponding reporting periods.

Chemical materials safety measures

We regard strict chemical safety management as a cornerstone of our stable operations and our fulfilment of social responsibility.

We manage chemicals on a "source control and strict management" basis. We regulate and continuously optimise the management of chemical substances from raw materials and intermediates to finished products and packaging materials. In 2025, we further updated and refined our Harmful Substances Management Standard in line with applicable laws and regulations, industry standards, conventions and customer requirements, and communicated the updated standard to suppliers.

Our chemical compliance management framework takes into account major PRC laws and regulations on work safety and hazardous chemicals, as well as key regimes and standards, including EU RoHS, GHS, EU REACH, the EU Battery Regulation (EU) 2023/1542, US TSCA-PBT, the EU POPs Regulation and restriction proposals issued by the European Chemicals Agency (ECHA). Under our New Chemical Substances Compliance Filing and REACH Registration Management Provisions, and with the support of our SAP system, we perform quarterly monitoring of chemical usage and identification of new substances, prepare compliance registration plans and track the status of registration certificates. We work with internal and external experts to review and verify registration information and disclose the regulatory registration status of relevant chemicals to customers, so as to ensure compliance in the production, use and export of chemicals.

Reduction and substitution of hazardous substances

We follow green, environment-friendly product development principles and continue to reduce and substitute harmful chemicals in a planned manner. We focus on substances of very high concern (SVHCs) and other environmentally controlled substances such as per- and polyfluoroalkyl substances (PFAS), and implement differentiated response measures for high-, medium- and low-risk substances, with a view to gradually phasing out and replacing SVHCs

and PFAS and promoting customer adoption of substitute materials. For example, we have eliminated certain PFAS substances and prohibited the use of other PFAS substances in new products, and we have developed perfluoroisobutyronitrile as an insulation and arc-quenching medium to replace high-global-warming-potential SF_6.

Operational safety controls and emergency response

We have established chemical safety control mechanisms covering R&D and design, procurement and logistics, pilot production, mass production, storage and transportation, with a particular focus on environmentally controlled substances, such as SVHCs and other harmful substances, and highly toxic chemicals. We have introduced advanced information and automation systems to support process safety and real-time monitoring.

We have formulated emergency response plans for potential incidents such as chemical leaks, poisoning, fires and explosions, and equip workplaces with emergency supplies (including positive-pressure air respirators, fire-rescue suits and emergency medical kits) in line with the hazard characteristics of the chemicals used on site. We provide appropriate personal protective equipment (including specialised gloves, goggles, face shields, protective clothing and safety shoes) to employees in posts that directly handle chemicals, such as laboratory operations, analytical testing, production operations and material loading and unloading.

Training, awareness and capacity building

We place emphasis on training and drills to strengthen employees' chemical-safety awareness and operating capabilities. We have established chemical management procedures and safe operating rules for laboratory and production activities, conduct regular safety inspections and potential-hazard rectification, and organise both scheduled and unscheduled day- and night-time emergency drills. We also regularly arrange practical training and assessments at safety-experience venues.

Work safety and occupational health

We have set up dedicated EHS departments at our main production bases to coordinate environmental protection, work safety and occupational health across the Group. These departments are responsible for, among others, (i) identifying and evaluating environmental and safety risks, (ii) formulating and updating internal policies and operating procedures, (iii) supervising implementation of pollution control, safety and occupational health measures at plant level, and (iv) organising regular trainings and drills.

For new construction, reconstruction and expansion projects, we implement the "three simultaneities" requirements (environmental protection, work safety and occupational disease prevention facilities being designed, constructed and commissioned together with the main works) as required under PRC laws.

Employee rights, health and safety and development

Our employees are the cornerstone of our sustainable development. As of June 30, 2026, we had 4,801 employees, including 3,727 male employees and 1,074 female employees. Our workforce primarily comprised employees aged between 30 and 50. We also had 128 employees based in overseas regions. We respect and protect labour rights, prohibit the use of child labour and forced labour and did not record any violations in this regard during the reporting period.

We place occupational health and safety at the centre of our operations and regard work safety as the lifeline, red line and bottom line of our development. We have established an occupational health and safety management system in accordance with the PRC Work Safety Law, the PRC Law on Prevention and Control of Occupational Diseases and the ISO 45001 standard, and operate a Group-wide governance framework comprising our board of directors, executive committee, employee rights, health and safety and development (EHS) management committee, EHS centre and subsidiaries. We have formulated a comprehensive set of internal policies, including the occupational disease prevention responsibility system, the occupational health monitoring management system and EHS change, incident and performance management system, and link OHS performance with management remuneration under an all-employee EHS responsibility system. In 2025, our cumulative investment in occupational health and safety amounted to approximately RMB60 million. As of June 30, 2026, 86% of our operating production bases had obtained ISO 45001 occupational health and safety management system certification.

We adopt a risk-based approach and are progressively introducing process safety management elements into our operations, integrating safety standardisation with graded risk control. We regularly use tools such as HAZOP and JSA to identify risks related to materials, processes, equipment and human operations, formulate and implement corresponding control or improvement measures and promote business continuity planning for scenarios such as utility outages and extreme weather. We also enhance safety monitoring through information systems and maintain a multi-level safety-performance assessment mechanism at both Group and subsidiary levels. In 2025, our total recordable occupational health and safety incident rate (TRIR) was 0.36, and we recorded no work-related fatalities or confirmed occupational disease cases. All employees exposed to occupational hazards received pre-employment, on-the-job and post-employment occupational health examinations, with a 100% coverage rate.

Safety Records

During the Track Record Period, there were no production safety accidents classified as "general accidents" or above under PRC regulatory standards at our Group and there were no work safety incidents that, individually or in aggregate, had a material adverse impact on our operations or financial condition. During the Track Record Period there were no work safety incidents that, individually or in aggregate, had a material adverse impact on our operations or financial condition.

Properties

We own and lease certain properties primarily to be used as production facilities, R&D centres, warehouses, offices and other ancillary purposes. As of June 30, 2026, we did not have any assets with a carrying amount that equalled or exceeded 15% of our consolidated total assets as of the same date.

Principal office premises

Our registered address and principal office in the PRC are located at Capchem Technology Building, 9 Changye Road, Pingshan District, Shenzhen, Guangdong Province, the PRC, where our head office and main administrative and management functions are situated.

Owned Land and Properties

As of June 30, 2026, we owned 187 properties in the PRC, with an aggregate construction area of approximately 2.5 million s.q. m, primarily used for production, R&D, warehousing, offices and other ancillary purposes. As of June 30, 2026, we had two parcels in the United States with a total area of 109,916.9 sq.m. Both parcels were acquired when we were evaluating options for production capacity in North America, and we had two parcels of land in Poland, with a total area of 128,549.0 sq.m. As of the Latest Practicable Date, save as disclosed in "Risk Factors — Failure to comply with PRC property laws and relevant regulations may affect our business, results of operations and financial condition", our rights to use such properties were lawful and valid, and there were no disputes or potential disputes over our ownership.

Leased Land and Properties

As of June 30, 2026, we had three leased properties in the PRC in relation to our business operation, with a total area of 9,388.6 sq.m, which were used for offices, R&D and warehousing purposes.

As of June 30, 2026, we had two leased properties in Malaysia, with a total area of 42,486.9 sq.m, primarily used for manufacturing, offices, research and residential purposes. In addition, we have leased properties in the following overseas jurisdictions: (i) leased properties with a total area of 437.0 sq.m in Poland, primarily used for offices and residential purposes in connection with our production base in Poland; (ii) leased properties with a total area of 427.4 sq.m in the United States used for offices and residential purposes in connection with our business development and administrative activities in the United States; (iii) leased properties with a total area of 310.7 sq.m in South Korea, used for offices and residential purposes to support our sales and customer service activities for customers in Korea; and (iv) leased properties with a total area of 120 sq.m in Japan, used for offices and residential purposes to support our sales and technical service activities for customers in Japan.

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

Production and warehouse facilities

We maintain an integrated manufacturing footprint in the PRC and overseas to support our battery chemicals, organic fluorochemicals and electronic information chemicals businesses. As of June 30, 2026, we operated 12 production bases in China and one overseas production base in Poland, with additional overseas projects under planning or construction, in order to provide localised supply and delivery assurance for customers. Our Group's main production bases in the PRC are located in, among others, Shenzhen (mainly R&D), Nantong, Huizhou, Sanming, and our principal overseas production base is located in Poland. These facilities comprise plants, warehouses, utilities and ancillary buildings used for the manufacturing and storage of our products. We also lease certain properties in the PRC and overseas for use as offices, sales and service premises, staff quarters and ancillary facilities.

Properties under development and expansion

We are expanding our production capacity in both the PRC and overseas. For further details of our production capacities and expansion plans, see "Business — Production".

Adequacy of properties

Save as disclosed in this section, we consider our existing properties to be generally adequate and suitable for our current operations and for the expansion plans described in this document.

Employees

Overview of workforce

As of December 31, 2023, 2024, 2025, and June 30, 2026, we employed a total of approximately 4,131, 4,190, 4,465, and 4,801 employees, respectively, across our operations in the PRC and overseas. Our employees are mainly based at our production bases, R&D centres and offices in the PRC, with a smaller number located at our overseas production base and overseas offices.

Breakdown by function and geography

The table below sets out a summary of our employees by function as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
Production and operations	1,976	2,171	2,275	2,403
R&D and technical	963	965	1,050	1,133
Sales and marketing	117	108	111	118
Finance and administrative	232	251	233	269
Others	843	695	796	878
Total	4,131	4,190	4,465	4,801

Our employees are primarily located in the PRC, with overseas employees mainly based in Europe and other overseas markets where we have production bases or sales and service operations. As of December 31, 2023, 2024, 2025, and June 30, 2026, employees in the PRC accounted for approximately 98.3%, 97.5%, 97.4%, and 97.3% of our total employees, respectively, and overseas employees accounted for approximately 1.7%, 2.5%, 2.6%, and 2.7% respectively.

Employee remuneration and benefits

We determine employee remuneration based on factors such as the employee's role and responsibilities, experience, work performance and prevailing market conditions. Our remuneration package generally includes base salary, performance-based bonuses and, where applicable, project or position-based incentive arrangements. We participate in mandatory social insurance schemes and housing provident fund schemes in the PRC in accordance with applicable laws and regulations, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance. For our overseas employees, we make contributions to social security and other statutory schemes as required under local laws. We also provide additional benefits to certain employees, such as

supplemental commercial medical insurance, accident insurance and other welfare programs, depending on the location and position. We review remuneration and benefit levels periodically and may adjust them with reference to market practice, inflation, operating performance and individual performance.

Share incentive and employee incentive plans

We have implemented share-based or equity-linked incentive schemes to attract, retain and incentivize key personnel. During the Track Record Period, our Group operated, among others, two share incentive schemes approved by our shareholders, under which selected employees and management personnel may be granted awards such as restricted shares, stock options or other equity-linked interests, subject to applicable PRC and overseas laws and regulations. The principal terms, grant conditions, vesting conditions and accounting treatment of our share incentive schemes are described in "Statutory and General Information — Share Incentive Schemes" and "Financial Information — Share-based Payments" in this document. As of the Latest Practicable Date, no material breach of relevant laws, regulations or scheme rules in connection with our share incentive schemes had come to our attention.

Employee relations and trade union

We seek to maintain stable and constructive relationships with our employees. We have established various channels of communication with employees, including internal announcements, staff meetings, suggestion mechanisms and regular performance and development discussions. In accordance with PRC labour laws and regulations, trade unions may be established within our PRC subsidiaries. As of the Latest Practicable Date, 12 of our principal PRC subsidiaries had established trade unions or employee representative bodies, through which employees may convey views and participate in matters such as welfare activities and labour protection. We comply, and will continue to comply, with applicable labour laws and regulations in the PRC and other jurisdictions where we operate. We had not experienced any labour disputes, strikes or other material labour incidents during the Track Record Period and up to the Latest Practicable Date that had a material adverse effect on our operations or financial condition.

Legal Proceedings

From time to time, we are involved in legal proceedings, claims and disputes in the ordinary course of our business. These may include, among others, contractual disputes, labour-related matters and other commercial claims, as well as potential administrative inquiries or inspections by regulators in the jurisdictions where we operate.

Litigation and arbitration

During the Track Record Period, we and our principal subsidiaries were not involved in any litigation, arbitration or other legal proceedings which, individually or in aggregate, had a material adverse effect on our business, financial condition or results of operations. We have not experienced material disputes or litigation arising from supplier product quality issues, and we have not been subject to customer claims or regulatory penalties as a result of such issues.

Administrative and regulatory matters

During the Track Record Period our Group and its major production subsidiaries did not incur administrative penalties in relation to environmental protection, work safety, product quality or other regulatory matters that had a material adverse impact on our operations. As of the Latest Practicable Date, we were not aware of any administrative or regulatory investigation, proceeding or penalty that we consider to be material to our business, financial condition or results of operations.

AWARDS AND RECOGNITIONS

During the Track Record Period, we have received various awards recognising our achievements and capabilities in innovation, R&D, manufacturing and corporate responsibility. The table below sets forth a summary of significant awards and recognitions that we have received during the Track Record Period.

Year	Award	Awarding Body
2026	National Green Factory — Jingmen Capchem (國家級綠色工廠)	Ministry of Industry and Information Technology of the PRC
2025	Capacitor Chemicals business retained the title of National Manufacturing Single Champion Enterprise (電容器化學品國家級製造業單項冠軍企業)	Ministry of Industry and Information Technology of the PRC and China Federation of Industrial Economics
2025	Top 100 Backbone Enterprises in China's Electronic Components Industry (2025) (2025年中國電子元器件骨幹企業TOP100)	China Electronic Components Industry Association
2025	Top 15 Most Growth Potential Enterprises in China (中國最具成長力企業十五強)	China Automotive Power Battery Industry Innovation Alliance
2025	No. 143 on the "Shenzhen Top 500 Enterprises" list (深圳企業500強榜單第143位)	Shenzhen Enterprise Confederation and Shenzhen Entrepreneurs Association
2025	Advanced Collective of the National Industrial and Information Technology System — Sanming Hexafluo (全國工業和信息化系統先進集體)	Ministry of Human Resources and Social Security of the PRC and Ministry of Industry and Information Technology of the PRC
2025	Top 100 Innovative Private Enterprises in Fujian Province — Sanming Hexafluo (2025) (2025福建省創新型民營企業100強)	Fujian Federation of Industry and Commerce
2025	National-level "Specialised, Sophisticated, Distinctive and Innovative ("Little Giant") Enterprise" — Sanming Hexafluo (國家級專精特新"小巨人"企業)	Ministry of Industry and Information Technology of the PRC
2025	"Advanced-level Smart Factory" in Jiangsu — Nantong Capchem (江蘇省先進級智能工廠)	Province Department of Industry and Information Technology of Jiangsu Province
2025	Received a "B" rating in the Carbon Disclosure Project assessment upon its first participation	Carbon Disclosure Project

Year	Award	Awarding Body
2025	Guangdong Provincial Science and Technology Progress Award (廣東省科技進步獎)	Guangdong Provincial People's Government
2025	First Prize of the Science and Technology Progress Award (中國石油和化工聯合會科技進步一等獎)	China Petroleum and Chemical Industry Federation
2024	National Manufacturing Single-Product Champion for lithium-ion battery electrolyte (國家級製造業單項冠軍(鋰離子電池電解液))	Ministry of Industry and Information Technology of the PRC
2024	National Manufacturing Single-Product Champion Enterprise for HFPO series products (國家級製造業單項冠軍企業(六氟環氧丙烷系列產品))	Ministry of Industry and Information Technology of the PRC
2024	Top 100 Shenzhen Industry Leader Enterprises (2024) (2024深圳行業領袖企業百強)	Shenzhen Industry Leader Enterprise Development Promotion Association and Shenzhen Business Daily
2023	National-level "Specialised, Sophisticated, Distinctive and Innovative" ('Little Giant') Enterprise-Huizhou Capchem, Suzhou Novolyte, Nantong Capchem (國家級專精特新"小巨人"企業)	Ministry of Industry and Information Technology of the PRC
2023	Top 100 Private Manufacturing Enterprises in Guangdong Province (2023) (2023廣東省製造業民營企業100強)	Guangdong Federation of Industry and Commerce
2023	National Green Factory — Sanming Hexafluo, Huizhou Capchem (國家級綠色工廠)	Ministry of Industry and Information Technology of the PRC

OUR CONTROLLING SHAREHOLDERS GROUP

As of the Latest Practicable Date, our Controlling Shareholders Group comprised Mr. Qin, Mr. Zhou, Ms. Zhong, Mr. Zheng, Ms. Zhang and Ms. Deng. Ms. Deng is the spouse of Mr. Qin. Pursuant to the Concert Party Agreement among them which is expected to remain effective after the [**REDACTED**], they collectively held approximately 37.23% of our total share capital as of the Latest Practicable Date. For further details of our Controlling Shareholders Group, their relationship and the Concert Party Agreement, see "History, Development and Corporate Structure."

Immediately following the completion of the [**REDACTED**] (assuming that [**REDACTED**] is not exercised, no additional 2022 Convertible Bonds are converted and no additional A Shares are issued under the Effective Restricted Share Incentive Plans and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the Controlling Shareholders Group will collectively hold approximately [**REDACTED**]% of the total issued share capital of our Company, and will therefore remain as our Controlling Shareholders Group upon the [**REDACTED**].

CLEAR DELINEATION OF BUSINESS AND NO COMPETITION

Our Business

We are a PRC-based provider of electronic chemicals and functional materials. We principally engage in the research and development, manufacture, sale and services of battery chemicals, organic fluorochemicals and electronic information chemicals. We provide integrated solutions to customers across sectors including NEV, ESS, consumer electronics, AI and digital infrastructure, semiconductor manufacturing, pharmaceuticals and other advanced industrial applications.

The Business of our Controlling Shareholders Group

Each member of our Controlling Shareholders Group confirmed that as of the Latest Practicable Date, apart from the business of our Company, he/she did not have any interest in other business, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKINGS

Since March 25, 2022, each member of our Controlling Shareholders Group has provided certain non-competition undertakings in favour of our Company to avoid any potential competition between the Controlling Shareholders Group and our Company. Pursuant to such undertakings, each member of our Controlling Shareholders Group has undertaken that, among others:

(a) apart from working for our Company and its subsidiaries, they and their immediate family members (including all wholly owned, controlled enterprises or other affiliated enterprises under their control) currently do not engage in any business that is the same as or similar to the principal business of our Company and do not constitute competition with us;

(b) during the period in which they hold direct or indirect equity in our Company and serve in any capacity with our company and its subsidiaries, and for a period of two years from the date on which they have transferred all of their shares in our

Company and ceased to hold any position with our company and its affiliated companies, they and their immediate family members shall not, in any manner, directly or indirectly, engage in any business that competes with or may potentially compete with the principal business of our Company, so as to avoid competition with our Company;

(c) if any other businesses of them or their immediate family members overlaps with and may potentially constitute a competitive relationship with our business due to the operation of such businesses or the development of our business, they agree that our Company shall be entitled to have priority to acquire the relevant assets or equity interests on the same terms and conditions, to procure the transfer of such assets or controlling equity interests to our Company through lawful means, or to make fair and reasonable adjustments to such other business for the purpose of avoiding competition with our Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS GROUP

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders Group and their respective close associates after the [**REDACTED**], taking into consideration the factors below.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [**REDACTED**], our Board will consist of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. For more details, see "Directors and Senior Management."

Our Directors consider that we are able to carry on our business independently from our Controlling Shareholders Group and their respective close associates from a management perspective for the following reasons:

(a) our Board of Directors and senior management have a well-established track record of carrying on our daily management and operations. Our Directors Mr. Qin, Mr. Zhou, Mr. Zheng, and Ms. Zhong are also members of the Controlling Shareholders Group, but save for them, all of our Directors and senior management do not hold any position in our Controlling Shareholders Group or their respective close associates. Although Mr. Qin, Mr. Zhou and Mr. Zheng are our executive Directors, our reasonable allocation of each Director's responsibility ensures that they are able to devote sufficient time to manage our Company promptly and efficiently. Our comprehensive internal control system can also guarantee that they will not use their identity as members of the Controlling Shareholders Group to interfere with the independence of the Company's management. In addition, Ms. Zhong is our non-executive Director and is not involved in the daily management and operations of our Company. Accordingly, despite the overlapping roles as detailed above, all our Directors and senior management are capable of contributing sufficient time and efforts to discharge their responsibilities in our Company effectively;

(b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Company;

(c) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as our Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and a Director and/or his/her associate, he/she is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions and the interested Director shall abstain from voting and shall not be counted towards the quorum for the voting;

(d) upon the [**REDACTED**], we will continue to have three independent non-executive Directors with extensive experience in their respective areas of expertise to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions and in the best interests of our Company and our Shareholders as a whole. Certain matters of our Company, including continuing connected transactions, must always be referred to the independent non-executive Directors for review and approval; and

(e) our Company is an A-share listed company and has adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Company and our Controlling Shareholders Group which would support our independent management. See "— Corporate Governance" below for details.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Company independently from our Controlling Shareholders Group and their respective close associates after the [**REDACTED**].

Operational Independence

We do not rely on our Controlling Shareholders Group and their respective close associates for our daily operations. We have our own organizational structure with self-governing departments specializing in various aspects in relation to our business development. In addition, we have our own headcount of employees for our operations and management for human resources. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our businesses.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We also have sufficient capital, facilities, equipment and employees, administrative and corporate governance infrastructure, to operate the business independently. We are also in possession of all relevant licenses, certificates, facilities, intellectual property rights and approvals and permits from the relevant regulatory authorities necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

We entered into certain continuing connected transaction with an associate of our Controlling Shareholders Group. See section headed "Connected Transactions" for more details. Such transaction will be conducted on arm's length and on normal commercial terms in the ordinary and usual course of business of our Company in accordance with the requirements under Chapter 14A of the Listing Rules, and the pricing policies of our Company and our connected person will not be prejudicial to the interests of any of the parties. The amounts for such connected transaction is at a reasonable percentage with respect to our business scale, and our Directors believe that such transaction will not affect the operational independence of our Company as a whole.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders Group and their respective close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Company's own business needs. We have our own internal control and accounting systems and an independent finance department in charge of our treasury function and making financial decisions independently based on our Company's needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders Group. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently from our Controlling Shareholders Group and their respective close associates. We do not rely on our Controlling Shareholders Group and their respective close associates for financing.

In addition, we are capable of obtaining financing from Independent Third Parties, if necessary, without relying on any guarantee or security provided by our Controlling Shareholders Group or their respective associates. As of the Latest Practicable Date, there were no outstanding loans or guarantee provided by or granted to our Controlling Shareholders Group or their respective associates to facilitate our financings.

Based on the above, our Directors believe that we are capable of carrying on our business independently from, and do not place undue reliance on our Controlling Shareholders Group and their respective close associates after the [**REDACTED**].

CORPORATE GOVERNANCE

Our Company and Directors fully recognise the importance of protecting the rights and interests of all Shareholders, including those of minority Shareholders, and are firmly committed to upholding and practicing good corporate governance. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

To maintain high standards of corporate governance and prevent potential conflicts of interest between our Company and our Controlling Shareholders Group as well as their respective close associates, our Company has adopted and will continue to implement the following relevant measures:

(a) where a Board meeting or Shareholders' meeting is to be held for considering proposed transactions in which any of our Directors or Controlling Shareholders Group or any of their respective close associates has a material interest, the relevant Director or Controlling Shareholder Group will abstain from voting on the relevant resolutions and shall not be counted in the quorum in the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholder Group or any of his associates, our Company will comply with the applicable Listing Rules;

(c) as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon [**REDACTED**]. In particular, our Articles of Association provides that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;

(d) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (a) possess sufficient experiences, (b) are free of any business or other relationship which could interfere with the exercise of their independent judgement in any material manner, and (c) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. See "Directors and Senior Management" for details of the independent non-executive Directors;

(e) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between the Company and our Controlling Shareholders Group (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(f) our Controlling Shareholders Group will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

(g) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements (as the case may be);

(h) where our Directors reasonably request the advice of independent professionals, such as financial advisers, valuers or legal advisers, the appointment of such independent professionals or advisers will be made at our Company's expenses;

(i) we have appointed Maxa Capital Limited as our Compliance Adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Hong Kong Listing Rules, including various requirements relating to corporate governance; and

(j) we have established the Audit Committee, the Strategic and Sustainable Development Committee, the Nomination Committee and the Remuneration and Evaluation Committee with written terms of reference in compliance with, among others, the Listing Rules and the Corporate Governance Code.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage potential conflicts of interest between our Company and our Controlling Shareholders Group, and to protect minority Shareholders' interests after the [**REDACTED**].

DIRECTORS

Our Board consists of nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations. The major powers and functions of the Board include, but are not limited to, convening, presenting reports to, and implementing the resolutions passed at the general meetings, determining the Company's operational, financial and investment plans and exercising such other powers and functions as conferred by the Articles of Association and as authorised by the general meetings.

The following table provides information about our Directors:

Name	Age	Current Position(s)	Time of joining our Group	Date of first appointment as a Director	Roles and responsibilities	Relationship with other Directors and Senior Management
Executive Directors						
Mr. Qin Jiusan (覃九三)	58	Chairman of the Board and executive Director	February 2002	February 19, 2002	Responsible for the Company's strategic development planning	Note 1
Mr. Zhou Dawen (周達文)	63	Vice chairman of the Board and executive Director	February 2002	February 19, 2002	Responsible for the strategic support and governance leadership of the Company	Note 1
Mr. Zheng Zhongtian (鄭仲天)	60	Executive Director and chief engineer	February 2002	February 19, 2002	Responsible for managing the Company's technology research and development	Note 1
Mr. Zhou Aiping (周艾平)	58	Executive Director, employee representative Director and executive vice president	February 2002	April 15, 2014	Responsible for the operation and management of the battery chemicals business division	None
Mr. Wu Chengying (吳成英)	39	Executive Director and vice president	July 2008	December 30, 2025	Responsible for managing the technology research and development of the organic fluorochemicals business division	None
Non-executive Director						
Ms. Zhong Meihong (鍾美紅)	59	Non-executive Director	February 2002	February 19, 2002	Responsible for advising on the Company's corporate governance and strategic planning	Note 1

Name	Age	Current Position(s)	Time of joining our Group	Date of first appointment as a Director	Roles and responsibilities	Relationship with other Directors and Senior Management
Independent non-executive Directors						
Mr. Liu Changqing (劉長青)	63	Independent non-executive Director	December 2025	December 30, 2025	Supervising and providing independent judgement to the Board	None
Mr. Chen Guohua (陳國華)	62	Independent non-executive Director	December 2025	December 30, 2025	Supervising and providing independent judgement to the Board	None
Ms. Li Shengnan (栗勝男)	37	Independent non-executive Director	December 2025	December 30, 2025	Supervising and providing independent judgement to the Board	None

Note:

(1) Mr. Qin, Mr. Zhou, Mr. Zheng and Ms. Zhong are members of our Controlling Shareholders Group (together with other two members of our Controlling Shareholders Group, namely Ms. Zhang and Ms. Deng (spouse of Mr. Qin)). They have been acting in concert pursuant to the Concert Party Agreement, which is expected to remain effective after the [**REDACTED**].

Executive Directors

Mr. Qin Jiusan (覃九三), aged 58, has been serving as the chairman of our Board and the executive Director of the Company since March 2010. He is primarily responsible for the Company's strategic development planning. Mr. Qin was re-designated as our executive Director in December 2025.

Mr. Qin has extensive experience in chemical engineering, corporate strategic management and capital operation. He served as Director and general manager of our Company from February 2002 to April 2008. He then served as the chairman of our Board and the general manager of the Company from April 2008 to March 2010.

Mr. Qin has received multiple honors in recognition of his industry contributions, including, among others, the "Top 10 Innovative Figures of Jinwan Award" at the 2nd Guangdong-Hong Kong-Macao Greater Bay Area SMEs Industrial Innovation Summit in 2019, the "Person of the Year" by Guangdong Battery Industry Association (廣東省電池行業協會) in December 2021, the "Outstanding Builder of Socialism with Chinese Characteristics among Non-Public Ownership Economic Personages in Guangdong Province" by the People's Government of Guangdong Province (廣東省人民政府) in May 2022.

Mr. Qin obtained his bachelor's degree in chemical engineering from Xiangtan University (湘潭大學) in the PRC in July 1990.

Mr. Zhou Dawen (周達文), aged 63, has been serving as the executive Director since July 2010, primarily responsible for the strategic support and governance leadership of the Company. Mr. Zhou was appointed as vice chairman of the Board in December 2025.

Mr. Zhou has extensive experience in corporate operation and management. He served as Director, executive deputy general manager and senior engineer of the Company from February 2002 to April 2008, as Director, deputy general manager, secretary of our Board and senior engineer of the Company from April 2008 to May 2010, and as president of the Company from June 2010 to December 2025.

Mr. Zhou holds the professional title of senior engineer in chemical engineering and technology of Guangdong Province, which was awarded by the Guangdong Provincial Department of Personnel (廣東省人事廳) in February 1999.

Mr. Zhou obtained his master's degree in chemical metallurgy from the Institute of Process Engineering, Chinese Academy of Sciences (中國科學院過程工程研究所, formerly known as the Institute of Chemical Metallurgy (原化工冶金研究所)) in the PRC in November 1988.

Mr. Zheng Zhongtian (鄭仲天), aged 60, has been serving as the executive Director and chief engineer of the Company since August 2018. He is primarily responsible for managing the Company's technology research and development. Mr. Zheng was re-designated as our executive Director and chief engineer in December 2025.

Mr. Zheng has extensive experience in the electronic chemicals industry, technology R&D and technical management. He served as our chief engineer from February 2002 to April 2014, vice president from March 2010 to April 2014, and vice chairman of the Board from April 2014 to December 2025.

Mr. Zheng has been recognised for his contributions to the industry. He was honored with the "Longgang District Mayor's Award (Technical Leader)" by the People's Government of Longgang District, Shenzhen (深圳市龍崗區人民政府) for the 2005-2007 period. He was also awarded the title of "Excellent Engineer" by the first Shenzhen Engineers Excellent Scientific and Technological Talents Recognition Committee (深圳工程師優秀科學人才認定委員會) in October 2020.

Mr. Zheng obtained his bachelor's degree in chemistry from Peking University (北京大學) in the PRC in July 1988.

Mr. Zhou Aiping (周艾平), aged 58, has been serving as the executive Director and executive vice president of the Company since April 2017. He is primarily responsible for the operation and management of the battery chemicals business division. Mr. Zhou was appointed as our employee representative Director and re-designated as our executive Director in December 2025.

Mr. Zhou has extensive experience in the chemical engineering, battery materials industries, production management and corporate operation. He served as manager of the lithium battery business division of our Company from February 2002 to April 2008. He then served as general manager of the lithium battery business division of the Company from April 2008 to June 2009, as vice president of the Company from March 2010 to April 2017, as executive Director of the Company from April 2014 to April 2017, as general manager of the operation management department of the Company from March 2016 to April 2020, and as general manager of the battery chemicals business division of the Company from March 2020 to March 2024.

Mr. Zhou holds the professional title of Intermediate Engineer in Chemical engineering, which was awarded by the Hunan Provincial Department of Personnel (湖南省人事廳) in September 1996.

Mr. Zhou graduated from the Department of Chemical Engineering, Xiangtan University (湘潭大學) in the PRC in June 1990.

Mr. Wu Chengying (吳成英), aged 39, was appointed as our executive Director and vice president in December 2025. He has been serving as chief engineer of Sanming Hexafluo since July 2021, and as deputy R&D director of the technology centre of the organic fluorochemicals business division of the Company since April 2022. He is primarily responsible for managing the technology R&D of the organic fluorochemicals business division.

Mr. Wu has extensive experience in the R&D and related management of battery chemicals, with a focus on new product development, process optimisation and quality management. He joined the Group in July 2008 and has held various positions at Sanming Hexafluo including R&D engineer and manager of the R&D department from July 2008 to July 2019, deputy chief engineer from August 2019 to June 2021.

Mr. Wu has received a number of honors, including the Fujian Provincial Science and Technology Progress Award (Third Class) awarded by the Fujian Provincial People's Government (福建省人民政府) in November 2020, the title of advanced science and technology worker in the China fluorine and silicone industry in May 2021 and the China Fluorine Silicone Industry Patent First Prize in November 2021. He is currently a member of the second science and technology committee of the Sanming Fluorochemical Industry Technology Research Institute (三明市氟化工產業技術研究院第二屆科技委員會) for the term from 2022 to 2026. Mr. Wu holds the professional title of senior engineer in fine chemicals, which was awarded by the Fujian Provincial Department of Human Resources and Social Security (福建省人力資源和社會保障廳) in January 2024.

Mr. Wu obtained his bachelor's degree in materials science and engineering from Longyan College (龍岩學院) in the PRC in July 2008.

Non-executive Director

Ms. Zhong Meihong (鍾美紅), aged 59, has been serving as our non-executive Director since April 2017. Ms. Zhong has been primarily responsible for advising on the Company's corporate governance and strategic planning. Ms. Zhong was re-designated as our non-executive Director in December 2025.

Ms. Zhong has extensive experience in chemical engineering and corporation management. She served as Director and deputy general manager of our Company from February 2002 to March 2010, as vice president of the Company from March 2010 to March 2014, as executive vice president of the Company from April 2014 to March 2017, and as Director and senior counsel of the Company from April 2017 to December 2023.

Ms. Zhong obtained her bachelor's degree in chemical engineering from the Department of Chemical Engineering, Xiangtan University (湘潭大學) in the PRC in June 1990.

Independent non-executive Directors

Mr. Liu Changqing (劉長青), aged 63, was appointed as our independent non-executive Director in December 2025.

Mr. Liu has extensive experience in accounting, financial management, and corporate governance, with profound expertise in accounting practice, budget management and internal control. He joined Xiangtan University (湘潭大學) in July 1984 as an accounting lecturer. He

was promoted to deputy director in 1999 and then director of the Planning and Finance Department of Xiangtan University (湘潭大學) in 2003. He assumed the position of chief accountant of Xiangtan University (湘潭大學) in April 2009. He served as the vice president of Xiangtan University (湘潭大學) from August 2015 to March 2023. He has also been serving as an independent non-executive director at Shenzhen Rongda Photosensitive & Technology Co., Ltd. (深圳市容大感光科技股份有限公司, listed on the Shenzhen Stock Exchange, stock code: 300576) since September 2023, and at Eternal Asia Supply Chain Management Ltd. (深圳市怡亞通供應鏈股份有限公司, listed on the Shenzhen Stock Exchange, stock code: 002183) since January 2026.

Mr. Liu holds relevant professional qualifications and memberships. He became a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in September 1995. He was awarded the non-practicing membership of the Hunan Institute of Certified Public Accountants (湖南省註冊會計師協會) in April 2010.

Mr. Liu obtained his bachelor's degree in National Economic Planning from Hubei Institute of Finance and Economics (湖北財經學院) (now Zhongnan University of Economics and Law (中南財經政法大學)) in the PRC in July 1984. He earned his doctoral degree in accounting from Xiamen University (廈門大學) in the PRC in June 2008.

The Company believes that Mr. Liu possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules based on his background and work experience set out above, in particular, (i) his academic background in accounting, professional qualification as a member of the Chinese Institute of Certified Public Accountants, and extensive experience in accounting, financial management, budget management and internal control; and (ii) his directorships of the public companies mentioned above where Mr. Liu also serves as chairperson or member of the audit committee of the board of directors of such companies.

Mr. Chen Guohua (陳國華), aged 62, was appointed as our independent non-executive Director in December 2025.

Mr. Chen has extensive experience in chemical engineering, R&D of energy storage materials and corporate governance. He joined the Department of Chemical and Biomolecular Engineering, Hong Kong University of Science and Technology in December 1996 as an assistant professor. He later served as an associate professor of the same department. He was subsequently promoted as a professor and head of department of the Department of Chemical Engineering, Hong Kong University of Science and Technology. He held the position of non-executive director at Sinopoly Battery Limited (中聚電池有限公司) from March 2012 to February 2014. He served as a chair professor of the School of Energy and Environment, City University of Hong Kong from August 2022 to June 2025. He has been acting as chairman of Apogeetec Greenergy Co., Ltd. (深圳啟辰新能源科技有限公司) since October 2020.

Mr. Chen has received numerous honors and awards for his professional achievements. He was elected as a fellow of the Hong Kong Institution of Engineers. He was elected as a fellow of the Canadian Academy of Engineering on June 27, 2022, and as a fellow of the Hong Kong Academy of Engineering on December 9, 2024.

Mr. Chen obtained his bachelor's degree in inorganic chemical engineering from Dalian University of Technology (大連理工大學) in the PRC in July 1984. He received his master's degree from McGill University in Canada in June 1990. He earned a PhD from McGill University in Canada in November 1994.

Ms. Li Shengnan (栗勝男), aged 37, was appointed as our independent non-executive Director in December 2025.

Ms. Li has extensive experience in legal affairs and corporate governance. She worked at Beijing Zhong Yin (Shenzhen) Law Firm (北京中銀(深圳)律師事務所) from 2015 to 2017. She served as an independent non-executive director at Liaoning Dajin Heavy Industry Co., Ltd. (遼寧大金重工股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002487) from November 2019 to January 2023. She held the position of independent non-executive director at Harbin KeNeng Cladding Technology Co., Ltd. (哈爾濱科能熔敷科技股份有限公司), a company listed on the NEEQ (stock code: 873807) from 2021 to 2023. She also previously worked in China Xiongan Group Investment Management Co., Ltd. (中國雄安集團投資管理有限公司). She has also been serving as an independent non-executive director at ZhongZhu Healthcare Holding Co., Ltd. (中珠醫療控股股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600568) since December 2024.

Ms. Li holds relevant professional qualifications and certificates. She obtained the PRC Legal Professional Qualification Certificate from the Ministry of Justice of the People's Republic of China (中華人民共和國司法部) in March 2014. She also obtained the Independent Director Qualification Certificate for Listed Companies from the Shenzhen Stock Exchange in March 2019.

Ms. Li obtained her bachelor's degree in English from the College of Foreign Languages and Cultures, Xiamen University (廈門大學) in the PRC in July 2012. She received her master's degree in Law from the Law School, Xiamen University in the PRC in June 2015. She earned her doctoral degree in Economic Law from the Law School, Xiamen University in the PRC in June 2024.

SENIOR MANAGEMENT

The following table sets out information regarding the members of senior management of our Company (other than our executive Directors):

Name	Age	Current Position(s)	Time of joining our Group	Date of first appointment as senior management	Roles and responsibilities	Relationship with other Directors and Senior Management
Mr. Jiang Xisong (姜希松)	48	President	March 2002	April 15, 2014	In charge of the overall management and operation of the Company	None
Ms. Song Hui (宋慧)	47	Vice president	December 2011	April 18, 2017	In charge of the human resources, legal affairs and compliance departments	None
Ms. Qian Yunxian (錢韞嫻)	37	Vice president	August 2017	December 30, 2025	In charge of the operation and management of the electrolyte business within the battery chemicals business division	None

Name	Age	Current Position(s)	Time of joining our Group	Date of first appointment as senior management	Roles and responsibilities	Relationship with other Directors and Senior Management
Mr. Jiang Weijian (江衛健)	49	Vice president	September 2010	December 30, 2025	In charge of the operation and management of the semiconductor business within the electronic information chemicals business division, and the quality and safety management of our Group	None
Ms. Huang Yao (黃瑤)	38	Chief financial officer	July 2013	September 27, 2020	In charge of the overall financial affairs of the Company	None
Mr. He Jingce (賀靖策)	42	Secretary of the Board and joint company secretary	June 2010	September 27, 2020	In charge of the daily management of the Board and management of investment and financing projects	None

Mr. Jiang Xisong (姜希松), aged 48, was appointed as the president of our Company in December 2025. He is primarily responsible for the overall management and operation of the Company.

Mr. Jiang has extensive experience in marketing management and corporate governance. Mr. Jiang joined our Group in March 2002 and has served various positions within the Group since then, including marketing department manager of our Company from March 2002 to March 2010, deputy general manager of the high purity chemicals business division of the Company from March 2010 to March 2014, director of the operations centre from 2008 to 2021, general manager of the high purity chemicals business division of the Company from March 2014 to June 2019, general manager of the capacitor chemicals business division from July 2019 to April 2025, general manager of the semiconductor chemicals business division of the Company from August 2021 to April 2025, vice president of the Company from April 2014 to December 2025. He has also been serving as a general manager of the electronic information chemicals business division since April 2025.

Mr. Jiang obtained his bachelor's degree in Polymer Materials from East China University of Science and Technology (華東理工大學) in the PRC in July 1999.

Ms. Song Hui (宋慧), aged 47, has been serving as the vice president of the Company since April 2017, primarily responsible for overseeing the Company's human resources, legal affairs and compliance departments. She has also been serving as director of the human resources and administration centre of the Company since April 2022.

Ms. Song has extensive experience in legal affairs, human resources management and compliance supervision. Ms. Song joined our Group in December 2011 and has served various positions over the years, including legal affairs manager of the Company from December 2011 to February 2013, manager of the human resources department of the Company from March 2013 to May 2023, director of the management centre of the Company from May 2015 to March 2022, and director of the president's office of the Company from March 2018 to July 2021.

Ms. Song obtained her bachelor's degree in Chinese language and literature from Shaoyang University (邵陽學院) in the PRC in June 2004. She received her master's degree in law from East China University of Political Science and Law (華東政法大學) in the PRC in June 2008. She obtained the professional qualification of Legal Professional Qualification Certificate (法律職業資格證) from the Ministry of Justice of the People's Republic of China (中華人民共和國司法部) in February 2007.

Ms. Qian Yunxian (錢韞嫻), aged 37, was appointed as the vice president of our Company in December 2025. She is primarily responsible for operation and management of the electrolyte business within the battery chemicals business division.

Ms. Qian has extensive experience in lithium battery materials, electronic chemicals and product R&D management. She joined our Group in August 2017 and has held various positions over the years, including post-doctoral researcher at the Company from August 2017 to September 2019, head of the battery chemicals research department of the Company from October 2019 to May 2022, and deputy dean of the research institute of the Company from May 2021 to May 2023. She served as deputy general manager of the battery chemicals business division of the Company from May 2023 to March 2024 and concurrently as director of the international business centre of the Company from May 2023 to January 2025.

Ms. Qian holds relevant professional qualifications and honors. She was recognised as a Category C talent under the Peacock Plan of Shenzhen by the Shenzhen Municipal Human Resources and Social Security Bureau (深圳市人力資源和社會保障局) in December 2017. She received the Shenzhen Science and Technology Progress Award for 2023 granted by the Shenzhen Municipal People's Government (深圳市人民政府) in April 2025.

Ms. Qian obtained her bachelor's degree in inorganic non-metallic materials engineering from Nanjing Tech University (南京工業大學) in the PRC in June 2011. She received her master's degree in advanced materials engineering from the Hong Kong University of Science and Technology (香港科技大學) in November 2013. She earned her doctoral degree in chemistry from the University of Münster in Germany (德國明斯特大學) in February 2017.

Mr. Jiang Weijian (江衛健), aged 49, was appointed as the vice president of our Company in December 2025. Mr. Jiang has also been serving as the deputy general manager of the electronic information chemicals business division of the Company since May 2025. He is primarily responsible for the operation and management of the semiconductor business within the electronic information chemicals business division, and responsible for the quality and safety management of our Group.

Mr. Jiang has extensive experience in the chemical and electronic chemicals industries. He joined our Group in September 2010 as assistant general manager of Nantong Capchem, and was in charge of the logistics department until July 2013. He then served as deputy general manager of Nantong Capchem from August 2013 to January 2018 and as director of that company from February 2018 to March 2024. He was a supervisor of the Company from May 2020 to April 2023. He also served as chairman of Nantong Top from August 2020 to April 2023, and as chairman and general manager of Chongqing Capchem from March 2022 to May 2024. In addition, he served as deputy general manager of the semiconductor division of the Company from April 2022 to April 2025.

Mr. Jiang obtained his bachelor's degree in metallurgical physical chemistry from Central South University (中南大學) in July 2000. He was accredited as an intermediate engineer in petrochemical engineering of Nantong City, Jiangsu Province by Nantong Municipal Bureau of Human Resources and Social Security (南通市人力資源和社會保障局) in August 2021.

Ms. Huang Yao (黃瑤), aged 38, has been serving as the chief financial officer of our Company since September 2020, primarily responsible for the Company's financial analysis and management, as well as coordinating with the audit committee on relevant matters.

Ms. Huang has extensive experience in financial accounting and management. She joined our Group in 2013 and served as a cost accountant at Huizhou Capchem from July 2013 to December 2014. Subsequently, she was promoted to general ledger accountant at the same subsidiary from January 2015 to April 2016. Later, she held the position of accounts payable accountant of the Company from April 2016 to December 2016. She then took on the role of general ledger accountant at our Company from January 2017 to March 2018. Following this, she was appointed as the manager of the finance department of our Company from March 2018 to September 2020. In the meantime, she also served as the chief financial officer of Sanming Hexafluo, another subsidiary of our Company from April 2020 to November 2023.

Ms. Huang obtained her bachelor's degree in accounting from China University of Petroleum (East China) (中國石油大學(華東)) in the PRC in June 2011. She received her master's degree in accounting from China University of Petroleum (East China) (中國石油大學(華東)) in the PRC in June 2013. She obtained the professional qualification of Intermediate Accountant (中級會計師) from the Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) and the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in September 2019.

Mr. He Jingce (賀靖策), aged 42, has been serving as the secretary of the Board of our Company since September 2020, and is our joint company secretary. Mr. He is primarily responsible for the daily management of the Board of Directors and invested companies, and assisting in the management of investment and financing projects.

Mr. He has over 15 years of experience in financial management, audit supervision and corporate governance, with profound expertise in financial accounting, cost control, internal audit and board secretarial work. Mr. He joined our Group in June 2010 and has served various positions over the years. He served as an accountant in the financial centre of the Company from June 2010 to September 2015 and as manager of the financial centre from October 2015 to February 2017. In parallel with his role at our Company's headquarters, he also took on the position of chief financial officer of Huizhou Capchem from March 2017 to August 2018 and chief financial officer of Sanming Hexafluo from September 2018 to March 2020. He concurrently served as head of the audit and supervision department of the Company from September 2018 to July 2023.

Mr. He's professional contributions have been recognised with multiple honors from New Fortune Magazine, including: the "Golden Medal Secretary of the Board" at the 18th, 19th, 20th, 21st and 22nd sessions, and the "Best Secretary of the Board 2025".

Mr. He obtained his bachelor's degree in Physics from Xiangtan University (湘潭大學) in the PRC in June 2007. He received his master's degree in Accounting from Xiangtan University in the PRC in June 2010. He obtained the professional qualification of Intermediate Accountant from the Department of Human Resources and Social Security of Guangdong Province (廣東省人力資源和社會保障廳) in April 2015.

Save as disclosed above in this section and in the section headed "Statutory and General Information — Disclosure of Interests of Directors and Chief Executive of the Company" in Appendix VI to this document, (i) none of our Directors or senior management have been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this document, and (ii) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Mr. He Jingce (賀靖策), was appointed as our joint company secretary in December 2025. Please refer to "— Senior Management" in this section for the biographical details of Mr. He.

Ms. Cheung Wing Sum (張穎沁), was appointed as our joint company secretary in August 2026 and with effect from the [**REDACTED**].

Ms. Cheung Wing Sum (張穎沁) has over 4 years in the company secretarial and corporate governance fields. She has extensive involvement in listed-company compliance, board and committee support, and a broad range of regulatory and governance matters. She is currently with Computershare Hong Kong Investor Services Limited (香港中央證券登記有限公司).

Ms. Cheung obtained a master's degree in Corporate Governance and Compliance from The Hong Kong Baptist University in July 2023. She is also an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code and the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Strategic and Sustainable Development Committee, the Nomination Committee, the Remuneration and Evaluation Committee.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Liu Changqing, Ms. Li Shengnan and Ms. Zhong. Mr. Liu Changqing, who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee are, among other things, reviewing and evaluating the work of external auditors; monitoring and making recommendations concerning the internal audit work and financial reports; evaluating internal control work and risk control and compliance management; and ensuring coordination between management, internal audit department and relevant departments and external auditors.

Strategic and Sustainable Development Committee

We have established the Strategic and Sustainable Development Committee with written terms of reference in compliance with the requirements under the Listing Rules. The Strategic and Sustainable Development Committee consists of seven Directors, namely Mr. Qin, Mr. Zhou, Mr. Zheng, Mr. Wu Chengying, Mr. Liu Changqing, Mr. Chen Guohua and Ms. Li Shengnan. Mr. Qin serves as the chairperson of the Strategic and Sustainable Development Committee. The primary duties of the Strategic and Sustainable Development Committee are, among other things, conducting research and making recommendations for the long-term strategic development plans, annual investment plans and other major investment programs, sustainable development and ESG related policies; and conducting research, revising and reviewing the policies of our strategic management and ESG policies, and making recommendations to the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with, among others, paragraph B.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules. The Nomination Committee consists of three Directors, namely Mr. Chen Guohua, Ms. Li Shengnan and Mr. Qin. Mr. Chen Guohua serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee are, among other things, identifying, reviewing and making recommendations to the Board on the composition and number of our Board and senior management and suitable candidates; reviewing the structure and diversity of the Board and related policies; and evaluating the performance of Directors and senior management (including the independence of independent non-executive Directors).

Remuneration and Evaluation Committee

We have established a Remuneration and Evaluation Committee with written terms of reference in compliance with, among others, paragraph E.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules. The Remuneration and Evaluation Committee consists of three Directors, namely Ms. Li Shengnan, Mr. Liu Changqing, and Mr. Zhou. Ms. Li Shengnan serves as the chairperson of the Remuneration and Evaluation Committee. The primary duties of the Remuneration and Evaluation Committee are, among other things, reviewing and approving remuneration proposals of senior management in accordance with our Company's policies and objectives as approved by our Board from time to time; making recommendations to the Board on the policy, structure and formulation procedure for all Directors' and senior management remuneration; conducting annual performance evaluation of all Directors and senior management; monitoring implementation of compensation payable (including to all Directors and senior management); and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules.

CONFIRMATIONS FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors (other than our independent non-executive Directors) confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in December 30, 2025 and (ii) understands the requirements under the Listing Rules that are applicable to him or her as a director of a listed issuer under the Listing Rules and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management members receive compensation from our Company in the form of salaries, allowances, discretionary bonuses, benefits in kind and share-based payments.

For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, the aggregate amount of remuneration paid or payable to our Directors amounted to approximately RMB16.5 million, RMB16.8 million, RMB17.1 million and RMB5.1 million, respectively. Under the arrangement currently in force, we estimate the total remuneration before taxation, excluding discretionary bonuses, to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB9.0 million.

The five highest paid individuals for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 include two Directors, two Directors, three Directors and one Director, respectively. The total emoluments for the remaining non-Director individuals among the five highest paid individuals amounted to approximately RMB11.3 million, RMB11.0 million, RMB7.8 million and RMB7.5 million, respectively.

During the Track Record Period, no remuneration was paid to our Directors, or any of the five highest paid individuals as an inducement to join, or upon joining, our Company. During the Track Record Period, no compensation was paid to, or receivable by, any of our Directors, former directors, or the five highest paid individuals for the loss of office as director of any member of our Company or of any other office in connection with the management of the affairs of any member of our Company. None of our Directors waived any emoluments during the Track Record Period. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

The remuneration of our Directors and senior management is determined with reference to factors including but not limited to the responsibility, risk and commitment of our Directors, and senior management, the performance evaluation structure and results and the salaries paid by comparable companies. Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the [**REDACTED**], receive recommendations from our Remuneration and Evaluation Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and senior management and the performance of our Company.

CORPORATE GOVERNANCE CODE

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [**REDACTED**].

BOARD DIVERSITY POLICY

To enhance Board effectiveness and uphold high corporate governance standards, our Company has adopted a Board Diversity Policy which outlines the objectives and approaches for achieving and sustaining Board diversity. Pursuant to the board diversity policy, we consider multiple factors to foster such diversity when selecting Board candidates, including but not limited to gender, skills, age, professional experience, knowledge, cultural background, educational background, ethnicity and length of service, with the ultimate appointment decision based on merit and the candidate's potential contribution to the Board.

Our current Board comprises a balanced mix of members. It includes two female and seven male Directors with diverse academic backgrounds. These Directors also possess comprehensive professional expertise that covers overall management, strategic development, quality assurance, finance, accounting, corporate governance. In addition, the Board features varied age groups and industry backgrounds among its members, and independent non-executive Directors account for an appropriate proportion of the total Board members. This diverse composition fully aligns with the requirements of our Board Diversity Policy.

The Nomination Committee is responsible for reviewing the Board's structure and diversity. It is also tasked with selecting Director nominees. After the [**REDACTED**], the Nomination Committee will regularly monitor and assess the implementation of the Board Diversity Policy to ensure its ongoing effectiveness. When required, the Nomination Committee will make necessary revisions to the policy and submit such revisions to the Board for consideration and approval. The Nomination Committee will also include in annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

COMPLIANCE ADVISER

We have appointed Maxa Capital Limited as our Compliance Adviser pursuant to Rules 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances, including: (a) before the publication of any regulatory announcement, circular or financial report; (b) where a transaction, which might be a notifiable or connected transaction is contemplated, including share issues and share repurchases; (c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and (d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the [**REDACTED**] or [**REDACTED**] volume of its [**REDACTED**] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Hong Kong Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Hong Kong Listing Rules and applicable laws and regulations.

The term of the appointment of our Compliance Adviser will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

OVERVIEW

We have, in our ordinary and usual course of business, entered into certain transactions with entities that will become our connected persons (as defined under Chapter 14A of the Hong Kong Listing Rules) upon [**REDACTED**]. Such transactions will continue after the [**REDACTED**] and will therefore constitute our continuing connected transactions under the Hong Kong Listing Rules.

CONNECTED PERSONS

The table below sets forth certain parties who will become our connected persons upon [**REDACTED**] and have entered into certain transactions with us which will constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules:

Name of Connected Person	Description of Connected Relationship
Shenzhen Yubang Investment Management Co., Ltd. (深圳宇邦投資管理有限公司) ("**Shenzhen Yubang**")	As of the Latest Practicable Date, Shenzhen Yubang is held by Mr. Qin (our executive Director and member of our Controlling Shareholders Group) as to approximately 40.20% and therefore is an associate of connected person of our Company.
Nippon Shokubai Co., Ltd. (株式會社日本觸媒) ("**Nippon Shokubai**", together with its subsidiaries, "**Nippon Shokubai Group**")[(1)]	As of the Latest Practicable Date, Nippon Shokubai holds 38% equity interest in Hunan Fluopont, our subsidiary, and therefore is a connected person at subsidiary level of our Company.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of Transaction	Applicable Listing Rules	Waiver sought	Proposed annual caps for the year ending December 31,		
			2026	2027	2028
				(RMB'000)	
Fully Exempt Continuing Connected Transactions					
1. . . Property Rental Framework Agreement	14A.76(1)(a)	N/A	40	40	40
2. . . Nippon Shokubai IP License Framework Agreement	14A.76(1)(b)	N/A	9,000	26,000	35,000
Partially Exempt Continuing Connected Transaction					
3. . . Nippon Shokubai Products Sales Framework Agreement	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59, 14A.71, 14A.76(2)(a) and 14A.105	Announcement requirement	61,000	129,000	176,000

Note:

(1) Nippon Shokubai, a company listed on the Tokyo Stock Exchange (stock code: 4114), is principally engaged in the production and sale of chemical materials, including but not limited to ethylene oxide, acrylic acid, acrylate esters and superabsorbent polymers, which are mainly used in the field of daily use materials, building and construction, etc. Its primary customers are large industrial enterprises, and its geographical coverage spans Asia, Europe, North America and Japan. To the best knowledge of our Company, our Directors believe that there is no actual or potential competition between the business of Nippon Shokubai and that of our Company.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following transactions are conducted in the ordinary course of business of our Group and on normal commercial terms or better, where each of the relevant percentage ratios (except for the profits ratio) for the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules will, as the Directors of our Company currently expect, be less than 0.1% (or 1% if such transaction only involves a connected person at the subsidiary level) on an annual basis. By virtue of Rule 14A.76(1)(a) and (b) of the Listing Rules, the transactions will be exempted from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Property Rental Framework Agreement

We entered into a property renting framework agreement (the "**Property Rental Framework Agreement**") with Shenzhen Yubang on [●], 2026, pursuant to which our Group agreed to lease certain properties to the Shenzhen Yubang and its associates from time to time in the ordinary course of business and operation. The pricing policy (including but not limited to the rent to be paid by Shenzhen Yubang, payment progress and method) was determined by the parties on normal commercial terms, negotiated at arm's length basis, with reference to, among others, (i) the prevailing market rent in respect of similar properties in the nearby area or similar locations; (ii) the conditions of the property, including but not limited to its facilities associated with the property, the property area, quality and surrounding environment; and (iii) the historical rents during the Track Record Period and the estimated trend in the prevailing market rent in the future. The initial term of the Property Rental Framework Agreement will commence on the [**REDACTED**] and end on December 31, 2028, and will be automatically renewed for a further term of three years unless otherwise agreed between parties thereto. Both parties and their respective subsidiaries or associates could enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Property Rental Framework Agreement.

Historically, Shenzhen Yubang has rented certain properties from our Group for its offices and business uses. It is expected that Shenzhen Yubang will continue to rent such properties from our Group upon [**REDACTED**].

Taking into account the gross area leased, and the consideration received by us for such lease during the Track Record Period, our Directors currently expect that all the relevant percentage ratios for the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis. Therefore, such transactions are de minimis transactions and will be exempted from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

2. Nippon Shokubai IP License Framework Agreement

We entered into an IP license framework agreement with Nippon Shokubai on [●], 2026 (the "**Nippon Shokubai IP License Framework Agreement**"), pursuant to which Nippon Shokubai Group has agreed to grant our Group license to use certain patents and patent technology ("**IP rights**") for our business operation from time to time by entering into specific agreements by relevant parties. The initial term of the Nippon Shokubai IP License Framework Agreement will commence on the [**REDACTED**] and shall remain in effect until the termination or expiry of the underlying specific IP rights license agreements, which is expected to exceed three years. Separate underlying agreements will be entered into which will set out the precise scope of IP rights, IP license fees calculation, method of payment and other details

in the manner provided in the Nippon Shokubai IP License Framework Agreement. The pricing for the licensing of IP rights was determined by Nippon Shokubai and our Group on normal commercial terms, negotiated at arm's length basis based on the parties' assessment of the IP rights' usage proportion in production as well as the operational performance of the Group and quality of IP rights. For the avoidance of doubt, all specific agreements entered into prior to the date of the Nippon Shokubai IP License Framework Agreement (to the extent which cover IP rights licensing which will continue to be in force after the [**REDACTED**]) shall be treated as specific agreements made pursuant to the Nippon Shokubai IP License Framework Agreement as from the [**REDACTED**].

Certain subsidiary of our Company has been historically using such IP rights for research and production purposes. Nippon Shokubai Group has agreed to continue to license us with such IP rights in accordance with specific agreement entered into or to be entered into by relevant parties after arm's length negotiation. In recognition of the importance of such IP rights, we believe that continuing to use such IP rights upon [**REDACTED**] is in the best interest of our Group and the Shareholders as a whole.

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for the continuing connected transactions must not exceed three years, except in cases where nature of the transaction requires the agreement to be of a duration longer than three years. The Directors (including our independent non-executive Directors) are of the view that the Nippon Shokubai IP License Framework Agreement was entered into on normal commercial terms and a longer duration of the license agreement will avoid any unnecessary business interruption and help ensure the long-term stable business development and continuity of our R&D and production, which we consider essential to remain market recognition, and it is normal business practice for IP licensing agreements of similar type to be entered into for such duration. The Directors (including our independent non-executive Directors) are of the view that it is in the interests of our Company and the Shareholders as a whole to enter into the Nippon Shokubai IP License Framework Agreement with a term longer than three years. The Joint Sponsors are of the view that nothing causes them to believe that it is not a normal business practice for similar IP licensing agreements to be of a term of longer than three years.

Our Directors currently expect that all the relevant percentage ratios for transactions under the Nippon Shokubai IP License Framework Agreement calculated under Chapter 14A of the Listing Rules will be less than 1% on an annual basis, and such transaction is with a connected person at the subsidiary level. Therefore, such transactions are de minimis transactions and will be fully exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTION

The following transaction is conducted in the ordinary and usual course of business of our Group and on normal commercial terms or better, where the highest percentage ratio for the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules will, as our Directors currently expect, be more than 1% (since the transaction only involves the connected person at the subsidiary level) but less than 5% on an annual basis. By virtue of Rules 14A.49, 14A.71, 14A.35 and 14A.76(2)(a) of the Listing Rules, the transaction will be subject to the reporting, annual review and announcement requirements, but is exempted from the circular and independent Shareholders' approval requirement.

3. Nippon Shokubai Products Sales Framework Agreement

Parties

Nippon Shokubai (for itself and on behalf of Nippon Shokubai Group, as purchaser); and

Our Company (for itself and on behalf of its subsidiaries, as supplier)

Principal Terms

We entered into a framework agreement with Nippon Shokubai (for itself and on behalf of Nippon Shokubai Group) on [●], 2026 (the "**Nippon Shokubai Products Sales Framework Agreement**"), pursuant to which, our Group may, from time to time, sell to Nippon Shokubai Group certain products, including but not limited to chemicals used in the production of capacitors and batteries, such as LiFSI.

The initial term of the Nippon Shokubai Products Sales Framework Agreement shall commence on the [**REDACTED**] and end on December 31, 2028, subject to renewal upon, among others, the mutual agreement of both parties thereto. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions for the provision of comprehensive products according to the principles provided in the Nippon Shokubai Products Sales Framework Agreement.

Reasons for the Transaction

As illustrated above, our Group and Nippon Shokubai Group have maintained a stable relationship regarding IP licensing, and is further reinforced by ongoing product purchase and sale transactions. The collaboration, which combines Nippon Shokubai Group's advanced IP technology with our production capabilities, provides great benefits and advantages to our manufacture. Further, under the shareholders' agreement of Hunan Fluopont, the joint venture established by our Company and Nippon Shokubai, LiFSI produced by Hunan Fluopont will be sold to our Company and Nippon Shokubai at pre-agreed ratio. Our Directors believe that maintaining this business relationship with Nippon Shokubai Group will facilitate our current and future business operations and enhance our supply chain synergy strategy.

The transactions will be conducted on terms no less favourable than those offered to Independent Third Parties, which is in the interests of our Group and the Shareholders as a whole.

Pricing policies

The fees for the products to be sold by our Group to Nippon Shokubai Group shall be determined on normal commercial terms, negotiated at arm's length basis, with reference to the nature, type and quality of the products, the prevailing market price of similar products and the sales shall be on terms no less favourable to our Group than those prevailing in the market for products of the same or comparable type, nature and quality. Our Group will periodically review transaction terms by collecting relevant market information and comparing with transactions involving Independent Third Parties.

The exact selling prices and the payment terms will be finalized on an arm's length basis in separate underlying contracts, in accordance with the principles set out in the Nippon Shokubai Products Sales Framework Agreement.

Historical amount

The product sales transactions between our Group and Nippon Shokubai Group commenced in December 2025. For the year ended December 31, 2025 and the six months ended June 30, 2026, the total transaction amount between the parties amounted to approximately RMB1.1 million and RMB0.6 million, respectively.

Annual caps and basis thereof

The maximum aggregate annual transaction amounts under the Nippon Shokubai Products Sales Framework Agreement for the three years ending December 31, 2028 shall not exceed the caps set out below:

	Year Ended December 31,		
	2026	**2027**	**2028**
		(RMB'000)	
Transaction amount to be paid by Nippon Shokubai Group to us	61,000	129,000	176,000

The above proposed annual caps are determined with reference to:

(a) the estimated transaction amount between the Nippon Shokubai Group and our Group. We anticipate that our LiFSI production capacity will expand significantly from 2026 to 2028 through Phase 3.1 and Phase 3.2 of the Hunan Fluopont Novel Lithium Salt Capacity Expansion Project, which has been approved by the Board in April 2026. Phase 3.1 will deliver 3,000 tonnes of annual capacity in 2026, and Phase 3.2 will add a further 7,000 tonnes in 2027, bringing a total of 10,000 tonnes per year. It is also expected that a relatively stable proportion of the total sales volume of LiFSI by our Group will be supplied to Nippon Shokubai Group. Therefore, the resulting increase in production capacity is projected to correspondingly drive sales growth from our Group to Nippon Shokubai Group; and

(b) the estimated pricing for the products, with reference to historical price levels and arm's length pricing principles, which is expected to be relatively stable from 2026 to 2028.

Listing Rules Implications

As the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules in respect of the annual caps under the Nippon Shokubai Products Sales Framework Agreement is expected to be above 1% but less than 5%, and the transaction is with a connected person at the subsidiary level, the transaction contemplated thereunder is exempt from the circular and independent Shareholders' approval requirement under Rule 14A.101 of the Listing Rules, but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

INTERNAL CONTROL MEASURES FOR CONTINUING CONNECTED TRANSACTIONS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), we have established the following internal control measures in relation to the transaction under the subsection headed "— Partially Exempt Continuing Connected Transaction" to closely monitor such connected transactions and ensure that our existing and future connected transactions are on normal commercial terms that are no less favourable to our Group than terms available to or offered by Independent Third Parties:

- We have adopted a connected transaction management policy for the purpose of ensuring that connected transactions of our Group will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;

- We have put in place a series of internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules;

- Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transaction contemplated under the subsection headed "— Partially Exempt Continuing Connected Transaction" entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transaction has been entered into in the ordinary and usual course of business of our Group, is on normal commercial terms and is in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transaction has not been approved by the Board, is not in accordance with the pricing policies of our Group in all material respects, is not entered into in accordance with the relevant agreements in all material respects or has exceeded the annual cap; and

- When considering any renewal or revisions to the Nippon Shokubai Products Sales Framework Agreement after the [**REDACTED**], the interested Directors and/or Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings and/or Shareholders' general meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals cannot be obtained, we will not continue the transactions under the Nippon Shokubai Products Sales Framework Agreement to the extent that they constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES

Under Rule 14A.76(2) of the Listing Rules, the transaction under the subsection headed "— Partially Exempt Continuing Connected Transaction" will constitute our continuing connected transaction subject to those requirements under Chapter 14A of the Listing Rules (as the case may be).

As the partially exempt continuing connected transaction is expected to continue on a recurring and continuing basis and has been fully disclosed in this document, our Directors consider that compliance with the announcement would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], pursuant to Rule 14A.105 of the Listing Rules, waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in "— Partially Exempt Continuing Connected Transactions" in this section, subject to the condition that the aggregate amounts of the continuing connected transaction for each financial year shall not exceed the relevant amount set forth in the respective annual cap (as stated above). The independent non-executive Directors and auditors of the Company will review whether the transactions under the above partially exempt continuing connected transaction have been entered into pursuant to the principal terms and pricing policies under the relevant framework agreement as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

Apart from the announcement requirement for which a waiver is sought, the Company will comply with all other applicable requirements under Chapter 14A of the Listing Rules. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION OF OUR DIRECTORS

Our Directors (including independent non-executive Directors) are of the view that: (i) the continuing connected transaction under the subsection headed "— Partially Exempt Continuing Connected Transactions" has been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and is fair and reasonable and in the interests of our Company and Shareholders as a whole; and (ii) the proposed annual caps of the continuing connected transaction under the subsection headed "— Partially Exempt Continuing Connected Transactions" are fair and reasonable and in the interests of our Company and Shareholders as a whole.

CONFIRMATION OF THE JOINT SPONSORS

The Joint Sponsors are of the view that: (i) the continuing connected transaction under the subsection headed "— Partially Exempt Continuing Connected Transactions" has been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and is fair and reasonable and in the interests of our Company and Shareholders as a whole; and (ii) the proposed annual caps of the continuing connected transactions under the subsection headed "— Partially Exempt Continuing Connected Transactions" are fair and reasonable and in the interests of our Company and Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming no additional 2022 Convertible Bonds are converted, no additional A Shares are issued under the Effective Restricted Share Incentive Plans and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**]), the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of our Company:

				Assuming that the [REDACTED] are not exercised		Assuming that the [REDACTED] are fully exercised	
Name of Shareholder	**Nature of Interest**	**Class and number of Shares**	**Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date**	**Approximate percentage of shareholding in our A Shares immediately after the [REDACTED]**	**Approximate percentage of shareholding in the total share capital of our Company immediately after the [REDACTED]**	**Approximate percentage of shareholding in our A Shares immediately after the [REDACTED]**	**Approximate percentage of shareholding in the total share capital of our Company immediately after the [REDACTED]**
Mr. Qin	Beneficial owner	102,779,885 A Shares	13.63%	13.63%	[REDACTED]%	13.63%	[REDACTED]%
	Interest held jointly with other persons(1)	177,916,031 A Shares	23.60%	23.60%	[REDACTED]%	23.60%	[REDACTED]%
Mr. Zhou	Beneficial owner	56,806,157 A Shares	7.54%	7.54%	[REDACTED]%	7.54%	[REDACTED]%
	Interest held jointly with other persons(1)	223,889,759 A Shares	29.70%	29.70%	[REDACTED]%	29.70%	[REDACTED]%
Ms. Zhong	Beneficial owner	44,825,587 A Shares	5.95%	5.95%	[REDACTED]%	5.95%	[REDACTED]%
	Interest held jointly with other persons(1)	235,870,329 A Shares	31.29%	31.29%	[REDACTED]%	31.29%	[REDACTED]%
Mr. Zheng	Beneficial owner	42,104,102 A Shares	5.58%	5.58%	[REDACTED]%	5.58%	[REDACTED]%
	Interest held jointly with other persons(1)	238,591,814 A Shares	31.65%	31.65%	[REDACTED]%	31.65%	[REDACTED]%
Ms. Zhang	Beneficial owner	23,371,603 A Shares	3.10%	3.10%	[REDACTED]%	3.10%	[REDACTED]%
	Interest held jointly with other persons(1)	257,324,313 A Shares	34.13%	34.13%	[REDACTED]%	34.13%	[REDACTED]%
Ms. Deng	Beneficial owner	10,808,582 A Shares	1.43%	1.43%	[REDACTED]%	1.43%	[REDACTED]%
	Interest held jointly with other persons(1)	269,887,334 A Shares	35.80%	35.80%	[REDACTED]%	35.80%	[REDACTED]%

Note:

(1) Each of Mr. Qin, Mr. Zhou, Ms. Zhong, Mr. Zheng, Ms. Zhang and Ms. Deng is a member of our Controlling Shareholders Group. They have been acting in concert pursuant to the Concert Party Agreement, which is expected to remain effective after the [**REDACTED**]. In addition, Ms. Deng is the spouse of Mr. Qin Jiusan. Therefore, under the SFO, each of them is deemed to be interested in the aggregate interest held by the Controlling Shareholders Group, being 280,695,916 A Shares, representing approximately 37.23% of the total issued share capital of our Company as of the Latest Practicable Date.

Save as disclosed above and in section headed "Appendix VI — Statutory and General Information — C. Further Information about our Directors and Senior Management", our Directors are not aware of any other person who will, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised, no additional 2022 Convertible Bonds are converted, no additional A Shares are issued under the Effective Restricted Share Incentive Plans and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued capital of our Company was 753,886,598 A Shares of nominal value of RMB1.00 each, which are all listed on the Growth Enterprise Market of the Shenzhen Stock Exchange.

Pursuant to the terms of the 2022 Convertible Bonds, assuming that the 2022 Convertible Bonds are fully converted at latest conversion price (i.e. RMB40.49 per A Share subject to further adjustments), the aggregate number of A Shares which may be issued upon conversion of the outstanding 2022 Convertible Bonds would be approximately 44,568,829 A Shares. Therefore, the share capital of the Company will increase to approximately 798,455,427 A Shares. For further details of the issuance of the 2022 Convertible Bonds, please see "Statutory and General Information — A. Further Information about Our Group — 2. Changes in Share Capital of Our Company" in Appendix VI to this document.

UPON COMPLETION OF THE [REDACTED]

i. Assuming 2022 Convertible Bonds Not Converted

Immediately following the [**REDACTED**], assuming no additional 2022 Convertible Bonds are converted and no additional A Shares are issued under the Effective Restricted Share Incentive Plans since the Latest Practicable Date, the share capital of our Company will be as follows:

	Assuming that the [REDACTED] is not exercised		Assuming that the [REDACTED] is fully exercised	
Description of Shares	**Number of Shares**	**Approximate percentage to total share capital**	**Number of Shares**	**Approximate percentage to total share capital**
A Shares in issue	753,886,598	[**REDACTED**]%	753,886,598	[**REDACTED**]%
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**	[**REDACTED**]	**100.00%**

ii. Assuming 2022 Convertible Bonds Fully Converted

Immediately following the [**REDACTED**], assuming the 2022 Convertible Bonds are fully converted and no additional A Shares are issued under the Effective Restricted Share Incentive Plans since the Latest Practicable Date, the share capital of our Company will be as follows:

	Assuming that the [REDACTED] is not exercised		Assuming that the [REDACTED] is fully exercised	
Description of Shares	**Number of Shares**	**Approximate percentage to total share capital**	**Number of Shares**	**Approximate percentage to total share capital**
A Shares in issue	798,455,427	[**REDACTED**]%	798,455,427	[**REDACTED**]%
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**	[**REDACTED**]	**100.00%**

RANKING

Our H Shares and our A Shares are regarded as one class of Shares and will rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

OUR SHARES

Our H Shares in issue upon completion of the [**REDACTED**], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be [**REDACTED**] for or [**REDACTED**] by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [**REDACTED**] for and [**REDACTED**] by mainland Chinese investors in accordance with the rules and limits of Shenzhen-Hong Kong Stock Connect or Shanghai-Hong Kong Stock Connect.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [**REDACTED**] of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dually [**REDACTED**] in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to [**REDACTED**] H Shares and seek the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the Shareholders' general meeting of our Company held on December 30, 2025 and is subject to the following conditions:

(i) *Size of the* [**REDACTED**]. The proposed number of H Shares to be [**REDACTED**] shall not exceed [**REDACTED**]% of the total issued share capital enlarged by the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]). The number of H Shares to be [**REDACTED**] pursuant to the full exercise of the [**REDACTED**] shall not exceed [**REDACTED**]% of the total number of H Shares to be offered initially under the [**REDACTED**].

(ii) *Method of* [**REDACTED**]. The method of [**REDACTED**] shall be by way of an [**REDACTED**] to institutional [**REDACTED**] and a [**REDACTED**] for [**REDACTED**] in Hong Kong.

(iii) *Target* [**REDACTED**]. The H Shares shall be [**REDACTED**] to [**REDACTED**] in Hong Kong under the [**REDACTED**] and [**REDACTED**], qualified domestic institutional [**REDACTED**] in Chinese Mainland and other [**REDACTED**] who are approved by mainland Chinese regulatory bodies to [**REDACTED**] abroad in [**REDACTED**].

(iv) [**REDACTED**] *basis.* The [**REDACTED**] of the H Shares will be determined, among others, after due consideration of the interests of existing shareholders of our Company, acceptance of [**REDACTED**] and the risks related to the [**REDACTED**], according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(v) *Validity period.* The [**REDACTED**] of H Shares and [**REDACTED**] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date of Shareholders' general meeting.

There are no other approved [**REDACTED**] plans for our Shares except the [**REDACTED**].

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our shareholders' general meeting is required, see "Appendix V — Summary of the Articles of Association" to this document.

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.

FUTURE PLANS

See "Business — Our Strategies" for a detailed discussion of our future plans.

USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] of approximately [**REDACTED**] from the [**REDACTED**], after deducting the [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**], assuming the [**REDACTED**] of [**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range of [**REDACTED**] to [**REDACTED**]) and assuming that the [**REDACTED**] is not exercised. We intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

1. Approximately [**REDACTED**] %, or [**REDACTED**], will be allocated to support our localisation and vertical integration strategy.

    - Approximately [**REDACTED**]%, or [**REDACTED**], will be allocated to support our onshore integrated capacity expansion. The [**REDACTED**] will be used to fund construction works (approximately [**REDACTED**]%), equipment procurement and installation (approximately [**REDACTED**]%) and contingency and commissioning and start-up costs (approximately [**REDACTED**]%) for our onshore integrated capacity projects in battery chemicals and organic fluorochemicals, including expansion of LiFSI, solvents and additives capacity at Hunan Fluopont, Huizhou Capchem and Jiangsu Hicomer Electronic Materials, and expansion of organic fluorochemicals production at Sanming Hexafluo and Fujian Heptafluo. All projects have completed feasibility studies and commenced construction or preparatory work. The [**REDACTED**] will be deployed in tranches from 2026 through to 2029, with full deployment and target production capacity expected no later than 2029.

    - Approximately [**REDACTED**]%, or [**REDACTED**], will be allocated to support our overseas localised capacity expansion. The [**REDACTED**] will be used to fund construction works (approximately [**REDACTED**]%), equipment procurement and installation (approximately [**REDACTED**]%), contingency and commissioning and start-up costs (approximately [**REDACTED**]%) for our overseas battery chemicals production capacity in Malaysia, including costs for construction of production facilities and procurement of process equipment required for production. The [**REDACTED**] will be deployed in tranches from 2026 to 2027, aligned with project construction milestones, with full deployment expected no later than 2027.

      Overseas electrolyte market growth and price premium. According to Frost & Sullivan, the overseas electrolyte market reached approximately RMB11.8 billion in 2025 and is projected to grow to approximately RMB30.1 billion by 2030, representing a compound annual growth rate of approximately 20.6% from 2025 to 2030, driven by rapid growth in NEV and ESS demand in international markets. The overseas electrolyte market commands a meaningful price premium over the domestic market. The overseas price premium reflects higher logistics costs, customer qualification requirements and the relative scarcity of localised electrolyte supply in those markets. Establishing local production capacity in these regions will enable the Company to capture this premium while reducing logistics and supply chain risk.

      The overseas capacity expansion project above has completed feasibility studies. The findings confirm market demand, customer commitments, cost competitiveness and site selection rationale for each project.

2. Approximately [**REDACTED**]%, or [**REDACTED**], to support our full-cycle R&D capabilities. The [**REDACTED**] will be applied to additional R&D and technical personnel costs, R&D equipment procurement and materials and consumables for: (i) battery chemicals, covering lithium-ion battery electrolytes, sodium-ion battery electrolytes and novel electrolyte additives; (ii) organic fluorochemicals, covering next-generation data centre cooling liquids and perfluoroether rubber and other fluoropolymers; (iii) electronic information chemicals, covering semiconductor cooling liquids, wet electronic chemicals for display panel and IC manufacturing, and capacitor chemicals; and (iv) foundational and forward-looking research in high-performance polymer monomers and lithium battery polymer materials. The [**REDACTED**] will be deployed in tranches from 2026 through to 2029, with full deployment expected no later than 2029.

   Allocation and roles of R&D and technical personnel. The [**REDACTED**] will be applied to the remuneration and onboarding costs of additional R&D and technical personnel to be recruited from 2026 to 2029, each of whom will be required to hold a bachelor's degree or above in chemistry, materials science, chemical engineering, fluorine chemistry or related disciplines, and will be deployed primarily on the research, development and pilot-scale validation of our battery chemicals, organic fluorochemicals and electronic information chemicals products. The new hires will principally comprise R&D engineers, who will lead the design, development and verification stages of our R&D workflow (covering molecular structure and synthesis-route design, process and formulation development, testing-method development, process optimisation, and related mechanistic and foundational research), and laboratory engineers, who will support the verification and implementation stages (covering the execution of R&D protocols, experimental operations and analytical testing). The allocation of the new hires across our R&D priority areas will be determined on the basis of a holistic assessment of multiple factors, including (i) the revenue contribution and growth outlook of each business segment; (ii) the stage of development and the product and technology pipeline within each segment; (iii) the seniority, disciplinary background and skill mix required for the R&D activities of each segment; (iv) the level of existing R&D coverage within each segment and the areas in which we have identified incremental capability gaps; and (v) our broader strategic priorities, including overseas expansion and the build-out of emerging product platforms. The new hires will be deployed primarily at our Shenzhen Research Institute, Huizhou Research Institute, Sanming Fluorinated New Materials Centre, Huaian Hicomer Laboratory and laboratories at our production bases.

   Procurement of equipment, materials and consumables. The [**REDACTED**] will be applied to the procurement of R&D and pilot-scale equipment, together with raw materials, key intermediates, catalysts and consumables, for use across our three business segments. The equipment to be procured will comprise laboratory and pilot-scale apparatus for battery chemicals, organic fluorochemicals and electronic information chemicals R&D, supporting product development, formulation optimisation, process scale-up, stability verification and performance evaluation, with a view to completing our full-chain R&D infrastructure; this will include new synthesis reactors, rectification columns and other pilot-scale equipment to enhance our process R&D capabilities and reinforce our Design and Synthesis Systems, Material Purification Systems and Formulation and Solution Systems, together with additional analytical and testing instruments deployed across each of our three business segments to reinforce our Analysis and Testing Systems and Device Testing and Evaluation Systems. In parallel, we will procure raw materials, key

intermediates, catalysts, laboratory consumables and analytical reagents to support new-product formulation R&D, process optimisation, sample trial production, performance testing and reliability verification, thereby continuing to strengthen our technological innovation capabilities, the pace of product iteration and our ability to translate laboratory results into industrial-scale processes, and supporting the continued upgrading of our core technologies and the development of high-end products.

3. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to support upgrades of our digital infrastructure. The [**REDACTED**] will be applied to hardware and software procurement, systems development and integration, data centre renovation, personnel training, system operations and maintenance, and technical consulting in connection with digital infrastructure upgrade projects at our headquarters and Huizhou Capchem. Both projects have commenced preparatory work. The [**REDACTED**] will be deployed in tranches from 2026 through to 2028, with full deployment expected no later than 2028.

4. Approximately [**REDACTED**]%, or HK$[**REDACTED**], for working capital and other general corporate purposes.

If the [**REDACTED**] is set at the high end of the [**REDACTED**] range or the low end of the [**REDACTED**] range, the [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**]. To the extent our net [**REDACTED**] from the [**REDACTED**] (including the [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we will adjust our allocation of the [**REDACTED**] for the above purposes on a pro rata basis.

If the [**REDACTED**] is fully exercised, we will receive additional [**REDACTED**] of approximately HK$[**REDACTED**] for [**REDACTED**] Shares to be [**REDACTED**] and [**REDACTED**] based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the [**REDACTED**] range, and after deducting the [**REDACTED**] payable by our Company. The additional [**REDACTED**] raised will be applied to the above areas of use of [**REDACTED**] on a pro rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the [**REDACTED**] from the [**REDACTED**].

To the extent that the [**REDACTED**] of the [**REDACTED**] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we will only deposit the unused [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

Independence of the Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

The following is the text of a report received from our Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN CAPCHEM TECHNOLOGY CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Shenzhen Capchem Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026, and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "document") in connection with the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025, and 30 June 2026, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 30 June 2025 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[●] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	5	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	5	236,632	190,973	231,736	145,763	86,455
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	7	(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	6	1,167,775	1,093,383	1,259,036	567,963	1,171,685
Income tax expense	10	(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
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12					
Basic (RMB)		1.36	1.25	1.46	0.65	1.31
Diluted (RMB)		1.29	1.21	1.43	0.64	1.26

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
PROFIT FOR THE YEAR/PERIOD	1,013,915	950,586	1,097,406	501,460	998,900
OTHER COMPREHENSIVE INCOME					
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:					
Cash flow hedges	264	(264)	1,029	–	(1,111)
Exchange differences on translation of foreign operations	21,470	(7,276)	29,762	36,596	(32,158)
Net other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods	21,734	(7,540)	30,791	36,596	(33,269)
Other comprehensive income/(expense) that will not be reclassified to profit or loss in subsequent periods:					
Investments in equity instruments designated at fair value through other comprehensive income:					
Changes in fair value	(108,000)	47,205	86,393	40,762	(46,936)
Income tax effect	16,101	(6,869)	9,021	(919)	(17,404)
Net other comprehensive income/(expense) that will not be reclassified to profit or loss in subsequent periods	(91,899)	40,336	95,414	39,843	(64,340)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR/PERIOD, NET OF TAX	(70,165)	32,796	126,205	76,439	(97,609)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	943,750	983,382	1,223,611	577,899	901,291
Attributable to:					
Owners of the parent	941,152	973,932	1,219,633	563,558	888,874
Non-controlling interests	2,598	9,450	3,978	14,341	12,417

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	4,701,326	5,281,127	5,664,740	6,080,284
Investment properties	*14*	83,732	80,701	77,670	70,716
Right-of-use assets	*15(a)*	683,897	716,050	667,074	692,334
Goodwill	*22*	419,379	419,379	417,052	417,052
Other intangible assets	*16*	120,930	144,830	175,898	178,545
Investment in joint ventures	*17*	–	35,798	491,933	677,076
Investments in associates	*18*	282,684	215,835	221,467	209,337
Equity investments designated at fair value through other comprehensive income	*19*	281,982	320,366	203,273	204,591
Prepayments, other receivables and other assets	*20*	361,739	183,888	254,523	250,926
Deferred tax assets	*33*	123,506	137,772	149,004	183,237
Time deposits	*27(c)*	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	*23*	907,519	997,032	1,214,948	1,807,314
Trade receivables	*24*	2,113,645	2,456,896	3,718,186	5,245,056
Bills receivables	*25*	292,417	447,231	599,591	850,305
Bills receivables at fair value through other comprehensive income	*26*	1,063,100	600,042	1,407,399	1,918,395
Prepayments, other receivables and other assets	*20*	299,671	298,328	339,154	384,253
Financial assets at fair value through profit or loss	*21*	991,145	682,740	459,989	766,725
Derivative financial instruments		264	–	1,029	77
Time deposits	*27(c)*	903,663	20,815	1,561,593	830,764
Pledged deposits	*27(b)*	450	2,100	20,135	50,476
Cash and cash equivalents	*27(a)*	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	*28*	3,549,298	2,921,513	4,702,518	7,653,113
Contract liabilities	*32*	16,411	19,827	64,406	53,420
Other payables and accruals	*29*	939,567	686,284	754,307	785,111

	Notes	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at fair value through profit or loss		18	1,100	–	–
Derivative financial instruments		–	–	17	82
Interest-bearing bank loans	*30*	764,756	932,203	459,956	919,791
Convertible bonds	*31*	9,476	19,135	26,302	26,810
Lease liabilities	*15(b)*	9,021	9,426	7,319	8,532
Deferred income	*34*	10,836	24,322	24,717	31,752
Tax payable		60,464	40,992	68,389	62,335
Provision	*35*	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	*29*	45,606	39,493	18,869	1,418
Interest-bearing bank loans	*30*	523,300	594,632	342,870	288,188
Convertible bonds	*31*	1,746,257	1,796,479	1,685,277	1,718,045
Lease liabilities	*15(b)*	15,156	10,939	10,706	10,053
Deferred income	*34*	209,648	225,873	322,563	316,418
Deferred tax liabilities	*33*	71,605	78,287	55,677	40,125
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	*36*	749,625	753,883	751,791	753,886
Treasury shares		(100,301)	(200,349)	(100,301)	–
Equity component of convertible bonds	*31*	274,783	274,773	251,792	251,779
Reserves	*38*	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

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent											
	Share capital	Treasury shares	Fair value reserve*	Capital reserve*	Equity component of convertible bonds	Safety fund surplus reserve*	Exchange fluctuation reserve*	Surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 36)	*RMB'000*	*RMB'000*	*RMB'000 (note 38)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*	*RMB'000 (note 38)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	745,694	(85,804)	259,286	2,450,257	274,856	1,204	(1,103)	337,452	4,381,700	8,363,542	381,966	8,745,508
Profit for the year	–	–	–	–	–	–	–	–	1,014,035	1,014,035	(120)	1,013,915
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	18,752	–	–	18,752	2,718	21,470
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	(91,899)	–	–	–	–	–	–	(91,899)	–	(91,899)
Cash flow hedges, net of tax	–	–	264	–	–	–	–	–	–	264	–	264
Total comprehensive income for the year	–	–	(91,635)	–	–	–	18,752	–	1,014,035	941,152	2,598	943,750
Exercise of share awards *(note 36)*	3,918	–	–	85,260	–	–	–	–	–	89,178	–	89,178
Convertible bonds converted into shares	13	–	–	517	(73)	–	–	–	–	457	–	457
Recognition of share-based payments	–	–	–	119,804	–	–	–	–	–	119,804	6,112	125,916
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	(9,116)	–	–	–	–	–	9,116	–	–	–
Appropriation to surplus reserve	–	–	–	–	–	–	–	37,360	(37,360)	–	–	–

	Attributable to owners of the parent											
	Share capital	Treasury shares	Fair value reserve*	Capital reserve*	Equity component of convertible bonds	Safety fund surplus reserve*	Exchange fluctuation reserve*	Surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 36)	*RMB'000*	*RMB'000*	*RMB'000* (note 38)	*RMB'000* (note 31)	*RMB'000*	*RMB'000*	*RMB'000* (note 38)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Final 2022 dividend declared and approved	–	–	–	–	–	–	–	–	(371,734)	(371,734)	–	(371,734)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(12,778)	(12,778)
Acquisition of non-controlling interests of subsidiaries	–	–	–	(12,275)	–	–	–	–	–	(12,275)	(133,234)	(145,509)
Appropriation and utilisation of safety fund surplus reserve	–	–	–	–	–	2,968	–	–	(2,968)	–	–	–
Shares repurchased	–	(14,497)	–	–	–	–	–	–	–	(14,497)	–	(14,497)
Capital contribution from non-controlling interests	–	–	–	55,544	–	–	–	–	–	55,544	212,967	268,511
Others[#]	–	–	–	3,216	–	–	–	–	–	3,216	212	3,428
As at 31 December 2023	749,625	(100,301)	158,535	2,702,323	274,783	4,172	17,649	374,812	4,992,789	9,174,387	457,843	9,632,230

[#] Others mainly comprise the recognition of deferred tax related to share-based payments.

Year ended 31 December 2024

	Attributable to owners of the parent											
	Share capital	Treasury shares	Fair value reserve*	Capital reserve*	Equity component of convertible bonds	Safety fund surplus reserve*	Exchange fluctuation reserve*	Surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 36)	*RMB'000*	*RMB'000*	*RMB'000 (note 38)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*	*RMB'000 (note 38)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	749,625	(100,301)	158,535	2,702,323	274,783	4,172	17,649	374,812	4,992,789	9,174,387	457,843	9,632,230
Profit for the year	–	–	–	–	–	–	–	–	940,432	940,432	10,154	950,586
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(6,572)	–	–	(6,572)	(704)	(7,276)
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	40,336	–	–	–	–	–	–	40,336	–	40,336
Cash flow hedges, net of tax	–	–	(264)	–	–	–	–	–	–	(264)	–	(264)
Total comprehensive income for the year	–	–	40,072	–	–	–	(6,572)	–	940,432	973,932	9,450	983,382
Exercise of share awards	4,257	–	–	95,018	–	–	–	–	–	99,275	–	99,275
Convertible bonds converted into shares	1	–	–	49	(10)	–	–	–	–	40	–	40
Recognition of share-based payments	–	–	–	53,723	–	–	–	–	–	53,723	1,901	55,624
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	(1,548)	–	–	–	–	–	1,548	–	–	–
Appropriation to surplus reserve	–	–	–	–	–	–	–	2,129	(2,129)	–	–	–
Final 2023 dividend declared and approved	–	–	–	–	–	–	–	–	(450,805)	(450,805)	–	(450,805)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(19,168)	(19,168)
Appropriation and utilisation of safety fund surplus reserve	–	–	–	–	–	(1,621)	–	–	1,621	–	–	–
Shares repurchased	–	(100,048)	–	–	–	–	–	–	–	(100,048)	–	(100,048)
Capital contribution from non-controlling interests	–	–	–	174	–	–	–	–	–	174	21,406	21,580
Others[#]	–	–	–	496	–	–	–	–	–	496	83	579
As at 31 December 2024	753,883	(200,349)	197,059	2,851,783	274,773	2,551	11,077	376,941	5,483,456	9,751,174	471,515	10,222,689

[#] Others mainly comprise the recognition of deferred tax related to share-based payments.

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Year ended 31 December 2025

	Attributable to owners of the parent											
	Share capital	Treasury shares	Fair value reserve*	Capital reserve*	Equity component of convertible bonds	Safety fund surplus reserve*	Exchange fluctuation reserve*	Surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 36)	*RMB'000*	*RMB'000*	*RMB'000 (note 38)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*	*RMB'000 (note 38)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025	753,883	(200,349)	197,059	2,851,783	274,773	2,551	11,077	376,941	5,483,456	9,751,174	471,515	10,222,689
Profit for the year	–	–	–	–	–	–	–	–	1,096,058	1,096,058	1,348	1,097,406
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	27,132	–	–	27,132	2,630	29,762
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	95,414	–	–	–	–	–	–	95,414	–	95,414
Cash flow hedges, net of tax	–	–	1,029	–	–	–	–	–	–	1,029	–	1,029
Total comprehensive income for the year	–	–	96,443	–	–	–	27,132	–	1,096,058	1,219,633	3,978	1,223,611
Convertible bonds converted into shares	4,012	–	–	174,429	(22,981)	–	–	–	–	155,460	–	155,460
Recognition of share-based payments	–	–	–	63,624	–	–	–	–	–	63,624	2,963	66,587
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	(167,727)	–	–	–	–	–	167,727	–	–	–
Repurchase and cancellation of shares	(6,104)	100,048	–	(193,856)	–	–	–	–	–	(99,912)	–	(99,912)

	Attributable to owners of the parent											
	Share capital	**Treasury shares**	**Fair value reserve***	**Capital reserve***	**Equity component of convertible bonds**	**Safety fund surplus reserve***	**Exchange fluctuation reserve***	**Surplus reserve***	**Retained profits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 (note 36)	*RMB'000*	*RMB'000*	*RMB'000 (note 38)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*	*RMB'000 (note 38)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Final 2024 dividends declared	–	–	–	–	–	–	–	–	(298,096)	(298,096)	–	(298,096)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(29,562)	(29,562)
Appropriation and utilisation of safety fund surplus reserve	–	–	–	–	–	(1,239)	–	–	1,239	–	–	–
Acquisition of non-controlling interests	–	–	–	(16,132)	–	–	–	–	–	(16,132)	(6,550)	(22,682)
Capital contribution from non-controlling interests	–	–	–	2,982	–	–	–	–	–	2,982	15,318	18,300
Recognition of deferred tax impact of share-based payments *(note 33)*	–	–	–	13,183	–	–	–	–	–	13,183	585	13,768
Others[#]	–	–	–	3,426	–	–	–	–	–	3,426	45	3,471
As at 31 December 2025	751,791	(100,301)	125,775	2,899,439	251,792	1,312	38,209	376,941	6,450,384	10,795,342	458,292	11,253,634

[#] Others mainly comprise share of changes in capital reserves of joint ventures and associates.

Six months ended 30 June 2025 (unaudited)

	Attributable to owners of the parent											
	Share capital	Treasury shares	Fair value reserve	Capital reserve	Equity component of convertible bonds	Safety fund surplus reserve	Exchange fluctuation reserve	Surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (note 36)	*RMB'000*	*RMB'000*	*RMB'000 (note 38)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*	*RMB'000 (note 38)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025	753,883	(200,349)	197,059	2,851,783	274,773	2,551	11,077	376,941	5,483,456	9,751,174	471,515	10,222,689
Profit for the period	–	–	–	–	–	–	–	–	490,280	490,280	11,180	501,460
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	33,435	–	–	33,435	3,161	36,596
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	39,843	–	–	–	–	–	–	39,843	–	39,843
Total comprehensive income for the period	–	–	39,843	–	–	–	33,435	–	490,280	563,558	14,341	577,899
Convertible bonds converted into shares	–	–	–	2	–	–	–	–	–	2	–	2
Recognition of share-based payments	–	–	–	50,107	–	–	–	–	–	50,107	1,104	51,211
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	(39,557)	–	–	–	–	–	39,557	–	–	–
Repurchase and cancellation of shares	(6,104)	100,048	–	(193,856)	–	–	–	–	–	(99,912)	–	(99,912)
Final 2024 dividends declared	–	–	–	–	–	–	–	–	(298,096)	(298,096)	–	(298,096)

	Attributable to owners of the parent											
	Share capital	Treasury shares	Fair value reserve	Capital reserve	Equity component of convertible bonds	Safety fund surplus reserve	Exchange fluctuation reserve	Surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (*note 36*)	*RMB'000*	*RMB'000*	*RMB'000* (*note 38*)	*RMB'000* (*note 31*)	*RMB'000*	*RMB'000*	*RMB'000* (*note 38*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(15,000)	(15,000)
Appropriation and utilisation of safety fund surplus reserve	–	–	–	–	–	6,440	–	–	(6,440)	–	–	–
Acquisition of non-controlling interests	–	–	–	(15,254)	–	–	–	–	–	(15,254)	(4,331)	(19,585)
Capital contribution from non-controlling interests	–	–	–	951	–	–	–	–	–	951	3,249	4,200
Others[#]	–	–	–	1,032	–	–	–	–	–	1,032	947	1,979
As at 30 June 2025	747,779	(100,301)	197,345	2,694,765	274,773	8,991	44,512	376,941	5,708,757	9,953,562	471,825	10,425,387

[#] Others mainly comprise share of changes in capital reserves of joint ventures and associates.

Six months ended 30 June 2026

	Attributable to owners of the parent											
	Share capital	Treasury shares	Fair value reserve*	Capital reserve*	Equity component of convertible bonds	Safety fund surplus reserve*	Exchange fluctuation reserve*	Surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 36)	*RMB'000*	*RMB'000*	*RMB'000 (note 38)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*	*RMB'000 (note 38)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2026	751,791	(100,301)	125,775	2,899,439	251,792	1,312	38,209	376,941	6,450,384	10,795,342	458,292	11,253,634
Profit for the period	–	–	–	–	–	–	–	–	984,807	984,807	14,093	998,900
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(30,482)	–	–	(30,482)	(1,676)	(32,158)
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	(64,340)	–	–	–	–	–	–	(64,340)	–	(64,340)
Cash flow hedges, net of tax	–	–	(1,111)	–	–	–	–	–	–	(1,111)	–	(1,111)
Total comprehensive income for the period	–	–	(65,451)	–	–	–	(30,482)	–	984,807	888,874	12,417	901,291
Exercise of share awards	2,093	100,301	–	(14,697)	–	–	–	–	–	87,697	–	87,697
Income tax impact related to exercise of share awards	–	–	–	20,636	–	–	–	–	–	20,636	–	20,636
Convertible bonds converted into shares	2	–	–	98	(13)	–	–	–	–	87	–	87
Recognition of share-based payments	–	–	–	67,804	–	–	–	–	–	67,804	2,898	70,702

THIS DOCUMENT IS IN DRAFT FORM. THE INFORMATION CONTAINED HEREIN IS INCOMPLETE AND IS SUBJECT TO CHANGE. THIS DOCUMENT MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

	Attributable to owners of the parent											
	Share capital	Treasury shares	Fair value reserve*	Capital reserve*	Equity component of convertible bonds	Safety fund surplus reserve*	Exchange fluctuation reserve*	Surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 *(note 36)*	*RMB'000*	*RMB'000*	*RMB'000* *(note 38)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000*	*RMB'000* *(note 38)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	21,273	–	–	–	–	–	(21,273)	–	–	–
Appropriation to surplus reserve	–	–	–	–	–	–	–	2	(2)	–	–	–
Final 2025 dividends declared	–	–	–	–	–	–	–	–	(374,626)	(374,626)	–	(374,626)
Acquisition of non-controlling interests	–	–	–	(57,393)	–	–	–	–	–	(57,393)	(92,107)	(149,500)
Appropriation and utilisation of safety fund surplus reserve	–	–	–	–	–	998	–	–	(998)	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	5,600	5,600
Recognition of deferred tax impact of share-based payments *(note 33)*	–	–	–	23,248	–	–	–	–	–	23,248	1,488	24,736
Others#	–	–	–	373	–	–	–	–	–	373	–	373
As at 30 June 2026	753,886	–	81,597	2,939,508	251,779	2,310	7,727	376,943	7,038,292	11,452,042	388,588	11,840,630

* These reserve accounts comprise the consolidated reserves of RMB8,250,280,000, RMB8,922,867,000, RMB9,892,060,000 and RMB10,446,377,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively.

\# Others mainly comprise share of changes in capital reserves of joint ventures and associates.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		1,167,775	1,093,383	1,259,036	567,963	1,171,685
Adjustments for:						
Depreciation of property, plant and equipment	13	281,522	425,401	508,320	236,828	281,330
Depreciation of investment properties	14	3,031	3,031	3,031	1,515	1,497
Depreciation of right-of-use assets	15(a)	26,110	27,730	26,385	14,374	12,888
Amortisation of other intangible assets	16	28,155	31,801	26,158	13,270	12,627
Share of profits and losses of associates		60,823	39,691	26,892	12,132	12,130
Share of profits and losses of joint ventures		–	(402)	(122,680)	(7,654)	(174,815)
Net impairment losses on financial assets		25,923	21,861	64,647	18,330	79,319
Impairment of goodwill	22	–	–	2,327	–	–
Net impairment losses on property, plant and equipment	13	988	7,797	14,216	65	–
Provision for impairment of inventories	6	15,242	36,444	40,226	22,485	16,090
Net foreign exchange differences	6	(22,179)	(4,911)	(22,818)	(35,195)	27,527
Finance costs	7	41,891	60,781	77,093	37,282	39,798
Bank interest income	5	(59,746)	(80,238)	(77,799)	(40,134)	(31,766)
Fair value changes of financial assets at fair value through profit and loss		(32,485)	27,255	(23,163)	(7,683)	(4,833)
Fair value changes of financial liabilities at fair value through profit and loss		1	205	2,947	316	(17)

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Equity-settled share-based payment expense		125,916	55,624	66,587	51,211	70,702
Loss on disposal of items of property, plant and equipment	*6*	5,038	3,555	20,705	1,416	3,171
Gain on disposal of a subsidiary	*6*	–	(13,216)	–	–	–
		1,668,005	1,735,792	1,892,110	886,521	1,517,333
Increase in inventories		(17,623)	(125,957)	(258,294)	(68,584)	(662,241)
Decrease/(increase) in pledged deposits		250	(1,650)	(18,035)	1,110	(38,341)
Decrease/(increase) in bills receivables at fair value through other comprehensive income		1,469,604	463,058	(807,357)	(179,348)	(510,996)
Increase in trade and bills receivables		(413,528)	(593,821)	(1,483,823)	(427,851)	(1,856,423)
(Increase)/decrease in prepayments, deposits and other receivables		55,583	158,059	(48,898)	(43,107)	(13,596)
Increase/(decrease) in trade and bills payables		859,264	(631,294)	1,732,251	401,103	2,940,391
Increase in deferred income		103,878	29,711	97,085	60,275	890
Increase/(decrease) in other payables, deposits received and accruals		(106,440)	(87,158)	163,377	(10,497)	(45,418)
Increase/(decrease) in contract liabilities		(66,737)	3,416	44,579	24,171	(10,986)
Cash generated from operations		3,552,256	950,156	1,312,995	643,793	1,320,613
Bank interest received		45,811	31,266	18,702	11,964	3,641
Income tax paid		(150,156)	(163,008)	(163,003)	(86,509)	(197,519)
Net cash flows from operating activities		3,447,911	818,414	1,168,694	569,248	1,126,735

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from disposal of items of property, plant and equipment		843	1,241	3,044	1,725	1,617
Proceeds from disposal of leasehold land		–	47,928	–	–	26,480
Purchase of items of property, plant and equipment		(1,659,206)	(1,160,927)	(962,867)	(441,424)	(666,829)
Purchase of items of intangible assets		(68,929)	(8,503)	(8,278)	(3,750)	(4,875)
Payment for leasehold land		(61,851)	(11,896)	(1,302)	(576)	(465)
Acquisition of joint ventures and associates		(40,000)	(46,597)	(362,700)	(286,174)	(9,925)
Placement of time deposits with original maturity over three months		(2,350,444)	(979,412)	(700,312)	(230,223)	(386,927)
Maturity of time deposits with original maturity over three months		413,417	1,120,015	20,000	10,000	1,144,096
Purchase of financial assets at fair value through profit or loss		(9,478,037)	(5,646,755)	(2,526,000)	(1,327,000)	(1,890,000)
Proceeds from disposal of financial assets at fair value through profit or loss		9,399,999	5,902,045	2,757,000	1,565,000	1,582,000
Time deposits interest received		48,747	39,710	14,006	8,124	81,261
Proceeds from disposal of financial assets at fair value through other comprehensive income		24,422	7,421	211,818	46,328	–
Payment of investment project bid security		(4,315)	(12,160)	(2,276)	–	(210)
Receipt of investment project bid security		2,850	11,748	15,178	12,102	279

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Investments in financial assets at fair value through other comprehensive income		(6,000)	–	–	–	(49,587)
Disposal of a subsidiary	*41*	–	16,491	–	–	–
Net cash flows used in investing activities		(3,778,504)	(719,651)	(1,542,689)	(645,868)	(173,085)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from interest-bearing bank loans		962,751	1,335,356	500,120	300,000	810,888
Repayment of interest-bearing bank loans		(763,976)	(1,027,008)	(1,217,050)	(964,800)	(413,250)
Interest paid		(37,546)	(44,844)	(43,189)	(14,116)	(10,769)
Capital contribution from non-controlling shareholders		268,511	21,580	18,300	4,200	5,600
Acquisition of non-controlling interests		(145,509)	–	(22,682)	–	(149,500)
Proceeds from issue of shares		89,178	–	–	–	87,697
Receipt in advance for issue of shares		99,275	–	–	–	–
Dividends paid		(384,512)	(469,973)	(327,658)	(313,096)	(374,626)
Repurchase of shares		(14,497)	(100,048)	(99,912)	(99,912)	–
Payment for leases	*15(b)*	(13,271)	(11,218)	(10,678)	(3,788)	(4,503)
Deposit paid for land lease		–	–	(28,864)	–	(17,334)
Payment of [**REDACTED**] expenses		–	–	(2,824)	–	(17,357)
Deposit payment for bank bills		(163)	(1,641)	(2,391)	(1,990)	(3,776)
Receipt of deposit for bank bills		1,655	1,000	1,003	1,000	1,000
Net cash flows from/(used in) financing activities		61,896	(296,796)	(1,235,825)	(1,092,502)	(85,930)

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
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
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		4,897,377	4,605,179	3,734,597	3,692,389	3,819,600
Less: Time deposits	*27(c)*	(1,954,626)	(1,860,977)	(2,580,127)	(2,108,909)	(1,781,882)
Less: Pledged deposits	*27(b)*	(450)	(2,100)	(20,135)	(990)	(50,476)
Cash and cash equivalents as stated in the consolidated statements of financial position and statements of cash flows		2,942,301	2,742,102	1,134,335	1,582,490	1,987,242

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	154,640	178,549	158,489	188,893
Investment properties	*14*	83,732	80,701	77,670	70,716
Right-of-use assets	*15(a)*	51,753	45,694	41,897	40,753
Other intangible assets	*16*	84,436	84,281	104,344	106,655
Investment in joint ventures	*17*	–	35,825	491,933	677,076
Investments in associates	*18*	282,338	215,835	221,467	209,337
Investments in subsidiaries	*1*	4,111,546	4,320,270	4,882,771	5,372,230
Equity investments designated at fair value through other comprehensive income	*19*	281,982	320,366	203,273	177,483
Prepayments, other receivables and other assets	*20*	928,690	1,358,484	1,381,371	1,324,812
Deferred tax assets	*33*	45,811	35,232	48,401	59,687
Time deposits	*27(c)*	1,020,173	1,595,183	659,119	571,362
Total non-current assets		7,045,101	8,270,420	8,270,735	8,799,004
CURRENT ASSETS					
Inventories	*23*	224,023	157,507	189,565	269,641
Trade receivables	*24*	1,315,575	1,482,471	2,332,805	3,320,388
Bills receivables	*25*	188,115	373,791	422,829	577,383
Bills receivables at fair value through other comprehensive income	*26*	807,120	365,010	1,023,996	1,455,276
Prepayments, other receivables and other assets	*20*	237,214	723,553	479,519	616,702
Financial assets at fair value through profit or loss	*21*	658,057	350,593	250,274	330,461
Derivative financial instruments		264	–	1,029	–
Time deposits	*27(c)*	903,663	20,452	1,437,380	616,320
Pledged deposits	*27(b)*	450	–	581	6,122
Cash and cash equivalents	*27(a)*	2,144,516	1,791,156	443,803	756,258
Total current assets		6,478,997	5,264,533	6,581,781	7,948,551
CURRENT LIABILITIES					
Trade and bills payables	*28*	2,912,645	2,367,756	3,794,924	5,234,002
Contract liabilities	*32*	2,765	12,444	51,994	44,607
Other payables and accruals	*29*	716,757	580,689	479,653	570,165

	Notes	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at fair value through profit or loss		18	–	–	–
Derivative financial instruments		–	–	–	82
Interest-bearing bank loans	*30*	696,023	913,483	409,930	784,997
Convertible bonds	*31*	9,476	19,135	26,302	26,810
Lease liabilities	*15(b)*	4,648	3,584	3,771	3,492
Deferred income	*34*	5,822	6,767	8,845	11,331
Tax payable		27,687	116	24,750	234
Total current liabilities		4,375,841	3,903,974	4,800,169	6,675,720
NET CURRENT ASSETS		2,103,156	1,360,559	1,781,612	1,272,831
TOTAL ASSETS LESS CURRENT LIABILITIES		9,148,257	9,630,979	10,052,347	10,071,835
NON-CURRENT LIABILITIES					
Other payables and accruals	*29*	44,927	39,151	18,251	706
Interest-bearing bank loans	*30*	478,500	565,000	306,250	209,000
Convertible bonds	*31*	1,746,257	1,796,479	1,685,277	1,718,045
Lease liabilities	*15(b)*	6,334	3,895	1,944	1,861
Deferred income	*34*	44,219	44,484	44,567	37,943
Deferred tax liabilities	*33*	45,157	61,104	51,750	36,421
Total non-current liabilities		2,365,394	2,510,113	2,108,039	2,003,976
Net assets		6,782,863	7,120,866	7,944,308	8,067,859
EQUITY					
Equity attributable to owners of the parent					
Share capital	*36*	749,625	753,883	751,791	753,886
Treasury shares		(100,301)	(200,349)	(100,301)	–
Equity component of convertible bonds	*31*	274,783	274,773	251,792	251,779
Reserves	*38*	5,858,756	6,292,559	7,041,026	7,062,194
Total equity		6,782,863	7,120,866	7,944,308	8,067,859

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION AND INVESTMENTS IN SUBSIDIARIES

Shenzhen Capchem Technology Co., Ltd. (hereinafter referred to as the "Company"), formerly known as Shenzhen Capchem Electronic Material Technology Co., Ltd., is a limited company registered in Shenzhen, the People's Republic of China (hereinafter referred to as "PRC"), which was founded in 2002. The registered address and head office address of the Company are Room 1901, Capchem Plaza, No. 9 Changye Road, Liulian Community Pingshan District, Shenzhen, Guangdong Province, the PRC. The controlling shareholders of the Company are Qin Jiusan, Zhou Dawen, Zheng Zhongtian, Zhong Meihong, Zhang Guiwen and Deng Yonghong.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were principally engaged in research, manufacturing and sales of electronic chemicals and functional materials.

As at 30 June 2026, the particulars of the Company's principal subsidiaries are set out below:

Name	Place and date of incorporation/ registration	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Huizhou Capchem Chemical Co., Ltd. (惠州市宙邦化工有限公司) *(Note (a))*	PRC/Chinese mainland 30 July 2007	RMB600,000,000	100	–	Research and development, manufacture, sale and services of battery chemicals and electronic information chemicals
Nantong Capchem Chemicals Co., Ltd. (南通新宙邦電子材料有限公司) *(Note (a))*	PRC/Chinese mainland 26 July 2010	RMB120,000,000	100	–	Research and development, manufacture, sale and services of battery chemicals and electronic information chemicals
Novolyte Battery Material (Suzhou) Co., Ltd. (諾萊特電池材料(蘇州)有限公司) *(Note(a))*	PRC/Chinese mainland 22 September 2008	RMB100,000,000	100	–	Research and development, manufacture, sale and services of battery chemicals
Sanming Hexafluo Chemicals Co.,Ltd. (三明市海斯福化工有限責任公司) *(Note (a))*	PRC/Chinese mainland 21 August 2007	RMB103,300,000	97	–	Research and development, manufacture, sale and services of organic fluorochemicals, battery chemicals and electronic information chemicals
Jiangsu Hicomer New Material Co., Ltd. (江蘇瀚康新材料有限公司) *(Note (a))*	PRC/Chinese mainland 28 March 2014	RMB20,000,000	100	–	Research and development, manufacture, sale and services of battery chemicals
Jiangsu Hicomer Electronic Materials Co., Ltd. (江蘇瀚康電子材料有限公司) *(Note(a))*	PRC/Chinese mainland 21 May 2021	RMB360,000,000	–	90	Research and development, manufacture, sale and services of battery chemicals

Name	Place and date of incorporation/ registration	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Jingmen Capchem New Materials Co., Ltd. (荊門新宙邦新材料有限公司) *(Note (a))*	PRC/Chinese mainland 16 May 2018	RMB225,000,000	91	–	Research and development, manufacture, sale and services of battery chemicals
Hunan Fluopont New Materials Co., Ltd. (湖南福邦新材料有限公司) *(Note(a))*	PRC/Chinese mainland 27 August 2018	RMB176,991,150	51	–	Research and development, manufacture, sale and services of battery chemicals
Fujian Heptafluo New Materials Co., Ltd. (福建海德福新材料有限公司) *(Note(a))*	PRC/Chinese mainland 7 September 2018	RMB500,000,000	87	–	Research and development, manufacture, sale and services of organic fluorochemicals
Tianjin Capchem Electronic Materials Co., Ltd. (天津新宙邦電子材料有限公司)	PRC/Chinese mainland 8 June 2021	RMB400,000,000	100	–	Research and development, manufacture, sale and services of battery chemicals and electronic information chemicals
Chongqing Capchem New Materials Co., Ltd. (重慶新宙邦新材料有限公司)	PRC/Chinese mainland 25 January 2022	RMB200,000,000	100	–	Research and development, manufacture, sale and services of battery chemicals
Jiangsu Seals Electronic Materials Co., Ltd. (江蘇希爾斯電子材料有限公司)	PRC/Chinese mainland 28 April 2023	RMB70,105,300	51	–	Research and development, manufacture, sale and services of functional materials
Capchem Poland Sp.zo.o *(Note(b))*	Overseas/Poland 8 May 2018	PLN42,230,000	72	18	Research and development, manufacture, sale and services of battery chemicals
Capchem (Hong Kong) Co., Ltd. (新宙邦(香港)有限公司) *(Note(c))*	PRC/Hong Kong 28 January 2008	USD29,545,590	100	–	Trading and investment holding

Notes:

(a) The statutory financial statements of these entities for the years ended 31 December 2023, 2024 and 2025, prepared in accordance with the PRC Accounting Standards for Business Enterprises ("PRC GAAP"), were audited by Ernst & Young Hua Ming LLP, a certified public accounting firm in the PRC.

(b) The statutory financial statements of the entity for the years ended 31 December 2024 and 2025, prepared in accordance with the Polish Accounting Standards ("**PAS**"), were audited by Ernst & Young Audyt Polska, a certified public accounting firm in the Poland.

(c) The statutory financial statements of the entity for the years ended 31 December 2023, 2024 and 2025, prepared in accordance with HKFRS Accounting Standards, were audited by Deep Blue CPA Limited, a certified public accounting firm in Hong Kong.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results during the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The Company

The carrying amounts of the Company's investments in subsidiaries are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment, at cost	4,135,737	4,320,270	4,882,771	5,372,230
Less: Impairment *(Note (i))*	(24,191)	–	–	–
Total	4,111,546	4,320,270	4,882,771	5,372,230

Note:

(i) Impairment for investments in subsidiaries was provided based on recoverable amount with reference to the fair value of the underlying net assets held by the subsidiaries.

2.1 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 (the "IASB").

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, financial assets at fair value through other comprehensive income, financial liabilities at fair value through profit or loss and derivative financial instruments which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
Amendments to IAS 28	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures[1]

1 Effective for annual periods beginning on or after 1 January 2027

2 Effective for annual/reporting periods beginning on or after 1 January 2029

3 No mandatory effective date yet determined but available for adoption

IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures in a note and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation in the statement of profit or loss, statement of comprehensive income and statement of cash flows and additional disclosures of the Group's financial performance. Currently, the Group considers that these new and amended IFRS Accounting Standards are unlikely to have a significant impact on the Group's financial performance and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures certain of its bills receivables, wealth management products, derivative financial instruments and equity investments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information is categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statements of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statements of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statements of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Principal annual rate
Buildings	2.38%-10.00%
Machinery and moulds	9.50%-33.33%
Electronic equipment and others	9.50%-33.33%
Vehicles	9.50%-25.00%
Leasehold improvements	10.00%-33.33%
Freehold lands	0.00%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statements of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of investment properties to its residual value over its estimated useful life. The principal annual rate used for this purpose is as follow:

Category	Principal annual rate
Buildings	3.17%

Any gains or losses on the retirement or disposal of an investment property are recognised in the statements of profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software and others is stated at cost less any impairment losses and is amortised on the straight-line basis over their estimated useful lives of 5 to 10 years.

Patents and licenses

Patents and licenses are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 20 years.

Research and development costs

All research costs are charged to the statements of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	30 to 60 years
Buildings	2 to 10 years
Machinery	2 to 4 years
Vehicles and others	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and machinery (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of machinery, vehicles and others that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statements of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statements of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statements of profit or loss. Dividends are recognised as other income in the statements of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statements of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statements of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or assume an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset; but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The Group assesses on a forward looking basis the ECLs and the impairment methodology applied depends on whether there has been a significant increase in credit risk.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, derivative financial instruments, interest-bearing bank loans and convertible bonds.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and bills payables, other payables and accruals and interest-bearing bank loans)

After initial recognition, trade and bills payables, other payables and accruals and interest-bearing bank loans are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statements of profit or loss.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statements of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statements of profit or loss.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, e.g. forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition comprises direct materials, direct labour and an appropriate proportion of overheads and are accounted for as follows:

Raw materials	Purchase cost on the weighted average basis
Finished goods and work in progress . . .	Cost of direct materials, labors and an appropriate proportion of manufacturing overheads based on the normal operating capacity

Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statements of profit or loss net of any reimbursement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Sales of industrial products

Revenue from the sale of industrial products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates several equity-settled share-based compensation plans (the "Plans"). Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model, further details of which are given in note 37 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfiled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statements of profit or loss for a period represents the movement in the cumulative expense recognised at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Chinese mainland and overseas are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statements of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the Historical Financial Information. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than RMB. At the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 33 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses

The Group calculates expected credit losses through default risk exposure and expected credit loss rate. In determining the expected credit loss rate, the Group uses data such as internal historical credit loss experience, etc. and adjusts historical data based on current conditions and forward-looking information. When considering forward-looking information, the indicators used by the Group include the risk of economic downturn, external market environment, technological environment and changes in customer situations. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of inventory

Inventories are stated at the lower of cost and net realisable value at the end of each reporting period. The net realisable value is the estimated selling price in the current course of business, less applicable costs, selling expenses and tax charges. Management of the Group make the best estimate on the net realisable value and the corresponding impairment of inventory, while the impairment assessment may still be significantly changed due to the change of market conditions.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill was RMB419,379,000, RMB419,379,000, RMB417,052,000 and RMB417,052,000 as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on the valuation of recent transaction or a market-based valuation technique as detailed in note 47 to the Historical Financial Information. The valuation require the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments was RMB79,501,000, RMB80,266,000, RMB91,938,000 and RMB87,282,000 as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively.

4. OPERATING SEGMENT INFORMATION

During the Relevant Periods, the Group was principally engaged in the manufacturing and sales of battery materials, organic fluorochemicals and electronic information chemicals in the PRC and overseas. The management of the Company reviews the operating results of the business as three operating segments to make strategic decisions and resources allocation. Therefore, the Group regards that there are three segments which are used to make strategic decisions as follows:

(a) Battery chemicals segment is primarily engaged in the research and development, manufacturing and sale of lithium-ion battery electrolytes, carbonate solvents, electrolyte additives, lithium salts, supercapacitor electrolytes and primary lithium battery electrolytes.

(b) Organic fluorochemicals segment is primarily engaged in the manufacturing and sale of organic fluorochemical products, which comprises fluorinated intermediates, fluorinated specialty monomers, fluorinated surfactants, fluorinated solvents, environmentally friendly insulating gases, and high-performance fluoropolymers including PTFE, PFA and PFSA.

(c) Electronic information chemicals segment is primarily engaged in the manufacturing and sale of capacitor electrolyte systems, solvents, additives, high purity chemicals, etching and cleaning solutions, high purity ammonium hydroxide, packaging materials, and conductive pastes.

(d) The "others" segment consists of the sale of cover plates and other functional materials.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment gross margin.

	Battery chemicals	Organic fluorochemicals	Electronic information chemicals	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023					
Segment revenue					
Sales to external customers	5,053,113	1,425,415	939,390	54,501	7,472,419
Segment results	793,166	985,683	329,974	14,555	2,123,378
Reconciliation:					
Other income and gains					236,632
Selling and distribution expenses					(99,704)
Administrative expenses					(424,233)
Research and development expenses					(485,132)
Impairment losses on financial assets, net					(25,923)
Other expenses					(54,529)
Finance costs					(41,891)
Share of profits and losses of associates					(60,823)
Profit before tax					1,167,775

	Battery chemicals	Organic fluorochemicals	Electronic information chemicals	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024					
Segment revenue					
Sales to external customers	5,115,623	1,528,765	1,134,169	57,124	7,835,681
Segment results	594,690	903,923	480,751	25,506	2,004,870
Reconciliation:					
Other income and gains					190,973
Selling and distribution expenses					(118,760)
Administrative expenses					(413,426)
Research and development expenses					(392,852)
Impairment losses on financial assets, net					(21,861)
Other expenses					(55,491)
Finance costs					(60,781)
Share of profits and losses of:					
Joint venture					402
Associates					(39,691)
Profit before tax					1,093,383

	Battery chemicals	Organic fluorochemicals	Electronic information chemicals	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025					
Segment revenue					
Sales to external customers	6,679,414	1,426,358	1,464,610	58,097	9,628,479
Segment results	687,231	853,434	695,821	16,782	2,253,268
Reconciliation:					
Other income and gains					231,736
Selling and distribution expenses					(149,077)
Administrative expenses					(467,170)
Research and development expenses					(501,872)
Impairment losses on financial assets, net					(64,647)
Other expenses					(61,897)
Finance costs					(77,093)
Share of profits and losses of:					
Joint ventures					122,680
Associates					(26,892)
Profit before tax					1,259,036

	Battery chemicals	Organic fluorochemicals	Electronic information chemicals	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Period ended 30 June 2025 (unaudited)					
Segment revenue					
Sales to external customers	2,815,372	721,855	679,177	26,094	4,242,498
Segment results	258,886	440,385	321,020	8,065	1,028,356
Reconciliation:					
Other income and gains					145,763
Selling and distribution expenses					(76,144)
Administrative expenses					(209,302)
Research and development expenses					(252,445)
Impairment losses on financial assets, net					(18,330)
Other expenses					(8,175)
Finance costs					(37,282)
Share of profits and losses of:					
Joint ventures					7,654
Associates					(12,132)
Profit before tax					567,963

	Battery chemicals	Organic fluorochemicals	Electronic information chemicals	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Period ended 30 June 2026					
Segment revenue					
Sales to external customers	5,748,190	708,296	956,280	42,548	7,455,314
Segment results	864,980	387,067	488,995	10,240	1,751,282
Reconciliation:					
Other income and gains					86,455
Selling and distribution expenses					(88,461)
Administrative expenses					(280,080)
Research and development expenses					(294,589)
Impairment losses on financial assets, net					(79,319)
Other expenses					(46,490)
Finance costs					(39,798)
Share of profits and losses of:					
Joint ventures					174,815
Associates					(12,130)
Profit before tax					1,171,685

The following table shows the Group's total consolidated revenue by location of customers:

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
PRC	5,585,081	5,891,039	8,013,368	3,357,169	6,619,821
Overseas	1,887,338	1,944,642	1,615,111	885,329	835,493
Total revenue	7,472,419	7,835,681	9,628,479	4,242,498	7,455,314

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
PRC	6,319,110	6,761,354	7,535,385	8,093,183
Overseas	334,577	316,254	434,972	483,087
Total non-current assets	6,653,687	7,077,608	7,970,357	8,576,270

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Customers which accounted for 10% or more of the Group's total revenue for each of the Relevant Periods is set out below.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer A	949,726	871,744	1,333,873	547,602	1,164,284
Customer B	1,151,266	916,146	N/A*	N/A*	N/A*

* The corresponding revenue did not contribute over 10% of the Group's revenue.

The above amounts include sales to a group of entities which are known to be under common control with these customers.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue from contracts with customers	7,472,419	7,835,681	9,628,479	4,242,498	7,455,314

(a) Disaggregated revenue information

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Types of goods or services					
Battery chemicals	5,053,113	5,115,623	6,679,414	2,815,372	5,748,190
Organic fluorochemicals	1,425,415	1,528,765	1,426,358	721,855	708,296
Electronic information chemicals	939,390	1,134,169	1,464,610	679,177	956,280
Others	54,501	57,124	58,097	26,094	42,548
Total	7,472,419	7,835,681	9,628,479	4,242,498	7,455,314
Timing of revenue recognition					
Transferred at a point in time	7,472,419	7,835,681	9,628,479	4,242,498	7,455,314

The following table shows the amounts of revenue recognised in each reporting period that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Sales of goods	83,090	16,351	19,783	18,919	43,536

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Battery chemicals, organic fluorochemicals and electronic information chemicals

The Group mainly manufactures and sells a range of battery materials, organic fluorochemicals and electronic information chemicals. Revenue is recognised when control of the goods is transferred to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 120 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income and gains is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
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
Sub-total other income	177,141	186,062	188,602	102,979	80,048
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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Foreign exchange gains, net	22,179	4,911	22,818	35,195	–
Sub-total gains	59,491	4,911	43,134	42,784	6,407
Total other income and gains	236,632	190,973	231,736	145,763	86,455

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of inventories sold*		5,349,041	5,830,811	7,375,211	3,214,142	5,704,032
Depreciation of property, plant and equipment	*13*	281,522	425,401	508,320	236,828	281,330
Depreciation of investment properties	*14*	3,031	3,031	3,031	1,515	1,497
Depreciation of right-of-use assets	*15(a)*	26,110	27,730	26,385	14,374	12,888
Amortisation of other intangible assets**	*16*	28,155	31,801	26,158	13,270	12,627
Research and development costs*:						
Deferred expenditure amortised		11,945	14,709	13,720	7,523	5,521
Current year expenditure		473,187	378,143	488,152	244,922	289,068
Impairment of goodwill	*22*	–	–	2,327	–	–
Lease payments not included in the measurement of lease liabilities	*15(c)*	11,222	6,918	7,936	4,633	7,110
Auditor's remuneration		3,854	3,948	4,046	400	826
Employee benefit expense (excluding directors' remuneration):						
Wages and salaries		470,927	498,030	582,988	279,230	354,471
Pension scheme contributions		73,223	89,005	105,955	52,961	59,193
Share-based payment expense		119,544	47,747	59,923	48,521	66,101
Total		663,694	634,782	748,866	380,712	479,765
Fair value change of financial instruments at fair value through profit or loss		(32,484)	27,460	(20,216)	(7,367)	(4,850)
Impairment of financial assets, net:						
Impairment of trade receivables, net	*24*	25,520	20,651	63,633	17,656	78,613
Impairment of financial assets included in prepayments, other receivables and other assets, net		403	1,210	172	674	488
Impairment of bills receivables, net		–	–	841	–	218
Bank interest income	*5*	(59,746)	(80,238)	(77,799)	(40,134)	(31,766)
Foreign exchange losses/(gains), net		(22,179)	(4,911)	(22,818)	(35,195)	27,528
Impairment of inventories**		15,242	36,444	40,226	22,485	16,090
Impairment of items of property, plant and equipment	*13*	988	7,797	14,216	65	–
Loss on disposal of items of property, plant and equipment		5,038	3,555	20,705	1,416	3,171
Forfeited deposit for land acquisition		20,733	–	4,836	–	–
Gain on disposal of a subsidiary***	*40*	–	(13,216)	–	–	–

* Cost of inventories sold and research and development costs include expenses relating to staff cost, depreciation and amortisation, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** The amortisation of patents and licence and impairment of inventories for the year are included in "Cost of sales" in the consolidated statements of profit or loss.

*** Gain on disposal of a subsidiary is included in "Other income and gains" in the consolidated statements of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on bank loans and 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

8. DIRECTORS' REMUNERATION

Directors' remuneration for the Relevant Periods and the six months ended 30 June 2025, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fees	671	783	920	398	463
Other emoluments:					
Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	12,578	13,544	12,862	3,272	3,604
Share-based payment expenses	3,209	2,451	3,355	1,325	1,078
Sub-total	15,787	15,995	16,217	4,597	4,682
Total	16,458	16,778	17,137	4,995	5,145

During the Relevant Periods and the six months ended 30 June 2025, certain directors were granted restricted shares, in respect of their services to the Group, under the share-based payment plan, further details of which are set out in note 37 to the Historical Financial Information. The fair value of the share-based payment, which is recognised in the statements of profit or loss over the vesting period, was determined at the date of grant and the amount included in each of the Relevant Periods and the six months ended 30 June 2025 is included in the above directors' remuneration disclosures.

a. Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the six months ended 30 June 2025 were as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Mr. Wang Yong *(i)*	180	240	240	120	–
Mr. Dai Fengxiang *(ii)*	33	–	–	–	–
Mr. Zhang Xiaoling *(iii)*	175	200	200	100	–
Mr. Meng Hong *(iv)*	168	190	190	95	–
Mr. Liu Changqing *(v)*	–	–	–	–	115
Mr. Chen Guohua *(vi)*	–	–	–	–	95
Ms. Li Shengnan *(vii)*	–	–	–	–	105
Total	556	630	630	315	315

Notes:

(i) Mr. Wang Yong was appointed and resigned as an independent non-executive director of the Company on 18 April 2023 and 30 December 2025, respectively.

(ii) Mr. Dai Fengxiang resigned as an independent non-executive director of the Company upon expiry of his term of office on 18 April 2023.

(iii) Mr. Zhang Xiaoling was appointed and resigned as an independent non-executive director of the Company on 18 April 2023 and 30 December 2025, respectively.

(iv) Mr. Meng Hong was appointed and resigned as an independent non-executive director of the Company on 18 April 2023 and 30 December 2025, respectively.

(v) Mr. Liu Changqing was appointed as an independent non-executive director of the Company on 30 December 2025.

(vi) Mr. Chen Guohua was appointed as an independent non-executive director of the Company on 30 December 2025.

(vii) Ms. Li Shengnan was appointed as an independent non-executive director of the Company on 30 December 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the six months ended 30 June 2025.

b. Executive and non-executive directors

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	Share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023				
Mr. Qin Jiusan	–	2,280	–	2,280
Mr. Zhou Dawen	23	1,643	–	1,666
Mr. Zheng Zhongtian	23	2,011	–	2,034
Ms. Zhong Meihong *(note i)*	23	1,417	–	1,440
Mr. Zhou Aiping	23	2,195	1,561	3,779
Mr. Xie Weidong	23	3,032	1,648	4,703
Total	115	12,578	3,209	15,902

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	Share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024				
Mr. Qin Jiusan	–	2,272	–	2,272
Mr. Zhou Dawen	33	2,263	–	2,296
Mr. Zheng Zhongtian	30	2,410	–	2,440
Ms. Zhong Meihong *(note i)*	30	280	–	310
Mr. Zhou Aiping	30	2,452	258	2,740
Mr. Xie Weidong	30	3,867	2,193	6,090
Total	153	13,544	2,451	16,148

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	Share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025				
Mr. Qin Jiusan	–	2,773	–	2,773
Mr. Zhou Dawen	30	2,454	–	2,484
Mr. Zheng Zhongtian	30	2,517	–	2,547
Ms. Zhong Meihong *(note i)*	170	100	–	270
Mr. Zhou Aiping	30	1,948	1,091	3,069
Mr. Xie Weidong *(note ii)*	30	3,070	2,264	5,364
Mr. Wu Chengying *(note iii)*	–	–	–	–
Total	290	12,862	3,355	16,507

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	Share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2025 (unaudited)				
Mr. Qin Jiusan	–	624	–	624
Mr. Zhou Dawen	15	753	–	768
Mr. Zheng Zhongtian	15	689	–	704
Ms. Zhong Meihong *(note i)*	15	–	–	15
Mr. Zhou Aiping	15	679	341	1,035
Mr. Xie Weidong *(note ii)*	23	527	984	1,534
Mr. Wu Chengying *(note iii)*	–	–	–	–
Total	83	3,272	1,325	4,680

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	Share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2026				
Mr. Qin Jiusan	–	972	–	972
Mr. Zhou Dawen	15	760	–	775
Mr. Zheng Zhongtian	15	733	–	748
Ms. Zhong Meihong *(note i)*	88	–	–	88
Mr. Zhou Aiping	15	730	710	1,455
Mr. Xie Weidong *(note ii)*	–	–	–	–
Mr. Wu Chengying *(note iii)*	15	409	368	792
Total	148	3,604	1,078	4,830

Notes:

(i) Ms. Zhong Meihong was redesignated as non-executive director with effect from 30 December 2025.

(ii) Mr. Xie Weidong was appointed and resigned as executive director of the Company on 18 April 2023 and 30 December 2025, respectively. He is still holding position in the Group and responsible for the business segment of organic fluorochemicals.

(iii) Mr. Wu Chengying was appointed as executive director of the Company on 30 December 2025.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2025.

9. FIVE HIGHEST PAID EMPLOYEES

The five individuals whose remunerations were the highest in the Group for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 include 2, 2, 3, 2 and 1 directors, respectively, details of whose remuneration are set out in note 8(b) above. Details of the remunerations of the remaining 3, 3, 2, 3 and 4 individuals who are not directors of the Company during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	6,508	7,802	4,858	1,775	5,603
Share-based payment expenses	4,786	3,186	2,917	786	1,881
Total	11,294	10,988	7,775	2,561	7,484

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
Nil to HK$1,000,000	–	–	–	2	–
HK$1,000,000 to HK$1,500,000	–	–	–	1	–
HK$1,500,000 to HK$2,000,000	–	–	–	–	1
HK$2,000,000 to HK$2,500,000	–	–	–	–	3
HK$2,500,000 to HK$3,000,000	–	–	–	–	–
HK$3,000,000 to HK$3,500,000	1	1	–	–	–
HK$3,500,000 to HK$4,000,000	–	1	–	–	–
HK$4,000,000 to HK$4,500,000	1	–	2	–	–
HK$4,500,000 to HK$5,000,000	1	–	–	–	–
HK$5,000,000 to HK$5,500,000	–	1	–	–	–
Total	3	3	2	3	4

During the Relevant Periods and the six months ended 30 June 2025, restricted shares were granted to non-director highest paid employees in respect of their services to the Group, under the share-based payment plan of the Company, further details of which are included in the disclosures in note 37 to the Historical Financial Information. The fair value of the share-based payment, which has been recognised in the statements of profit or loss over the vesting period, was determined at the date of grant and the amount included in the consolidated financial statements for the years ended 31 December 2023, 2024 and 2025 and for the six months ended 30 June 2025 and 2026 is included in the above non-director executive highest paid employees' remuneration disclosures.

10. INCOME TAX

PRC corporate income tax

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for the Company and its subsidiaries is calculated at a statutory rate of 25% or a preferential rate of 15% where applicable, on their estimated taxable profits for the year based on the existing legislations, interpretations and practices in respect thereof.

During the Relevant Periods, the Company and certain of its subsidiaries were recognised as "High and New Technology Enterprise" ("HNTE"), and enjoyed a preferential income tax rate of 15%. The status of HNTE is subject to re-evaluation every three years. The renewal of the status was completed during the Relevant Periods.

Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions have been calculated on the estimated taxable profit for the Relevant Periods at the respective rates prevailing in the relevant jurisdictions, which are ranging from 9% to 24%.

The income tax expense of the Group is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current – Chinese mainland					
Charge for the year/period	175,073	151,381	162,597	72,510	180,186
Under provision in prior years	6,626	5,845	3,995	1,029	13,853
Current – Overseas					
Charge for the year/period	–	–	2,271	–	–
Deferred *(note 33)*	(27,839)	(14,429)	(7,233)	(7,036)	(21,254)
Total	153,860	142,797	161,630	66,503	172,785

A reconciliation of the income tax expense applicable to profit before tax at the statutory tax rates in Chinese mainland in which the Company is domiciled to the income tax expense at the effective tax rates are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before tax	1,167,775	1,093,383	1,259,036	567,963	1,171,685
Tax at Chinese mainland statutory tax rate at 25%	291,944	273,346	314,759	141,991	292,921
Effect of preferential tax rates	(125,140)	(115,587)	(126,046)	(55,134)	(93,980)
Adjustments in respect of current tax of previous periods	6,626	5,845	3,995	1,029	13,853
Profits and losses attributable to joint ventures and associates	9,123	5,893	(14,368)	672	(24,403)
Income not subject to tax	(100)	(785)	(3,439)	(3,236)	8,715
Expenses not deductible for tax	2,244	13,923	10,622	6,303	3,564
Effect on opening deferred tax of changes in rates	7,202	(2,189)	(182)	–	200
Utilisation of tax losses not recognised in previous years	(168)	(1,552)	(65)	(1,865)	(3,594)
Unrecognised temporary differences and tax losses	35,271	21,746	40,985	6,515	14,715
Effect of super deduction for research and development costs	(73,142)	(57,843)	(64,631)	(29,772)	(39,206)
Tax charge at the Group's effective rate	153,860	142,797	161,630	66,503	172,785

The share of tax credit attributable to joint ventures amounting to nil, RMB402,000, RMB122,680,000, RMB7,654,000 and RMB174,815,000 in respect of the years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2025 and 2026, respectively, are included in "Share of profits and losses of joint ventures" in the consolidated statements of profit or loss. The share of tax attributable to associates amounting to RMB60,823,000, RMB39,691,000, RMB26,892,000, RMB12,132,000 and RMB12,130,000 in respect of the years ended 31 December 2023, 2024 and 2025 and six months ended 30 June 2025 and 2026, respectively, are included in "Share of profits and losses of associates" in the consolidated statements of profit or loss.

11. DIVIDEND

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Proposed final	450,805	298,096	374,626	–	–

The final dividend of RMB0.60 (inclusive of tax), RMB0.40 (inclusive of tax) and RMB0.50 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the record date in respect of the years ended 31 December 2023, 2024 and 2025, respectively, were approved by the Annual General Meeting of the Company during the following year.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding during the Relevant Periods and the six months ended 30 June 2025.

The calculation of the diluted earnings per share amounts is based on the profit for the year/period attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year/period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

For the years ended 31 December 2023 and 2024, the restricted shares had no dilutive effect on the basic earnings per share amounts presented as the exercise prices of the restricted shares of the Company outstanding during the years are higher than the average market prices of the Company's ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	1,014,035	940,432	1,096,058	490,280	984,807
Interest on convertible bonds	10,730	21,947	44,240	19,792	23,740
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	1,024,765	962,379	1,140,298	510,072	1,008,547

	Number of shares				
	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	'000	*'000*	*'000*	*'000* *(unaudited)*	*'000*
Shares					
Weighted average number of ordinary shares used in the basic earnings per share calculation*	744,554	750,183	749,831	752,120	752,292
Effect of dilution					
Weighted average number of ordinary shares:					
Restricted shares	–	–	2,343	231	4,558
Convertible bonds	49,433	47,593	43,963	47,976	44,569
Total	793,987	797,776	796,137	800,327	801,419

* The weighted average number of shares was after taking into account the effect of treasury shares held.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold lands	Buildings	Machinery and moulds	Electronic equipments and others	Vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023								
As at 1 January 2023:								
Cost	11,200	929,393	1,396,960	198,852	32,462	1,343,486	149,139	4,061,492
Accumulated depreciation and impairment	–	(203,322)	(559,215)	(83,131)	(17,398)	–	(72,087)	(935,153)
Net carrying amount	11,200	726,071	837,745	115,721	15,064	1,343,486	77,052	3,126,339
As at 1 January 2023, net of accumulated depreciation and impairment	11,200	726,071	837,745	115,721	15,064	1,343,486	77,052	3,126,339
Additions	–	4,088	59,679	15,388	6,022	1,759,831	16,873	1,861,881
Disposals	–	(150)	(6,848)	(262)	(73)	–	–	(7,333)
Transfers	–	741,710	1,090,198	9,127	1,614	(1,861,823)	19,084	(90)
Depreciation charged	–	(56,573)	(156,291)	(32,860)	(6,130)	–	(29,668)	(281,522)
Impairment charged	–	–	–	–	–	(988)	–	(988)
Exchange realignment	1,573	1,615	(171)	22	–	–	–	3,039
As at 31 December 2023, net of accumulated depreciation and impairment	12,773	1,416,761	1,824,312	107,136	16,497	1,240,506	83,341	4,701,326
As at 31 December 2023:								
Cost	12,773	1,676,790	2,528,195	221,160	38,855	1,241,494	185,097	5,904,364
Accumulated depreciation and impairment	–	(260,029)	(703,883)	(114,024)	(22,358)	(988)	(101,756)	(1,203,038)
Net carrying amount	12,773	1,416,761	1,824,312	107,136	16,497	1,240,506	83,341	4,701,326

	Freehold lands	Buildings	Machinery and moulds	Electronic equipments and others	Vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024								
As at 1 January 2024:								
Cost	12,773	1,676,790	2,528,195	221,160	38,855	1,241,494	185,097	5,904,364
Accumulated depreciation and impairment	–	(260,029)	(703,883)	(114,024)	(22,358)	(988)	(101,756)	(1,203,038)
Net carrying amount	12,773	1,416,761	1,824,312	107,136	16,497	1,240,506	83,341	4,701,326
As at 1 January 2024, net of accumulated depreciation and impairment	12,773	1,416,761	1,824,312	107,136	16,497	1,240,506	83,341	4,701,326
Additions	10,034	–	34,926	23,559	4,979	947,529	7,707	1,028,734
Acquisition of a subsidiary *(Note 15(a))*	–	–	327	54	–	–	–	381
Disposals	–	(417)	(4,383)	(680)	(208)	–	–	(5,688)
Transfers	–	389,539	571,991	8,648	242	(997,008)	25,661	(927)
Depreciation charged	–	(80,778)	(270,956)	(36,566)	(6,055)	–	(31,046)	(425,401)
Impairment charged	–	–	(7,644)	–	–	(153)	–	(7,797)
Disposal of a subsidiary	–	(2,224)	(62)	(20)	–	–	–	(2,306)
Exchange realignment	(360)	(2,728)	(4,027)	(63)	(17)	–	–	(7,195)
As at 31 December 2024, net of accumulated depreciation and impairment	22,447	1,720,153	2,144,484	102,068	15,438	1,190,874	85,663	5,281,127
As at 31 December 2024:								
Cost	22,447	2,057,690	3,111,379	250,105	43,260	1,192,015	218,465	6,895,361
Accumulated depreciation and impairment	–	(337,537)	(966,895)	(148,037)	(27,822)	(1,141)	(132,802)	(1,614,234)
Net carrying amount	22,447	1,720,153	2,144,484	102,068	15,438	1,190,874	85,663	5,281,127

	Freehold lands	Buildings	Machinery and moulds	Electronic equipments and others	Vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025								
As at 1 January 2025:								
Cost	22,447	2,057,690	3,111,379	250,105	43,260	1,192,015	218,465	6,895,361
Accumulated depreciation and impairment	–	(337,537)	(966,895)	(148,037)	(27,822)	(1,141)	(132,802)	(1,614,234)
Net carrying amount	22,447	1,720,153	2,144,484	102,068	15,438	1,190,874	85,663	5,281,127
As at 1 January 2025, net of accumulated depreciation and impairment	22,447	1,720,153	2,144,484	102,068	15,438	1,190,874	85,663	5,281,127
Additions	–	4,072	60,973	37,958	6,175	779,749	7,207	896,134
Reclassified	–	–	(27,048)	24,886	2,162	–	–	–
Disposal	–	(1,127)	(16,471)	(473)	(337)	(1,152)	–	(19,560)
Depreciation charged	–	(99,978)	(313,314)	(44,668)	(6,582)	–	(43,778)	(508,320)
Impairment charged	–	(624)	(6,774)	(168)	(5)	(6,645)	–	(14,216)
Transfers	–	154,557	762,325	9,357	2,179	(972,622)	43,375	(829)
Exchange realignment	1,117	14,181	14,635	360	111	–	–	30,404
As at 31 December 2025, net of accumulated depreciation and impairment	23,564	1,791,234	2,618,810	129,320	19,141	990,204	92,467	5,664,740

	Freehold lands	Buildings	Machinery and moulds	Electronic equipments and others	Vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025:								
Cost	23,564	2,229,813	3,838,756	319,848	50,723	996,849	269,047	7,728,600
Accumulated depreciation and impairment	–	(438,579)	(1,219,946)	(190,528)	(31,582)	(6,645)	(176,580)	(2,063,860)
Net carrying amount	23,564	1,791,234	2,618,810	129,320	19,141	990,204	92,467	5,664,740

	Freehold lands	Buildings	Machinery and moulds	Electronic equipments and others	Vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2026								
As at 1 January 2026:								
Cost	23,564	2,229,813	3,838,756	319,848	50,723	996,849	269,047	7,728,600
Accumulated depreciation and impairment	–	(438,579)	(1,219,946)	(190,528)	(31,582)	(6,645)	(176,580)	(2,063,860)
Net carrying amount	23,564	1,791,234	2,618,810	129,320	19,141	990,204	92,467	5,664,740
As at 1 January 2026, net of accumulated depreciation and impairment	23,564	1,791,234	2,618,810	129,320	19,141	990,204	92,467	5,664,740
Additions	–	10,701	36,348	51,198	4,127	611,613	3,722	717,709
Transfer from investment properties	–	5,457	–	–	–	–	–	5,457
Disposal	–	(44)	(4,725)	(186)	(91)	–	–	(5,046)
Depreciation charged	–	(53,445)	(180,040)	(26,019)	(3,473)	–	(18,353)	(281,330)
Transfers	–	142,576	169,779	33,612	239	(349,956)	3,750	–
Exchange realignment	(1,274)	(9,977)	(9,574)	(340)	(81)	–	–	(21,246)
As at 30 June 2026, net of accumulated depreciation and impairment	22,290	1,886,502	2,630,598	187,585	19,862	1,251,861	81,586	6,080,284
As at 30 June 2026:								
Cost	22,290	2,378,298	4,008,982	402,848	53,284	1,258,506	276,519	8,400,727
Accumulated depreciation and impairment	–	(491,796)	(1,378,384)	(215,263)	(33,422)	(6,645)	(194,933)	(2,320,443)
Net carrying amount	22,290	1,886,502	2,630,598	187,585	19,862	1,251,861	81,586	6,080,284

As at 31 December 2023, 2024 and 2025 and 30 June 2026, certain of the Group's buildings with an aggregate net carrying amount of approximately RMB186,763,000, RMB78,779,000, RMB18,873,000 and RMB9,865,000, respectively, did not have property ownership certificates registered under the names of the Company and its respective subsidiaries. The Group was in the process of applying for the property ownership certificates for the respective buildings.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, certain of the Group's buildings, machinery and moulds with an aggregate net carrying amount of approximately nil, RMB395,673,000, RMB445,271,000 and RMB538,019,000 were mortgaged to secure certain interest-bearing bank loans of the Group.

The Company

	Buildings	Machinery and moulds	Electronic equipments and others	Vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
As at 1 January 2023:							
Cost	63,427	115,439	23,567	9,939	1,926	29,491	243,789
Accumulated depreciation and impairment	(11,567)	(38,222)	(16,099)	(7,099)	–	(14,748)	(87,735)
Net carrying amount	51,860	77,217	7,468	2,840	1,926	14,743	156,054
As at 1 January 2023, net of accumulated depreciation and impairment	51,860	77,217	7,468	2,840	1,926	14,743	156,054
Additions	–	15,239	2,207	1,099	5,785	1,012	25,342
Disposal	–	(315)	(55)	(46)	–	–	(416)
Transfers	–	6	–	–	(6)	–	–
Depreciation charged	(2,737)	(15,436)	(1,842)	(851)	–	(5,474)	(26,340)
As at 31 December 2023, net of accumulated depreciation and impairment	49,123	76,711	7,778	3,042	7,705	10,281	154,640
As at 31 December 2023:							
Cost	63,427	129,016	25,062	10,116	7,705	30,503	265,829
Accumulated depreciation and impairment	(14,304)	(52,305)	(17,284)	(7,074)	–	(20,222)	(111,189)
Net carrying amount	49,123	76,711	7,778	3,042	7,705	10,281	154,640

	Buildings	Machinery and moulds	Electronic equipments and others	Vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
As at 1 January 2024:							
Cost	63,427	129,016	25,062	10,116	7,705	30,503	265,829
Accumulated depreciation	(14,304)	(52,305)	(17,284)	(7,074)	–	(20,222)	(111,189)
Net carrying amount	49,123	76,711	7,778	3,042	7,705	10,281	154,640
As at 1 January 2024, net of accumulated depreciation and impairment	49,123	76,711	7,778	3,042	7,705	10,281	154,640
Additions	–	25,100	39,690	904	10,739	245	76,678
Disposals	–	(11,252)	(127)	(299)	–	–	(11,678)
Transfers	2,124	5,381	4,645	–	(18,444)	5,545	(749)
Depreciation charged	(2,802)	(17,238)	(7,559)	(886)	–	(4,213)	(32,698)
Impairment charged	–	(7,644)	–	–	–	–	(7,644)
As at 31 December 2024, net of accumulated depreciation and impairment	48,445	71,058	44,427	2,761	–	11,858	178,549
As at 31 December 2024:							
Cost	65,551	144,126	68,636	10,319	–	36,293	324,925
Accumulated depreciation and impairment	(17,106)	(73,068)	(24,209)	(7,558)	–	(24,435)	(146,376)
Net carrying amount	48,445	71,058	44,427	2,761	–	11,858	178,549

	Buildings	Machinery and moulds	Electronic equipments and others	Vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025							
As at 1 January 2025:							
Cost	65,551	144,126	68,636	10,319	–	36,293	324,925
Accumulated depreciation and impairment	(17,106)	(73,068)	(24,209)	(7,558)	–	(24,435)	(146,376)
Net carrying amount	48,445	71,058	44,427	2,761	–	11,858	178,549
As at 1 January 2025, net of accumulated depreciation and impairment	48,445	71,058	44,427	2,761	–	11,858	178,549
Additions	–	6,012	20,688	1,255	886	429	29,270
Reclassified	–	(16,718)	16,718	–	–	–	–
Disposal	(2,921)	(7,096)	(265)	(297)	–	–	(10,579)
Transfers	–	–	–	–	(836)	836	–
Depreciation charged	–	(14,492)	(19,279)	(837)	–	(4,143)	(38,751)
As at 31 December 2025, net of accumulated depreciation and impairment	45,524	38,764	62,289	2,882	50	8,980	158,489
As at 31 December 2025:							
Cost	65,551	102,279	110,420	11,258	50	37,558	327,116
Accumulated depreciation and impairment	(20,027)	(63,515)	(48,131)	(8,376)	–	(28,578)	(168,627)
Net carrying amount	45,524	38,764	62,289	2,882	50	8,980	158,489

	Buildings	Machinery and moulds	Electronic equipments and others	Vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2026							
As at 1 January 2026:							
Cost	65,551	102,279	110,420	11,258	50	37,558	327,116
Accumulated depreciation and impairment	(20,027)	(63,515)	(48,131)	(8,376)	–	(28,578)	(168,627)
Net carrying amount	45,524	38,764	62,289	2,882	50	8,980	158,489
As at 1 January 2026, net of accumulated depreciation and impairment	45,524	38,764	62,289	2,882	50	8,980	158,489
Additions	–	7,365	39,226	343	–	–	46,934
Transfer from investment properties	5,457	–	–	–	–	–	5,457
Disposal	–	(463)	(135)	(76)	–	–	(674)
Depreciation charged	(1,478)	(5,592)	(11,851)	(416)	–	(1,976)	(21,313)
As at 30 June 2026, net of accumulated depreciation and impairment	49,503	40,074	89,529	2,733	50	7,004	188,893
As at 30 June 2026:							
Cost	72,603	108,623	149,306	10,072	50	37,558	378,212
Accumulated depreciation and impairment	(23,100)	(68,549)	(59,777)	(7,339)	–	(30,554)	(189,319)
Net carrying amount	49,503	40,074	89,529	2,733	50	7,004	188,893

14. INVESTMENT PROPERTIES

The Group and the Company

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period				
Cost	98,720	98,720	98,720	98,720
Accumulated depreciation	(11,957)	(14,988)	(18,019)	(21,050)
Net carrying amount	86,763	83,732	80,701	77,670
At the beginning of the year/period, net of accumulated depreciation	86,763	83,732	80,701	77,670
Depreciation provided during the year/period	(3,031)	(3,031)	(3,031)	(1,497)
Transfer to property, plant and equipment	–	–	–	(5,457)
At the end of the year/period, net of accumulated depreciation	83,732	80,701	77,670	70,716
At the end of the year/period				
Cost	98,720	98,720	98,720	91,669
Accumulated depreciation	(14,988)	(18,019)	(21,050)	(20,953)
Net carrying amount	83,732	80,701	77,670	70,716

The Group's investment properties consist of one commercial property in Chinese mainland. The commercial property is leased to third party under an operating lease, further summary details of which are included in note 15 to the Historical Financial Information. At 30 June 2026, the fair value of the investment properties was approximately RMB150,000,000, based on their existing use with reference to a valuation performed by management, as at that date. The fair value measurement is categorised within Level 3 of the fair value hierarchy.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings and machinery, vehicles and others used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods between 30 and 60 years in the Chinese mainland, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 10 years, machinery and equipment between 2 and 4 years, while vehicles and others generally have a lease term between 2 and 5 years.

(a) Right-of-use assets

The Group

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Leasehold land	Buildings	Machinery	Vehicles and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	620,531	20,598	7,898	1,516	650,543
Additions	61,851	3,814	354	964	66,983
Depreciation charged	(14,753)	(6,920)	(3,537)	(900)	(26,110)
Disposal	(7,474)	(45)	–	–	(7,519)

	Leasehold land	Buildings	Machinery	Vehicles and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023 and 1 January 2024	660,155	17,447	4,715	1,580	683,897
Additions	90,143	3,356	3,095	301	96,895
Acquisition of a subsidiary *(note i)*	32,524	–	–	–	32,524
Depreciation charged	(16,694)	(6,677)	(3,365)	(994)	(27,730)
Disposal	(69,156)	(380)	–	–	(69,536)
As at 31 December 2024 and 1 January 2025	696,972	13,746	4,445	887	716,050
Additions	1,302	4,877	5,030	976	12,185
Depreciation charged	(16,748)	(5,711)	(2,937)	(989)	(26,385)
Disposal	(31,316)	(3,460)	–	–	(34,776)
As at 31 December 2025 and 1 January 2026	650,210	9,452	6,538	874	667,074
Additions	64,874	2,304	2,156	305	69,639
Depreciation charged	(8,330)	(2,850)	(1,233)	(475)	(12,888)
Disposal	(30,264)	–	–	–	(30,264)
Exchange realignment	(1,217)	(10)	–	–	(1,227)
As at 30 June 2026	675,273	8,896	7,461	704	692,334

As at 31 December 2023, 2024 and 2025 and 30 June 2026, certain of the Group's leasehold land with an aggregate net carrying amount of approximately nil, RMB58,838,000, RMB57,618,000 and RMB27,730,000, respectively, did not have land use right certificates registered under the names of the respective subsidiaries of the Group. The Group was in the process of obtaining the respective land use right certificates as at 30 June 2026.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, certain of the Group's leasehold land with aggregate net carrying amounts of approximately nil, RMB35,262,000, RMB34,472,000 and RMB34,076,000 were mortgaged to secure certain interest-bearing bank loans of the Group.

During six months ended 30 June 2026, certain of the Group's leasehold land with aggregate net carrying values of approximately RMB12,480,000 were judicially seized pursuant to a litigation related to additional claim from a constructor of a construction project of the Group during the year ended 31 December 2025.

Note: During the year ended 31 December 2024, pursuant to the capital reduction agreement between the Group and the other investee of Fujian Yongrui New Material Co., Ltd, the then associate of the Group, the other investee agreed to forfeit its interest in the then associate and not contribute any capital. Accordingly, this constituted a deemed acquisition of a subsidiary which was considered as an asset acquisition because the entity was inactive.

The Company

The carrying amounts of the Company's right-of-use assets and the movements during the Relevant Periods are as follows:

	Leasehold land	Buildings	Machinery	Vehicles and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	42,968	11,279	339	177	54,763
Additions	–	3,814	–	–	3,814
Depreciation charged	(1,989)	(4,554)	(239)	(42)	(6,824)

	Leasehold land	Buildings	Machinery	Vehicles and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023 and 1 January 2024	40,979	10,539	100	135	51,753
Additions	–	1,230	–	–	1,230
Depreciation charged	(1,989)	(4,778)	(100)	(42)	(6,909)
Disposal	–	(380)	–	–	(380)
As at 31 December 2024 and 1 January 2025	38,990	6,611	–	93	45,694
Additions	–	2,964	–	–	2,964
Depreciation charged	(1,989)	(3,797)	–	(42)	(5,828)
Disposal	–	(933)	–	–	(933)
As at 31 December 2025 and 1 January 2026	37,001	4,845	–	51	41,897
Additions	–	1,718	–	–	1,718
Depreciation charged	(995)	(1,846)	–	(21)	(2,862)
As at 30 June 2026	36,006	4,717	–	30	40,753

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	30,972	24,177	20,365	18,025
New leases	5,132	6,752	10,883	4,736
Accretion of interest recognised during the year/period	1,344	1,100	1,265	390
Payments	(13,271)	(11,218)	(10,678)	(4,503)
Early cancellation of leases	–	(446)	(3,810)	(53)
Exchange realignment	–	–	–	(10)
Carrying amount at the end of the year/period	24,177	20,365	18,025	18,585
Analysed into:				
Current portion	9,021	9,426	7,319	8,532
Non-current portion	15,156	10,939	10,706	10,053

Included in the above balances are the following balances with related party:

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates and their subsidiaries	773	535	–	–

The Company

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	12,094	10,982	7,479	5,715
New leases	3,814	1,230	2,964	1,718
Accretion of interest recognised during the year/period	665	422	305	117
Payments	(5,591)	(4,803)	(4,152)	(2,144)
Early cancellation of leases	–	(352)	(881)	(53)
Carrying amount at the end of the year/period	10,982	7,479	5,715	5,353
Analysed into:				
Current portion	4,648	3,584	3,771	3,492
Non-current portion	6,334	3,895	1,944	1,861

Included in the above balances are the following balances with related party:

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates and their subsidiaries	773	535	–	–

The maturity analysis of lease liabilities is disclosed in note 48 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on lease liabilities	1,344	1,100	1,265	512	390
Depreciation of right-of-use assets	26,110	27,730	26,385	14,374	12,888
Expense relating to short-term leases and leases of low-value assets	11,222	6,918	7,936	4,633	7,110
Total amount recognised in profit or loss	38,676	35,748	35,586	19,519	20,388

(d) The total cash outflow for leases are disclosed in note 41(c) to the Historical Financial Information.

16. OTHER INTANGIBLE ASSETS

The Group

	Patents and licences	Software	Capitalised development expenditures	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023:				
Cost	183,629	17,764	4,084	205,477
Accumulated amortisation and impairment	(118,915)	(9,885)	–	(128,800)
Net carrying amount	64,714	7,879	4,084	76,677
As at 1 January 2023, net of accumulated amortisation and impairment	64,714	7,879	4,084	76,677
Additions	53,367	15,562	3,378	72,307
Additions – internal development	2,790	–	(2,790)	–
Transfer from construction in progress	–	90	–	90
Disposals	(5,873)	(1)	–	(5,874)
Amortisation charged	(24,825)	(3,330)	–	(28,155)
Reversal of impairment during the year	5,885	–	–	5,885
As at 31 December 2023, net of accumulated amortisation and impairment	96,058	20,200	4,672	120,930
As at 31 December 2023 and 1 January 2024:				
Cost	233,439	33,384	4,672	271,495
Accumulated amortisation and impairment	(137,381)	(13,184)	–	(150,565)
Net carrying amount	96,058	20,200	4,672	120,930
As at 1 January 2024, net of accumulated amortisation and impairment	96,058	20,200	4,672	120,930
Additions	2,269	6,234	46,280	54,783
Additions – internal development	32,041	–	(32,041)	–
Transfer from construction in progress	–	927	–	927
Disposals	(9)	–	–	(9)
Amortisation charged	(26,258)	(5,543)	–	(31,801)
As at 31 December 2024, net of accumulated amortisation and impairment	104,101	21,818	18,911	144,830
As at 31 December 2024 and 1 January 2025:				
Cost	267,739	40,546	18,911	327,196
Accumulated amortisation and impairment	(163,638)	(18,728)	–	(182,366)
Net carrying amount	104,101	21,818	18,911	144,830

	Patents and licences	Software	Capitalised development expenditures	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025, net of accumulated amortisation and impairment	104,101	21,818	18,911	144,830
Additions	1,230	7,047	48,733	57,010
Additions – internal development	21,912	–	(21,912)	–
Amortisation charged	(19,281)	(6,877)	–	(26,158)
Disposal	–	(614)	–	(614)
Transfer from construction in progress	144	685	–	829
Exchange realignment	–	1	–	1
As at 31 December 2025, net of accumulated amortisation and impairment	108,106	22,060	45,732	175,898
As at 31 December 2025 and 1 January 2026:				
Cost	290,725	47,167	45,732	383,624
Accumulated amortisation and impairment	(182,619)	(25,107)	–	(207,726)
Net carrying amount	108,106	22,060	45,732	175,898
As at 1 January 2026, net of accumulated amortisation and impairment	108,106	22,060	45,732	175,898
Additions	54	4,821	10,204	15,079
Additions – internal development	8,454	–	(8,454)	–
Amortisation charged	(8,444)	(4,183)	–	(12,627)
Transfer from construction in progress	–	200	–	200
Exchange realignment	–	(5)	–	(5)
As at 30 June 2026, net of accumulated amortisation and impairment	108,170	22,893	47,482	178,545
As at 30 June 2026:				
Cost	299,233	52,178	47,482	398,893
Accumulated amortisation and impairment	(191,063)	(29,285)	–	(220,348)
Net carrying amount	108,170	22,893	47,482	178,545

The Company

	Patents and licences	Software	Capitalised development expenditures	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023:				
Cost	57,002	9,161	2,090	68,253
Accumulated amortisation and impairment	(29,167)	(5,571)	–	(34,738)
Net carrying amount	27,835	3,590	2,090	33,515
As at 1 January 2023, net of accumulated amortisation and impairment	27,835	3,590	2,090	33,515
Additions	48,496	13,897	3,378	65,771
Additions – internal development	2,790	–	(2,790)	–
Amortisation charged	(9,976)	(2,740)	–	(12,716)
Impairment charged	5,885	–	–	5,885
Disposal	(8,018)	(1)	–	(8,019)
As at 31 December 2023, net of accumulated amortisation and impairment	67,012	14,746	2,678	84,436
As at 31 December 2023 and 1 January 2024:				
Cost	99,822	23,056	2,678	125,556
Accumulated amortisation and impairment	(32,810)	(8,310)	–	(41,120)
Net carrying amount	67,012	14,746	2,678	84,436
As at 1 January 2024, net of accumulated amortisation and impairment	67,012	14,746	2,678	84,436
Additions	–	5,071	12,683	17,754
Additions – internal development	4,643	–	(4,643)	–
Transfer from construction in progress	–	749	–	749
Amortisation charged	(14,054)	(4,604)	–	(18,658)
As at 31 December 2024, net of accumulated amortisation and impairment	57,601	15,962	10,718	84,281
As at 31 December 2024 and 1 January 2025:				
Cost	104,466	28,876	10,718	144,060
Accumulated amortisation and impairment	(46,865)	(12,914)	–	(59,779)
Net carrying amount	57,601	15,962	10,718	84,281

	Patents and licences	Software	Capitalised development expenditures	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025, net of accumulated amortisation and impairment	57,601	15,962	10,718	84,281
Additions	22	6,364	32,186	38,572
Additions – internal development	852	–	(852)	–
Disposal	–	(225)	–	(225)
Amortisation charged	(12,473)	(5,811)	–	(18,284)
As at 31 December 2025, net of accumulated amortisation and impairment	46,002	16,290	42,052	104,344
As at 31 December 2025 and 1 January 2026:				
Cost	105,340	34,757	42,052	182,149
Accumulated amortisation and impairment	(59,338)	(18,467)	–	(77,805)
Net carrying amount	46,002	16,290	42,052	104,344
As at 1 January 2026, net of accumulated amortisation and impairment	46,002	16,290	42,052	104,344
Additions	1	3,840	6,079	9,920
Additions – internal development	6,567	–	(6,567)	–
Amortisation charged	(4,278)	(3,331)	–	(7,609)
As at 30 June 2026, net of accumulated amortisation and impairment	48,292	16,799	41,564	106,655
As at 30 June 2026:				
Cost	111,908	38,597	41,564	192,069
Accumulated amortisation and impairment	(63,616)	(21,798)	–	(85,414)
Net carrying amount	48,292	16,799	41,564	106,655

17. INVESTMENT IN JOINT VENTURES

The Group

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	–	35,798	491,933	677,076

The Company

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	–	35,825	491,933	677,076

The Group's trade receivable and payable balances with the joint ventures are disclosed in notes 24, 28 and 29 to the Historical Financial Information, respectively.

Particulars of the Group's and the Company's major joint venture is as follow:

Name	Registered paid-in capital	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Shilei Fluorine Materials	RMB200,000,000	PRC/Chinese mainland	42.83	42.83	42.83	Manufacture of industrial products

The above investment is directly held by the Company.

The following table illustrates the summarised financial information in respect of Shilei Fluorine Materials, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	–	7,160	3,380	63,057
Current assets	–	876,803	1,464,187	1,971,852
Non-current assets	–	498,413	478,524	515,444
Total assets	–	1,375,216	1,942,711	2,487,296
Current liabilities	–	712,966	804,061	910,252
Non-current liabilities	–	153,350	25,573	54,794
Total liabilities	–	866,316	829,634	965,046
Net assets	–	508,900	1,113,077	1,522,250
Non-controlling interests	–	1,721	1,731	1,731
Owners of the parent	–	507,179	1,111,346	1,520,519
Reconciliation to the Group's interest in the joint venture:				
Proportion of the Group's ownership	–	6.97%	42.83%	42.83%
Group's share of net assets of the joint venture	–	35,798	475,935	651,164

	Year ended 31 December			Six months period ended 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	–	128,730	1,867,979	1,713,102
Finance costs	–	(1,450)	(6,980)	6,246
Profit before tax	–	802	325,008	481,684
Income tax credit/(expense)	–	1,171	(32,779)	(73,453)
Profit and total comprehensive income for the year/period	–	1,973	292,229	408,231

The investment in Shilei Fluorine Materials has been completed through three capital contributions. According to the capital contribution agreement, from the first completion date, shareholders could exercise their voting rights in accordance with the proportion of agreed capital contribution and entitle their profit sharing in accordance with the proportion of paid-in capital contribution. As at 30 June 2026, the Company entitled 42.8251% voting rights and profit sharing.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the joint venture' loss for the year/period	–	–	(2)	(10)
Share of the joint venture' total comprehensive loss for the year/period	–	–	(2)	(10)
Aggregate carrying amount of the Group's investments in the joint venture	–	–	15,998	25,912

18. INVESTMENTS IN ASSOCIATES

The Group

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	233,339	166,490	172,122	159,992
Goodwill on acquisition	49,345	49,345	49,345	49,345
Total	282,684	215,835	221,467	209,337

The Company

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	232,993	166,490	172,122	159,992
Goodwill on acquisition	49,345	49,345	49,345	49,345
Total	282,338	215,835	221,467	209,337

The Group's trade receivable and payable balances with the associates are disclosed in notes 24, 28 and 29 to the Historical Financial Information, respectively.

Particulars of the Group's material associate is as follows:

Name	Registered paid-in capital	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Fujian Yongjing Technology Co., Ltd. ("Fujian Yongjing") *	RMB146,200,000	PRC/Chinese mainland	24.03	Manufacture of industrial products

* Fujian Yongjing was not an individually material associate at 31 December 2025 and 30 June 2026.

The following table illustrates the summarised financial information in respect of Fujian Yongjing adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	31 December	
	2023	2024
	RMB'000	*RMB'000*
Current assets	478,754	337,673
Non-current assets	1,263,906	1,248,045
Total assets	1,742,660	1,585,718
Current liabilities	914,988	924,986
Non-current liabilities	23,042	28,146
Total liabilities	938,030	953,132
Net assets	804,630	632,586
Non-controlling interests	41,899	13,941
Owners of the parent	762,731	618,645
Reconciliation to the Group's interest in the associates:		
Proportion of the Group's ownership	24.03%	24.03%
Group's share of net assets of the associate	183,378	148,661
Goodwill on acquisition	49,345	49,345
Carrying amount of the investment	232,723	198,006
Revenue	1,016,332	833,198
Loss for the year	(157,955)	(144,337)
Total comprehensive loss for the year	(157,955)	(144,337)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the associates' loss for the year/period	(4,268)	(3,541)	(26,892)	(12,130)
Share of the associates' total comprehensive loss for the year/period	(4,268)	(3,541)	(26,892)	(12,130)
Aggregate carrying amount of the Group's investments in the associates	49,961	17,829	221,467	209,337

19. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income				
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
Total	281,982	320,366	203,273	204,591

The Company

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income				
Listed equity investments, at fair value	202,481	240,100	111,335	90,201
Unlisted equity investments, at fair value	79,501	80,266	91,938	87,282
Total	281,982	320,366	203,273	177,483

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

In 2025, the Group sold part of its equity interests in listed equity investments as these investment no longer coincided with the Group's investment strategy. The fair value on the date of disposal was RMB211,946,000 and the accumulated gain recognised in other comprehensive income of RMB167,727,000 was transferred to retained profits.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	Note	31 December			30 June
		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	*(a)*	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

The Company

	Note	31 December 2023	31 December 2024	31 December 2025	30 June 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current portion					
Prepayments for acquisition of property, plants and equipment		13,323	2,645	9,580	27,863
Deferred expenses		1,280	7,054	6,039	7,834
Long-term loans to subsidiaries		884,087	1,348,785	1,365,752	1,289,115
Deposit to supplier		30,000	–	–	–
Total non-current portion		928,690	1,358,484	1,381,371	1,324,812
Current portion					
Prepayments		13,751	6,244	17,646	35,758
Loans to subsidiaries		185,936	656,362	421,537	553,037
Loans to employees		5,013	5,756	9,442	9,442
Due from subsidiaries		26,557	19,848	22,454	7,915
Value-added-tax recoverable		1,804	113	–	86
Prepaid income tax		–	7,498	106	321
Deferred expenses		352	899	830	840
Deposits and other receivables	*(a)*	4,256	28,344	7,746	9,670
Impairment allowance		(455)	(1,511)	(242)	(367)
Total current portion		237,214	723,553	479,519	616,702

Deposits and other receivables mainly represent rental deposits, security deposits and deposits with suppliers, which are generally short-term in nature and subject to credit risk from counterparties. The Group applies the expected credit loss ("ECL") model under IFRS 9 to financial assets measured at amortised cost. The provision for ECLs is calculated as a percentage of the carrying amount of receivables, based on a forward-looking assessment of credit risk.

In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied where there were no comparable companies as at 31 December 2023, 2024, 2025 and 30 June 2026 was 4.72%, 4.42%, 3.44% and 4.06%, respectively.

Note:

(a) The carrying amount with related parties included in the above balances are as follows:

The Group

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates and their subsidiaries	–	–	–	260
Joint ventures and their subsidiaries	–	10,000	50	50
Total	–	10,000	50	310

The Company

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates and their subsidiaries	–	–	–	259
Joint ventures and their subsidiaries	–	10,000	50	50
Total	–	10,000	50	309

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Listed equity investments, at fair value	108,949	56,908	65,397	63,886
Other unlisted investments, at fair value	882,196	625,832	394,592	702,839
Total	991,145	682,740	459,989	766,725

The listed equity investments of the Group were classified as financial assets at fair value through profit or loss as they were held for trading.

The other unlisted investments of the Group and the Company were mainly structured deposits issued by banks in the Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other unlisted investments, at fair value	658,057	350,593	250,274	330,461

22. GOODWILL

	RMB'000
As at 1 January 2023, 31 December 2023 and 31 December 2024:	
Cost	419,379
Accumulated impairment	–
Net carrying amount	419,379
As at 1 January 2025:	
Cost	419,379
Accumulated impairment	–
Net carrying amount	419,379

	RMB'000
As at 1 January 2025, net of accumulated impairment	419,379
Impairment during the year	(2,327)
As at 31 December 2025, net of accumulated impairment	417,052
As at 31 December 2025:	
Cost	419,379
Accumulated impairment	(2,327)
Net carrying amount	417,052
As at 1 January 2026, net of accumulated impairment	417,052
Impairment during the period	–
As at 30 June 2026, net of accumulated impairment	417,052
As at 30 June 2026:	
Cost	419,379
Accumulated impairment	(2,327)
Net carrying amount	417,052

Impairment testing of goodwill

The amounts of goodwill allocated to the CGUs are as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sanming Hexafluo Organic Fluorochemicals cash-generating unit	376,797	376,797	376,797
Jiangsu Hicomer Battery Materials cash-generating unit	21,345	21,345	21,345
Nantong Top Electronic Capacitor Materials cash-generating unit	9,375	9,375	9,375
Hexafluo (Shenzhen) Organic Fluorochemicals cash-generating unit	8,616	8,616	8,616
Novolyte Battery Materials (Suzhou) cash-generating unit	2,327	2,327	–
Nantong Capchem Capacitor Materials cash-generating unit	919	919	919
Total	419,379	419,379	417,052

Goodwill is tested by management of the Company for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of the CGUs has been determined based on a value in use ("VIU") calculation. That calculation uses cash flow projections based on financial budgets covering a five-year period approved by senior management.

For Sanming Hexafluo Organic Fluorochemicals cash-generating unit:

The pre-tax discount rates applied to the cash flow projections are 15.3% as at 31 December 2023, 13.6% as at 31 December 2024, 14.7% as at 31 December 2025. The terminal growth rate used to extrapolate the cash flows beyond the period is 2% as at 31 December 2023, 2024 and 2025, respectively. Such estimation is based on management's expectations for the market development.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at 31 December 2023, 2024 and 2025.

Revenue — The basis used to determine the budgeted revenue is based on the management's expectation of market development.

Terminal growth rate — The forecasted terminal growth rate is based on management's expectations and does not exceed the long-term average growth rate for the industry relevant to the CGUs.

The pre-tax discount rate used is before tax and reflects specific risks relating to the CGUs.

23. INVENTORIES

The Group

	As at 31 December			As at 30 June
	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

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	52,071	45,896	80,593	100,695
Raw materials in transit	–	2,544	13,247	3,080
Finished goods	173,891	110,504	96,921	166,983
Less: Provision for inventory allowances	(1,939)	(1,437)	(1,196)	(1,117)
Total	224,023	157,507	189,565	269,641

24. TRADE RECEIVABLES

The Group

	As at 31 December			As at 30 June
	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

The Group's trading terms with its customers are mainly on credit. The credit period is generally from 30 to 120 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral over its trade receivable balances. Trade receivables are non-interest bearing.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Joint ventures and their subsidiaries	–	–	858	–
Subsidiaries	13,432	50,506	62,064	53,162
Third parties	1,370,751	1,510,019	2,388,455	3,434,626
Trade receivables	1,384,183	1,560,525	2,451,377	3,487,788
Impairment	(68,608)	(78,054)	(118,572)	(167,400)
Net carrying amount	1,315,575	1,482,471	2,332,805	3,320,388

An ageing analysis of the trade receivables as at 31 December 2023, 2024 and 2025 and 30 June 2026, based on the time of revenue recognition and net of loss allowance, is as follows:

The Group

	As at 31 December			As at 30 June
	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

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,315,466	1,482,453	2,287,256	3,285,179
1 to 2 years	109	18	45,549	16,284
2 to 3 years	–	–	–	18,925
Total	1,315,575	1,482,471	2,332,805	3,320,388

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	85,949	111,317	131,892	194,262
Impairment losses, net *(note 6)*	25,520	20,651	63,633	78,613
Amount written-off as uncollectible	(160)	(92)	(1,628)	(3,648)
Exchange realignment	8	16	365	282
At end of year/period	111,317	131,892	194,262	269,509

The Group applies the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The Group overall considers the characteristics of the shared credit risk and the ageing of the trade receivables to measure the ECLs. The ECLs of trade receivables are assessed on an individual or portfolio basis. Considering the credit risk characteristics of different customers, the Group assesses the expected credit losses of trade receivables with shared risk characteristics based on their ageing portfolio, adjusted as appropriate to reflect current and forward-looking information. The ageing profile is determined based on the revenue recognition date.

The information about the credit risk exposure on the Group's trade receivables are set out below:

The Group

As at 31 December 2023

	ECL rate	Gross carrying amount	ECL	Net carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Provision on a portfolio basis				
Aged within 1 year	5%	2,224,409	111,219	2,113,190
Aged 1 to 2 years	10%	121	12	109
Subtotal		2,224,530	111,231	2,113,299
Provision on an individual basis				
Aged within 1 year	20%	432	86	346
Total		2,224,962	111,317	2,113,645

As at 31 December 2024

	ECL rate	Gross carrying amount	ECL	Net carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Provision on a portfolio basis				
Aged within 1 year	5%	2,583,552	128,795	2,454,757
Provision on an individual basis				
Aged within 1 year	50%	4,278	2,139	2,139
Aged 1 to 2 years	100%	958	958	–
Subtotal		5,236	3,097	2,139
Total		2,588,788	131,892	2,456,896

As at 31 December 2025

	ECL rate	Gross carrying amount	ECL	Net carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Provision on a portfolio basis				
Aged within 1 year	5%	3,903,599	190,095	3,713,504
Provision on an individual basis				
Aged within 1 year	20%	1,499	304	1,195
Aged 1 to 2 years	53%	7,350	3,863	3,487
Subtotal		8,849	4,167	4,682
Total		3,912,448	194,262	3,718,186

As at 30 June 2026

	ECL rate	Gross carrying amount	ECL	Net carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Provision on a portfolio basis				
Aged within 1 year	5%	5,514,215	269,474	5,244,741
Aged 1 to 2 years	10%	350	35	315
Subtotal		5,514,565	269,509	5,245,056
Provision on an individual basis				
Aged within 1 year		–	–	–
Aged 1 to 2 years		–	–	–
Subtotal		–	–	–
Total		5,514,565	269,509	5,245,056

25. BILLS RECEIVABLES

The Group

	As at 31 December			As at 30 June
	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
Impairment	–	–	(841)	(1,059)
Net carrying amount	292,417	447,231	599,591	850,305

As at 31 December 2023, 31 December 2025 and 30 June 2026, bank acceptance bills amounting to RMB924,000, RMB1,000,000 and RMB1,050,000, respectively, were pledged as collateral for the issuance of new bank acceptance bills. No bank acceptance bills were pledged as at 31 December 2024.

The Group measures its bills receivables at amortised cost using the ECL model. All bank acceptance bills are aged within 6 months. For the bank acceptance bill portfolio, the Group applies the simplified approach under IFRS 9, under which the Group considers that the ECL is insignificant.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank acceptance bills				
– Measured at amortised cost	188,115	373,791	422,829	577,383

26. BILLS RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank acceptance bills				
– Measured at fair value through other comprehensive income	1,063,100	600,042	1,407,399	1,918,395

The amounts of bank acceptance bills receivables pledged as collateral for the issuance of new bank acceptance bills were RMB115,729,000, RMB11,836,000, RMB23,410,000 and RMB121,990,000 as at 31 December 2023, 2024 and 2025 and 30 June 2026.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank acceptance bills				
– Measured at fair value through other comprehensive income	807,120	365,010	1,023,996	1,455,276

The Group and the Company have classified bills receivables that are held both to collect cash flows and to sell as financial assets at fair value through other comprehensive income under IFRS 9. All these receivables at fair value through other comprehensive income are aged within 12 months as at 31 December 2023, 2024 and 2025 and 30 June 2026. The Group considers that there is no material credit risk in the bank acceptance bills held by the Group.

27. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND TIME DEPOSITS

The Group

(a) Cash and cash equivalents

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	2,942,301	2,742,102	1,134,335	1,987,242

(b) Pledged deposits

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged bank balances	450	2,100	20,135	50,476

(c) Time deposits

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits – current	903,663	20,815	1,561,593	830,764
Time deposits – non-current	1,050,963	1,840,162	1,018,534	951,118
Total	1,954,626	1,860,977	2,580,127	1,781,882

The Group's cash and cash equivalents, pledged deposits and time deposits are denominated in:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	4,681,502	4,281,975	3,476,784	3,452,481
USD	203,319	300,922	236,148	338,358
EUR	6,846	15,064	12,522	13,672
Others	5,710	7,218	9,143	15,089
Total	4,897,377	4,605,179	3,734,597	3,819,600

The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made from 6 to 60 months depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

The Company

(a) Cash and cash equivalents

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	2,144,516	1,791,156	443,803	756,258

(b) Pledged deposits

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged bank balances	450	–	581	6,122

(c) Time deposits

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits – current	903,663	20,452	1,437,380	616,320
Time deposits – non-current	1,020,173	1,595,183	659,119	571,362
Total	1,923,836	1,615,635	2,096,499	1,187,682

The Company's cash and cash equivalents, pledged deposits and time deposits are denominated in:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	3,905,437	3,226,138	2,463,748	1,775,274
USD	158,681	170,970	72,816	169,954
EUR	4,684	9,683	4,319	4,834
Total	4,068,802	3,406,791	2,540,883	1,950,062

28. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 30 June
	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

An ageing analysis of the trade and bills payables of the Group as at 31 December 2023, 2024 and 2025 and 30 June 2026, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	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

Included in the balances of trade and bills payables are the following balances with related parties:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates and their subsidiaries	13,109	15,808	22,873	19,557
Joint ventures and their subsidiaries	–	333,702	836,081	1,668,070
Other related parties	22	22	–	–
Total	13,131	349,532	858,954	1,687,627

The trade and bills payables are non-interest-bearing and are normally settled on 30-day to 180-day terms.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	977,072	1,193,094	1,973,958	2,648,434
Bills payable	1,935,573	1,174,662	1,820,966	2,585,568
Total	2,912,645	2,367,756	3,794,924	5,234,002

An ageing analysis of the trade and bills payables of the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	2,912,645	2,367,756	3,794,924	5,234,002

Included in the balances of trade and bills payables are the following balances with related parties:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates and their subsidiaries	–	800	6,400	3,935
Joint ventures and their subsidiaries	–	47,274	187,984	400,882
Total	–	48,074	194,384	404,817

29. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	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

Included in the balances of other payables and accruals are the following balances with related parties:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates and their subsidiaries	–	–	204	136
Joint venture and their subsidiaries	–	–	101	–
Total	–	–	305	136

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current portion				
Employee benefits payables	44,927	39,151	18,251	706
Current portion				
Employee benefits payables	96,902	72,115	91,487	121,018
Other tax payables	5,115	12,469	35,337	50,321
Deposits	6,584	4,855	4,626	5,276
Payables for acquisition of plant and equipment	9,396	30,021	14,773	15,950
Amounts due to subsidiaries	447,931	445,892	313,522	362,120
Energy fee payable	2,962	1,605	389	163
Other accruals	147,867	13,732	19,519	15,317
Total current portion	716,757	580,689	479,653	570,165

Included in the balances of other payables and accruals are the following balances with related parties:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates and their subsidiaries	–	–	204	–

30. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

The Group

	31 December 2023		
	Effective interest rate	*Maturity*	*RMB'000*
Current			
Bank loans – unsecured	2.36%-2.40%	2024	402,809
Current portion of long term bank loans – unsecured	0.95%-2.70%	2024	291,627
Other borrowings from discounting bills receivable *(note (a))*	1.09%-1.36%	2024	21,342
Other borrowings from discounting electronic receivables *(note (b))*	3.30%	2024	48,978
Total – current			764,756
Non-current			
Bank loans – unsecured	0.95%-2.70%	2025-2027	523,300
Total			1,288,056

	31 December 2024		
	Effective interest rate	*Maturity*	*RMB'000*
Current			
Bank loans – unsecured	2.40%	2025	750,550
Current portion of long term bank loans – unsecured	0.85%-2.70%	2025	95,384
Current portion of long term bank loans – secured *(note (c))*	2.58%-2.70%	2025	82,728
Other borrowings from discounting bills receivable *(note (a))*	0.60%-1.50%	2025	3,541
Total – current			932,203
Non-current			
Bank loans – unsecured	0.85%-2.70%	2026-2027	319,632
Bank loans – secured *(note (c))*	2.58%-2.70%	2029	275,000
Total – non-current			594,632
Total			1,526,835

	31 December 2025		
	Effective interest rate	*Maturity*	*RMB'000*
Current			
Bank loans – unsecured	1.30%-2.02%	2026	350,171
Current portion of long term bank loans – unsecured	2.24%	2026	5,028
Current portion of long term bank loans – secured *(note (c))*	0.51%-2.35%	2026	104,757
Total – current			459,956
Non-current			
Bank loans – unsecured	2.24%	2028	45,000
Bank loans – secured *(note (c))*	0.51%-2.35%	2029-2030	297,870
Total – non-current			342,870
Total			802,826

	30 June 2026		
	Effective interest rate	*Maturity*	*RMB'000*
Current			
Bank loans – unsecured	1.11%-2.11%	2026-2027	800,350
Current portion of long term bank loans – secured *(note (c))*	2.13%-2.51%	2027	104,734
Other borrowings from discounting bills receivable *(note (a))*	0.63%-0.68%	2026	7,341
Bank loans under supplier finance arrangements *(note (d))*	1.45%-1.63%	2027	7,366
Total – current			919,791
Non-current			
Bank loans – secured *(note (c))*	2.13%-2.51%	2029-2030	288,188
Total – non-current			288,188
Total			1,207,979

The interest-bearing bank loans and other borrowings of the Group are denominated in RMB.

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

Notes:

(a) As part of its normal business operations, the Group has entered into discounting arrangements with banks for bills receivable. The Group continues to recognise the transferred receivables and the related liabilities failing to meet the derecognition criteria at their carrying amount. As of 31 December 2023, 31 December 2024 and 30 June 2026, the amounts from discounting bills receivable in Chinese mainland presented as borrowings were with carrying amounts in aggregate of RMB21,342,000, RMB3,541,000 and RMB7,341,000, respectively.

(b) As part of its normal business operations, the Group has entered into discounting arrangements with banks for certain electronic receivables. The Group continues to recognise the transferred receivables and the related liabilities failing to meet the derecognition criteria at their carrying amounts. As of 31 December 2023, the amounts from electronic receivables in Chinese mainland presented as borrowings were with carrying amounts in aggregate of RMB48,978,000.

(c) Certain of the Group's bank loans are secured by

(i) mortgages over the property, plant and equipment situated in Fujian Province, the PRC, with an aggregate carrying amount of RMB395,673,000, RMB445,271,000 and RMB538,019,000 as at 31 December 2024, 31 December 2025 and 30 June 2026, respectively;

(ii) mortgages over the leasehold lands situated in Fujian Province, the PRC, with an aggregate carrying amount of RMB35,262,000, RMB34,472,000 and RMB34,076,000 as at 31 December 2024, 31 December 2025 and 30 June 2026, respectively;

(iii) corporate guarantee provided by the Company.

(d) As at 30 June 2026, the Group had bank loans of RMB7,366,000 entered into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group in advance of the original due dates. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks within 360 days after settlement by the banks.

The Company

	31 December 2023		
	Effective interest rate	*Maturity*	*RMB'000*
Current			
Bank loans – unsecured	2.36%-2.40%	2024	402,809
Current portion of long term bank loans – unsecured	2.40%-2.70%	2024	291,614
Other borrowings from discounting bills receivables *(note (a))*	1.09%	2024	1,600
Total – current			696,023
Non-current			
Bank loans – unsecured	2.70%	2025-2026	478,500
Total			1,174,523

	31 December 2024		
	Effective interest rate	*Maturity*	*RMB'000*
Current			
Bank loans – unsecured	2.40%	2025	750,550
Current portion of long term bank loans – unsecured	2.39%-2.70%	2025	80,205
Current portion of long term bank loans – secured *(note (b))*	2.58%-2.70%	2025	82,728
Total – current			913,483
Non-current			
Bank loans – unsecured	2.39%-2.70%	2026	290,000
Bank loans – secured *(note (b))*	2.58%-2.70%	2029	275,000
Total – non-current			565,000
Total			1,478,483

	31 December 2025		
	Effective interest rate	*Maturity*	*RMB'000*
Current			
Bank loans – unsecured	2.02%	2026	300,151
Current portion of long term bank loans – unsecured	2.24%	2026	5,028
Current portion of long term bank loans – secured *(note (b))*	2.13%-2.35%	2026	104,751
Total – current			409,930
Non-current			
Bank loans – unsecured	2.24%	2028	45,000
Bank loans – secured *(note (b))*	2.13%-2.35%	2029	261,250
Total – non-current			306,250
Total			716,180

	30 June 2026		
	Effective interest rate	*Maturity*	*RMB'000*
Current			
Bank loans – unsecured	2.11%	2027	680,312
Current portion of long term bank loans – secured *(note(b))*	2.13%-2.35%	2027	104,685
Total – current			784,997
Non-current			
Bank loans – secured *(note(b))*	2.13%-2.35%	2029	209,000
Total – non-current			209,000
Total			993,997

The interest-bearing bank loans and other borrowings of the Company are denominated in RMB.

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans:				
Within one year or on demand	696,023	913,483	409,930	784,997
In the second year	368,500	455,000	129,500	104,500
In the third to fifth years, inclusive	110,000	110,000	176,750	104,500
Total	1,174,523	1,478,483	716,180	993,997

Notes:

(a) As part of its normal business operations, the Company has entered into discounting arrangements with banks for bills receivables. The Company continues to recognise the transferred receivables and the related liabilities failing to meet the derecognition criteria at their carrying amounts. As of 31 December 2023, the amounts from discounting bills receivable in Chinese mainland presented as borrowings were with carrying amounts in aggregate of RMB1,600,000.

(b) Certain of the Company's bank loans are secured by

(i) mortgages over the property, plant and equipment situated in Fujian Province, the PRC, with an aggregate carrying amount of RMB395,673,000, RMB445,271,000 and RMB538,019,000 as at 31 December 2024, 31 December 2025 and 30 June 2026, respectively; and

(ii) mortgages over the leasehold lands situated in Fujian Province, the PRC, with an aggregate carrying amount of RMB35,262,000, RMB34,472,000 and RMB34,076,000 as at 31 December 2024, 31 December 2025 and 30 June 2026, respectively.

31. CONVERTIBLE BONDS

On 26 September 2022, the Company issued 19,700,000 convertible bonds with a nominal value of RMB1,970,000,000. As of 30 June 2026, 1,654,011 convertible bonds with nominal value of RMB165,401,100 have been converted into shares. The bonds are convertible at the option of the bondholders into ordinary shares from 30 March 2023 to 25 September 2028 on the basis of one ordinary share for RMB42.77, and the newest conversion price for one ordinary share is RMB40.49 adjusted on 18 May 2026. The bonds carry interest at a rate of 0.30% in the first year, 0.50% in the second year, 1.00% in the third year, 1.50% in the fourth year, 1.80% in the fifth year and 2.00% in the sixth year, which is payable yearly in arrears on 26 September.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds have been split into the liability and equity components as follows:

The Group and the Company

	Liability component	Equity component	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	1,694,888	274,856	1,969,744
Interest expense	67,212	–	67,212
Interest paid	(5,909)	–	(5,909)
Bonds conversion	(458)	(73)	(531)
At 31 December 2023 and 1 January 2024	1,755,733	274,783	2,030,516
Interest expense	69,792	–	69,792
Interest paid	(9,847)	–	(9,847)
Bonds conversion	(64)	(10)	(74)
At 31 December 2024 and 1 January 2025	1,815,614	274,773	2,090,387
Interest expense	71,129	–	71,129
Interest paid	(19,693)	–	(19,693)
Bonds conversion	(155,471)	(22,981)	(178,452)
At 31 December 2025 and 1 January 2026	1,711,579	251,792	1,963,371
Interest expense	33,363	–	33,363
Bonds conversion	(87)	(13)	(100)
At 30 June 2026	1,744,855	251,779	1,996,634

32. CONTRACT LIABILITIES

The Group

	As at 1 January	As at 31 December			As at 30 June
	2023	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Receipts in advance from customers for sales of goods	83,090	16,351	19,783	64,353	53,286
Others	–	60	44	53	134
Total	83,090	16,411	19,827	64,406	53,420

The Company

	As at 1 January	As at 31 December			As at 30 June
	2023	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Receipts in advance from customers for sales of goods	66,164	2,705	12,400	51,941	44,473
Others	–	60	44	53	134
Total	66,164	2,765	12,444	51,994	44,607

Included in the balances of contract liabilities are the following balances with related parties:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other related parties	28	–	6	6

Contract liabilities mainly include short-term advances received from customers for the sale of goods.

The decrease in contract liabilities during the year ended 31 December 2023 and period ended 30 June 2026 was mainly due to the decrease in advances received from customers in relation to the sale of goods at the end of the year.

The increase in contract liabilities during the years ended 31 December 2024 and 2025 was mainly due to increase in advances received from customers in relation to the sale of goods at the end of the respective periods.

33. DEFERRED TAX

The Group

The movements in deferred tax assets of the Group during the Relevant Periods are as follows:

	Impairment of assets	Accruals and employee benefits	Share-based payments	Deferred income-government grants	Losses available for offsetting against future taxable profits	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	17,416	23,389	12,401	10,386	25,598	7,627	96,817
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	9,739	5,254	2,978	(856)	8,048	1,505	26,668
Deferred tax credited to the equity during the year	–	–	3,449	–	–	–	3,449
As at 31 December 2023 and 1 January 2024	27,155	28,643	18,828	9,530	33,646	9,132	126,934
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	(3,116)	(5,930)	(9,584)	4,441	27,095	554	13,460
As at 31 December 2024 and 1 January 2025	24,039	22,713	9,244	13,971	60,741	9,686	140,394
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	9,606	(6,297)	10,755	1,345	(8,957)	3,595	10,047
Deferred tax credited to the equity during the year	–	–	13,768	–	–	–	13,768
Exchange realignment	–	80	–	–	–	–	80
As at 31 December 2025 and 1 January 2026	33,645	16,496	33,767	15,316	51,784	13,281	164,289
Deferred tax credited/(charged) to profit or loss during the period *(note 10)*	12,164	(1,570)	(3,981)	(647)	4,449	6,144	16,559
Deferred tax credited to the equity during the period	–	–	24,736	–	–	–	24,736
Exchange realignment	–	(73)	–	–	–	–	(73)
As at 30 June 2026	45,809	14,853	54,522	14,669	56,233	19,425	205,511

The movements in deferred tax liabilities of the Group during the Relevant Periods are as follows:

	Fair value adjustments arising from acquisition of subsidiaries	Depreciation allowance in excess of related depreciation	Fair value changes of equity investments at fair value through other comprehensive income	Fair value changes of financial assets at fair value through profit or loss	Interest receivable	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	7,433	35,881	45,756	183	1,045	3,732	94,030
Deferred tax charged/(credited) to profit or loss during the year *(note 10)*	(2,141)	(2,613)	–	2,674	1,139	(230)	(1,171)
Deferred tax credited to equity during the year	–	–	(17,826)	–	–	–	(17,826)
As at 31 December 2023 and 1 January 2024	5,292	33,268	27,930	2,857	2,184	3,502	75,033
Deferred tax charged/(credited) to profit or loss during the year *(note 10)*	(1,487)	(2,587)	–	(2,768)	6,714	(841)	(969)
Deferred tax charged to equity during the year	–	–	6,845	–	–	–	6,845
As at 31 December 2024 and 1 January 2025	3,805	30,681	34,775	89	8,898	2,661	80,909
Deferred tax charged/(credited) to profit or loss during the year *(note 10)*	(312)	(5,420)	–	(44)	8,741	(151)	2,814
Deferred tax credited to equity during the year	–	–	(12,761)	–	–	–	(12,761)
As at 31 December 2025 and 1 January 2026	3,493	25,261	22,014	45	17,639	2,510	70,962
Deferred tax charged/(credited) to profit or loss during the period *(note 10)*	(155)	2,866	–	22	(7,428)	–	(4,695)
Deferred tax credited to equity during the period	–	–	(3,868)	–	–	–	(3,868)
As at 30 June 2026	3,338	28,127	18,146	67	10,211	2,510	62,399

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	123,506	137,772	149,004	183,237
Net deferred tax liabilities recognised in the consolidated statement of financial position	71,605	78,287	55,677	40,125

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	232,101	355,290	602,743	662,782
Deductible temporary differences	1,217	6,220	11,205	11,322

The above tax losses are available for offsetting against future taxable profits of the companies in which the losses arose. In Chinese mainland, the tax loss can be carried forward to 5 years, where the entity is recognised as HNTE, the tax losses can be carried forward to 10 years. The majority of tax losses in overseas can be carried forward indefinitely.

The Company

Deferred tax assets

The movements in deferred tax assets of the Company during the Relevant Periods are as follows:

	Impairment of assets	Accruals and employee benefits	Share-based Payments	Deferred income-Government grants	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	11,900	17,863	5,568	966	2,050	38,347
Deferred tax credited/ (charged) to the statements of profit or loss during the year	3,143	3,332	2,198	419	(12)	9,080
As at 31 December 2023 and 1 January 2024	15,043	21,195	7,766	1,385	2,038	47,427
Deferred tax credited/ (charged) to profit or loss during the year	(1,731)	(7,514)	(5,411)	1,149	2,319	(11,188)
As at 31 December 2024 and 1 January 2025	13,312	13,681	2,355	2,534	4,357	36,239
Deferred tax credited/ (charged) to profit or loss during the year	4,705	(4,744)	11,237	1,080	619	12,897
As at 31 December 2025 and 1 January 2026	18,017	8,937	13,592	3,614	4,976	49,136
Deferred tax credited/(charged) to profit or loss during the period	7,331	(981)	497	(3)	1,938	8,782
Deferred tax credited to the equity during the period	–	–	11,040	–	–	11,040
As at 30 June 2026	25,348	7,956	25,129	3,611	6,914	68,958

Deferred tax liabilities

The movements in deferred tax liabilities of the Company during the Relevant Periods are as follows:

	Depreciation allowance in excess of related depreciation	Fair value changes of equity investments at fair value through other comprehensive income	Fair value changes of financial assets at fair value through profit or loss	Interest receivable	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	12,514	42,070	131	1,045	1,768	57,528
Deferred tax charged/(credited) to profit or loss during the year	(63)	–	2,461	1,139	(152)	3,385
Deferred tax credited to equity during the year	–	(14,140)	–	–	–	(14,140)
As at 31 December 2023 and 1 January 2024	12,451	27,930	2,592	2,184	1,616	46,773
Deferred tax charged/(credited) to profit or loss during the year	5,546	–	(2,503)	6,059	(609)	8,493
Deferred tax charged to equity during the year	–	6,845	–	–	–	6,845
As at 31 December 2024 and 1 January 2025	17,997	34,775	89	8,243	1,007	62,111
Deferred tax charged/(credited) to profit or loss during the year	(3,921)	–	(89)	7,417	(272)	3,135
Deferred tax credited to equity during the year	–	(12,761)	–	–	–	(12,761)
As at 31 December 2025	14,076	22,014	–	15,660	735	52,485
Deferred tax charged/(credited) to profit or loss during the period	4,198	–	–	(7,100)	(23)	(2,925)
Deferred tax credited to equity during the period	–	(3,868)	–	–	–	(3,868)
As at 30 June 2026	18,274	18,146	–	8,560	712	45,692

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the statement of financial position	45,811	35,232	48,401	59,687
Net deferred tax liabilities recognised in the statement of financial position	45,157	61,104	51,750	36,421

34. DEFERRED INCOME

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grant	220,484	250,195	347,280	348,170
Less: Current portion	(10,836)	(24,322)	(24,717)	(31,752)
Non-current portion	209,648	225,873	322,563	316,418

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grant	50,041	51,251	53,412	49,274
Less: Current portion	(5,822)	(6,767)	(8,845)	(11,331)
Non-current portion	44,219	44,484	44,567	37,943

35. PROVISION

The Group

		As at 31 December			As at 30 June
	Note	2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Forfeited deposit for land acquisition	*(a)*	20,540	–	–	–
Others		124	–	–	–
		20,664	–	–	–
Portion classified as current liabilities		(20,664)	–	–	–
Non-current portion		–	–	–	–

Note:

(a) Forfeited deposit for land acquisition

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	–	20,540	–	–
Additional provision	20,540	–	–	–
Amounts utilised during the year/period	–	(20,540)	–	–
At the end of the year/period	20,540	–	–	–

36. SHARE CAPITAL

Shares

	31 December			30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Issued and fully paid:				
Paid-in capital	749,625	753,883	751,791	753,886

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital
	RMB'000	*RMB'000*
As at 1 January 2023	745,694	745,694
Restricted shares exercised *(Note (a))*	3,918	3,918
Convertible bonds converted into shares	13	13
As at 31 December 2023 and 1 January 2024	749,625	749,625
Restricted shares exercised *(Note (b))*	4,257	4,257
Convertible bonds converted into shares	1	1
As at 31 December 2024 and 1 January 2025	753,883	753,883
Cancellation of shares *(Note (c))*	(6,104)	(6,104)
Convertible bonds converted into shares	4,012	4,012
As at 31 December 2025 and 1 January 2026	751,791	751,791
Restricted shares exercised *(Note (d))*	2,093	2,093
Convertible bonds converted into shares	2	2
As at 30 June 2026	753,886	753,886

Notes:

(a) During the year ended 31 December 2023, the subscription rights attaching to 3,918,200 share awards under restricted share incentive plan were exercised at the subscription price of RMB22.76 per share, resulting in the issue of 3,918,200 shares for a total cash consideration, before expenses, of RMB89,178,000.

(b) During the year ended 31 December 2023, the subscription rights attaching to 4,257,240 share awards under restricted share incentive plan were exercised at the subscription price of RMB23.32 per share, resulting in the issue of 4,257,240 shares for a total cash consideration, before expenses, of RMB99,275,000. The consideration was received during the year ended 31 December 2023 and respective shares registration who completed during the year ended 31 December 2024.

(c) During the year ended 31 December 2025, the Company cancelled 6,104,000 ordinary shares on 23 May 2025.

(d) During the six months ended 30 June 2026, the subscription rights attaching to 4,632,675 share awards under restricted share incentive plan were exercised at the subscription price of RMB18.93 per share, resulting in the issue of 2,092,875 new shares and transfer of 2,539,800 treasury shares to the grantees for a total cash consideration, before expenses, of RMB87,697,000.

37. SHARE-BASED PAYMENTS

The Company implemented share incentive plans for the Group's management and employees in order to recognise and reward their contribution for the growth and development of the Group, and retain eligible employees for the continuous operation and development of the Group.

(a) Restricted share incentive plans

The Company has adopted the 2020 Restricted Share Incentive Plans, 2022 Restricted Share Incentive Plans, 2023 Restricted Share Incentive Plans and 2025 Restricted Share Incentive Plans.

According to the resolution passed by the 12th Meeting of the 5th Board of Directors and the 9th Meeting of the 5th Supervisory Committee titled "Resolution on the Initial Grant of Restricted Shares to Incentive Recipients under the 2020 Restricted Share Incentive Plans": the conditions for grant under the 2020 Restricted Share Incentive Plans have been met. The Company has determined 22 December 2020 as the grant date, and granted a total of 5,688,000 restricted shares at an initial exercise price of RMB41.54 per share to 317 eligible incentive recipients who meet the eligibility criteria for the initial grant. The plan has a term of 48 months. After the completion of the first 12 months, the incentive recipients may apply for vesting in three tranches of 30%, 30%, and 40% over the periods of 12-24 months, 24-36 months, and 36-48 months, respectively, subject to meeting the vesting conditions.

According to the resolution passed by the 25th Meeting of the 5th Board of Directors and the 18th Meeting of the 5th Supervisory Committee titled "Resolution on the Grant of Reserved Restricted Shares to Incentive Recipients under the 2020 Restricted Share Incentive Plans": the conditions for grant under the 2020 Restricted Share Incentive Plans have been met. The Company has determined 29 November 2021 as the grant date for the reserved portion, and granted a total of 634,000 restricted shares at an exercise price of RMB67.20 per share to 115 eligible incentive recipients. The reserved portion has a term of 36 months. After the completion of the first 12 months, the incentive recipients may apply for vesting in two equal tranches of 50% each, over the periods of 12-24 months and 24-36 months, subject to meeting the vesting conditions.

As of 30 April 2022, according to the 《2021 Annual Equity Distribution Implementation Announcement》, the exercise price and number of restricted shares in 2020 are adjusted accordingly. After the adjustment, the initial exercise price of the company's restricted shares in 2020 adjusted from RMB41.54 per share to RMB22.48 per share, and the number of restricted shares adjusted from 5,688,000 to 10,076,000 shares.

As of 31 December 2023, the vesting conditions for the second vesting period of the initial grant under the 2020 Restricted Share Incentive Plans and the first vesting period of the reserved grant have been met. A total of 2,951,100 restricted shares (30% of the initial grant) and 292,750 restricted shares (50% of the reserved grant) have been officially vested.

As of 31 December 2024, the vesting conditions for the third vesting period of the initial grant under the 2020 Restricted Share Incentive Plans and the second vesting period of the reserved grant have been met. A total of 4,257,240 restricted shares (30% of the initial grant and 50% of the reserved grant) have been vested.

According to the resolution passed by the 33rd Meeting of the 5th Board of Directors and the 26th Meeting of the 5th Supervisory Committee titled "Resolution on the Initial Grant of Restricted Shares to Incentive Recipients under the 2022 Restricted Incentive Plans": the conditions for grant under the 2022 Restricted Incentive Plans have been met. The Company has determined 9 September 2022 as the grant date, and granted a total of 10,102,000 restricted shares at an initial exercise price of RMB23.26 per share to 511 eligible incentive recipients. The plan has a term of 48 months. After the completion of the first 12 months, the incentive recipients may apply for vesting in three tranches of 40%, 30%, and 30% over the periods of 12-24 months, 24-36 months, and 36-48 months, respectively, subject to meeting the vesting conditions.

As of 31 December 2023, the vesting conditions for the first vesting period of the initial grant under the 2022 Restricted Share Incentive Plans have been met. A total of 3,918,200 restricted shares (40% of the initial grant) have been vested.

According to the resolution passed by the 3rd Meeting of the 6th Board of Directors and the 3rd Meeting of the 6th Supervisory Committee titled "Adjusting the Grant Price of the First and Reserved Grant Shares of the Restricted Share Incentive Plan in 2022 Proposal": the initial exercise price under the 2022 Restricted Incentive Plans has been adjusted from RMB23.26 per share to RMB22.76 per share.

According to the resolution passed by the 10th Meeting of the 6th Board of Directors and the 10th Meeting of the 6th Supervisory Committee titled "Resolution on the 2023 Annual Profit Distribution Proposal": the initial exercise price under the 2022 Restricted Incentive Plans has been adjusted from RMB22.76 per share to RMB22.16 per share.

According to the resolution passed by the 9th Meeting of the 6th Board of Directors and the 9th Meeting of the 6th Supervisory Committee titled "Resolution on the Initial Grant of Restricted Shares to Incentive Recipients under the 2023 Restricted Incentive Plans": the conditions for grant under the 2023 Restricted Incentive Plans have been met. The Company has determined 25 December 2023 as the grant date, and granted a total of 10,119,000 restricted shares at an initial exercise price of RMB21.87 per share to 646 eligible incentive recipients who meet the eligibility criteria for the initial grant. The plan has a term of 64 months. After the completion of the first 12 months, the incentive recipients may apply for vesting in three tranches of 40%, 30%, and 30% over the periods of 16-28 months, 28-40 months, and 40-52 months, respectively, subject to meeting the vesting conditions.

According to the resolution passed by the 10th Meeting of the 6th Board of Directors and the 10th Meeting of the 6th Supervisory Committee titled "Resolution on the 2023 Annual Profit Distribution Proposal": the initial exercise price under the 2023 Restricted Incentive Plans has been adjusted from RMB21.87 per share to RMB21.27 per share.

According to the resolution passed by the 22nd Meeting of the 6th Board of Directors and the 20th Meeting of the 6th Supervisory Committee titled "Resolution on the Initial Grant of Restricted Shares to Incentive Recipients under the 2025 Restricted Incentive Plans": the conditions for grant under the 2025 Restricted Incentive Plans have been met. The Company has determined 28 April 2025 as the initial grant date, and granted a total of 11,934,000 restricted shares at an initial exercise price of RMB19.83 per share to 576 eligible recipients. The plan has a term of 60 months. After the completion of the first 12 months, the incentive recipients may apply for vesting in three tranches of 40%, 30%, and 30% over the periods of 12-24 months, 24-36 months, and 36-48 months, respectively, subject to meeting the vesting conditions.

According to the resolution passed by the 26th Meeting of the 6th Board of Directors titled "Resolution on the Grant of Reserved Restricted Shares to Incentive Recipients under the 2025 Restricted share Incentive Plans": the conditions for grant under the 2025 Restricted share Incentive Plans have been met. The Company has determined 11 December 2025 as the grant date for the reserved portion, and granted a total of 1,636,000 restricted shares at an exercise price of RMB19.43 per share to 259 eligible incentive recipients. The reserved portion has a term of 24 months. After the completion of the first 12 months, the incentive recipients may apply for vesting in two equal tranches of 50% each, over the periods of 0–12 months and 12–24 months, subject to meeting the vesting conditions.

According to the resolution passed by the 19th Meeting of the 6th Board of Directors and the 18th Meeting of the 6th Supervisory Committee titled "Resolution on the 2024 Annual Profit Distribution Proposal": the initial exercise price under the 2023 Restricted Incentive Plans has been adjusted from RMB21.27 per share to RMB20.87 per share.

According to the resolution passed by the 19th Meeting of the 6th Board of Directors and the 18th Meeting of the 6th Supervisory Committee titled "Resolution on the 2024 Annual Profit Distribution Proposal": the initial exercise price under the 2025 Restricted Incentive Plans has been adjusted from RMB19.83 per share to RMB19.43 per share.

On 24 April, 2026, the Company convened the Fourth Meeting of the Seventh Board of Directors, which reviewed and approved the Proposal on the Fulfilment of Vesting Conditions for the First Vesting Period of the Initial Grant under the Company's 2025 Restricted Share Incentive Plan. Based on the Company's 2025 Restricted Share Incentive Plan (Draft) and the authorisation granted by the First Extraordinary General Meeting of Shareholders of 2025, the Board of Directors determined that the vesting conditions for the first vesting period of the initial grant under the 2025 Incentive Plan had been met. A total of 4,632,675 restricted shares, representing 39.20% of the initially granted restricted shares, have completed vesting.

On 24 April, 2026, the Company convened the Fourth Meeting of the Seventh Board of Directors, which reviewed and approved the Proposal on adjusting the Grant Price of the Initial Grant under the Company's 2023 Restricted Share Incentive Plan. The exercise price for the initial grant under the 2023 Restricted Share Incentive Plan was adjusted from RMB20.87 per share to RMB20.37 per share.

On 24 April, 2026, the Company convened the Fourth Meeting of the Seventh Board of Directors, which reviewed and approved the Proposal on Adjusting the Grant Prices of the Initial and Reserved Grants under the Company's 2025 Restricted Share Incentive Plan. The exercise prices for both the initial and reserved grants under the 2025 Restricted Share Incentive Plan were adjusted from RMB19.43 per share to RMB18.93 per share.

Set out below are details of the movements of the outstanding restricted shares granted for the Relevant Periods.

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
At the beginning of the year/period	14,487,320	17,313,940	5,789,400	16,248,924
Granted during the year/period	10,119,000	–	13,570,000	–
Forfeited during the year/period	(3,374,180)	(7,267,300)	(3,110,476)	(84,549)
Exercised during the year/period	(3,918,200)	(4,257,240)	–	(4,632,675)
At the end of the year/period	17,313,940	5,789,400	16,248,924	11,531,700

During the years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2025 and 2026, share-based payment expenses of RMB104,583,000, RMB30,452,000, RMB54,879,000, RMB43,779,000 (unaudited) and RMB67,910,000, respectively, were recognised in the consolidated statements of profit or loss.

The fair value of the restricted shares granted on 25 December 2023 to the employees (including directors) of the Company was RMB280,873,000 (weighted average of RMB21.87 per option).

The fair value of the restricted shares granted on 28 April 2025 to the employees (including directors) of the Company was RMB153,626,000 (weighted average of RMB19.83 per option).

The fair value of the restricted shares granted on 11 December 2025 to the employees (including directors) of the Company was RMB49,170,000 (weighted average of RMB19.43 per option).

The fair value of equity-settled restricted shares granted during the year was estimated as at the date of grant, using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for options granted:

Grant date	25 December 2023	28 April 2025	11 December 2025
Expected volatility (%)	18.06-22.91	42.82-47.03	48.98-49.28
Risk-free interest rate (%)	1.50-2.75	1.46-1.52	1.39
Expected life of option (years)	1.3-3.3	1-3	1-2
Weighted average share price (RMB per share)	21.87	19.83	19.43

The expected life of the restricted shares is based on the historical exercise and employee attrition data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

(b) Employee share ownership scheme

Sanming Hexafluo Chemicals Co., Ltd., a wholly owned subsidiary of the Company, made the first shareholder decision in 2023 on 19 May 2023: in order to further accelerate the business development of Sanming Hexafluo, optimises the governance structure of Sanming Hexafluo, stabilises and attract talents, fully mobilises the enthusiasm of the management team and core backbone workers, and introduced Mingxi Fuju Investment (明溪福聚投資合夥企業(有限合夥)), an employee stock ownership platform, to Sanming Hexafluo through issurance of shares. As partners of Mingxi Fuju Investment, the management team and core employees of Sanming Hexafluo purchased 1.259% share capital of Sanming Hexafluo (totalling 1,300,000 shares). After reaching the vesting conditions, the corresponding shares would be vested as at 30%, 30% and 40% on 30 April 2024, 30 April 2025 and 30 April 2026, respectively. The share-based payment expenses recognised during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 are RMB21,333,000, RMB25,172,000, RMB11,708,000, RMB7,432,000 (unaudited) and RMB2,792,000, respectively.

38. RESERVES

The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity in the Historical Financial Information.

(a) Surplus reserves

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the surplus reserves until the cumulative total of the reserve reaches 50% of the companies registered capital. Subject to approval from the relevant PRC authorities, the surplus reserves may be used to offset any accumulated losses or increase the registered capital of the companies. The surplus reserves is not available for dividend distribution to equity holders of the PRC companies.

(b) Capital reserves

The capital reserves mainly comprises (i) the equity settled share-based payments; (ii) share premium; and (iii) difference between the amounts by which the non-controlling interests are adjusted for the change in the Group's ownership interests in existing subsidiaries and the fair value of the consideration paid or received.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

Year ended 31 December 2023

	Capital reserves	Fair value reserve	Surplus reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	2,433,073	259,286	337,452	2,305,113	5,334,924
Profit for the year	–	–	–	795,373	795,373
Other comprehensive income/(expense) for the year:					
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	(91,899)	–	–	(91,899)
Cash flow hedges, net of tax	–	264	–	–	264
Total comprehensive income/(expense) for the year	–	(91,635)	–	795,373	703,738
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	(9,116)	–	9,116	–
Recognition of share-based payments	104,583	–	–	–	104,583
Appropriation to surplus reserve	–	–	37,360	(37,360)	–
Exercise of share awards	85,260	–	–	–	85,260
Convertible bonds converted into shares	517	–	–	–	517
Final 2022 dividend declared and approved	–	–	–	(371,734)	(371,734)
Others*	1,468	–	–	–	1,468
As at 31 December 2023	2,624,901	158,535	374,812	2,700,508	5,858,756

* Others mainly comprises the recognition of deferred tax related to share-based payments.

Year ended 31 December 2024

	Capital reserves	Fair value reserve	Surplus reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	2,624,901	158,535	374,812	2,700,508	5,858,756
Profit for the year	–	–	–	718,127	718,127

	Capital reserves	Fair value reserve	Surplus reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other comprehensive income/(expense) for the year:					
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	40,336	–	–	40,336
Cash flow hedges, net of tax	–	(264)	–	–	(264)
Total comprehensive income for the year	–	40,072	–	718,127	758,199
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	(1,548)	–	1,548	–
Recognition of share-based payments	30,452	–	–	–	30,452
Appropriation to surplus reserve	–	–	2,129	(2,129)	–
Exercise of share awards	95,018	–	–	–	95,018
Convertible bonds converted into shares	49	–	–	–	49
Final 2023 dividend declared and approved	–	–	–	(450,805)	(450,805)
Others*	890	–	–	–	890
As at 31 December 2024	2,751,310	197,059	376,941	2,967,249	6,292,559

* Others mainly comprises the recognition of deferred tax related to share-based payments.

Year ended 31 December 2025

	Capital reserves	Fair value reserve	Surplus reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025	2,751,310	197,059	376,941	2,967,249	6,292,559
Profit for the year	–	–	–	905,508	905,508
Other comprehensive income for the year:					
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	95,414	–	–	95,414
Cash flow hedges, net of tax	–	1,029	–	–	1,029
Total comprehensive income for the year	–	96,443	–	905,508	1,001,951
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	(167,727)	–	167,727	–
Recognition of share-based payments	54,879	–	–	–	54,879
Appropriation to surplus reserve	–	–	–	–	–
Repurchase and cancellation of shares	(193,856)	–	–	–	(193,856)
Final 2024 dividend declared and approved	–	–	–	(298,096)	(298,096)
Convertible bonds converted into shares	174,429	–	–	–	174,429
Others*	9,160	–	–	–	9,160
As at 31 December 2025	2,795,922	125,775	376,941	3,742,388	7,041,026

* Others mainly comprises the share of changes in capital reserves of joint ventures and associates.

Six months ended 30 June 2026

	Capital reserves	Fair value reserve	Surplus reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2026	2,795,922	125,775	376,941	3,742,388	7,041,026
Profit for the period	–	–	–	364,892	364,892

	Capital reserves	Fair value reserve	Surplus reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other comprehensive expense for the period:					
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	(44,305)	–	–	(44,305)
Total comprehensive income/(expense) for the period	–	(44,305)	–	364,892	320,587
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	21,273	–	(21,273)	–
Recognition of share-based payments	67,910	–	–	–	67,910
Appropriation to surplus reserve	–	–	2	(2)	–
Final 2025 dividend declared and approved	–	–	–	(374,626)	(374,626)
Exercise of share awards	(14,697)	–	–	–	(14,697)
Income tax impact related to exercise of share awards	10,483	–	–	–	10,483
Convertible bonds converted into shares	98	–	–	–	98
Recoginition of deferred tax of share-based payments	11,040	–	–	–	11,040
Others*	373	–	–	–	373
As at 30 June 2026	2,871,129	102,743	376,943	3,711,379	7,062,194

* Others mainly comprise the share of changes in capital reserves of joint ventures and associates.

39. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group discounted and endorsed certain unexpired bills receivable accepted by banks in Chinese mainland with a carrying amount of RMB50,900,000, RMB39,044,000, RMB137,802,000 and RMB180,537,000, respectively, to certain of its suppliers, in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such endorsed bills, and accordingly, it continued to recognise the full carrying amounts of endorsed bills receivable and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the endorsed bills receivable, including the sale, transfer or pledge of the endorsed bills receivable to any other third parties. The aggregate carrying amount of the trade payables settled by the endorsed bills receivable to which the suppliers have recourse was RMB29,559,000, RMB35,504,000, RMB137,802,000 and RMB173,196,000 as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively.

As part of its normal business operations, the Group has entered into discounting arrangements with banks for certain electronic receivables, under which these receivables have been transferred to the banks. In these arrangements, the Group remains exposed to the credit risk and delay in payment risk associated with the transferred receivables and has retained substantially all the risks and rewards of ownership, failing to meet the derecognition criteria. Therefore, the Group continues to recognise the transferred receivables and the related liabilities at their carrying amounts. As at 31 December 2024, 31 December 2025 and 30 June 2026, there were no electronic receivables transferred under these arrangements that had not yet been settled. As at 31 December 2023, the total carrying amount of receivables that had not yet been settled under such arrangements was RMB48,977,000.

Transferred financial assets that are derecognised in their entirety

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group discounted and endorsed certain unexpired bills receivables accepted by banks in Chinese mainland (the "Derecognised Bills") with a carrying amount of RMB2,334,645,000, RMB1,793,443,000, RMB2,341,443,000 and RMB3,166,914,000, respectively. The Derecognised Bills had a maturity of one to six months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being

claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2023, 2024 and 2025 and six months ended 30 June 2025 and 2026, the Group recognised discounting expenses of RMB6,464,000, RMB2,718,000 and RMB3,167,000 and RMB3,902,000 (unaudited) and RMB4,278,000, respectively, on the transfer dates. The endorsement and discounting activities occurred approximately evenly throughout each year.

40. DISPOSAL OF A SUBSIDIARY

	As at 29 November 2024
	RMB'000
Net assets disposed of:	
Property, plant and equipment	2,368
Right-of-use assets	968
Cash and bank balances	9
Prepayments and other receivables	55
Deferred tax assets	302
Accruals and other payables	(418)
Subtotal	3,284
Gain on disposal of a subsidiary *(note 6)*	13,216
Total consideration	16,500
Satisfied by:	
Cash	16,500

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash consideration	16,500
Cash and bank balances disposed of	(9)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	16,491

41. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During each of the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,132,000 and RMB5,132,000, RMB6,752,000 and RMB6,752,000, RMB10,883,000 and RMB10,883,000 and RMB4,765,000 and RMB4,736,000, respectively, in respect of lease arrangements for buildings, machinery and vehicles.

(b) Changes in liabilities arising from financing activities

31 December 2023

	Interest-bearing bank loans-current	Lease liabilities	Convertible bonds	Interest-bearing bank loans – non-current
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	416,860	30,972	1,694,888	650,946
Changes from financing cash flows	310,871	(13,271)	(5,909)	(143,733)
New leases	–	5,132	–	–
Interest expense	18,822	1,344	67,212	16,087
Discounting bills receivable	18,203	–	–	–
Convertible bonds conversion	–	–	(458)	–
As at 31 December 2023	764,756	24,177	1,755,733	523,300

31 December 2024

	Interest-bearing bank loans-current	Lease liabilities	Convertible bonds	Interest-bearing bank loans – non-current
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	764,756	24,177	1,755,733	523,300
Changes from financing cash flows	218,638	(11,218)	(9,847)	54,713
New leases	–	6,752	–	–
Interest expense	16,048	1,100	69,792	16,619
Discounting bills receivable	(66,900)	–	–	–
Convertible bonds conversion	–	–	(64)	–
Early cancellation of leases	–	(446)	–	–
Effect of foreign exchange changes	(339)	–	–	–
As at 31 December 2024	932,203	20,365	1,815,614	594,632

As at 31 December 2025

	Interest-bearing bank loans-current	Lease liabilities	Convertible bonds	Interest-bearing bank loans – non-current
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025	932,203	20,365	1,815,614	594,632
Changes from financing cash flows	(475,894)	(10,678)	(19,693)	(264,533)
New leases	–	10,883	–	–
Interest expense	10,188	1,265	71,129	12,771
Discounting bills receivable	(6,541)	–	–	–
Convertible bonds conversion	–	–	(155,471)	–
Early cancellation of leases	–	(3,810)	–	–
As at 31 December 2025	459,956	18,025	1,711,579	342,870

As at 30 June 2026

	Interest-bearing bank loans-current	Lease liabilities	Convertible bonds	Interest-bearing bank loans – non-current
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2026	459,956	18,025	1,711,579	342,870
Changes from financing cash flows	446,543	(4,503)	–	(59,674)
New leases	–	4,736	–	–
Interest expense	5,904	390	33,363	4,992
Settlement of trade payables	7,388	–	–	–
Convertible bonds conversion	–	–	(87)	–
Early cancellation of leases	–	(53)	–	–
Exchange realignment	–	(10)	–	–
As at 30 June 2026	919,791	18,585	1,744,855	288,188

(c) Total cash outflows for leases

The total cash outflows for leases included in the statements of cash flows is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within operating activities	11,222	6,918	7,936	4,633	7,110
Within financing activities	13,271	11,218	39,542	3,788	21,837
Total	24,493	18,136	47,478	8,421	28,947

42. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, the Group did not have any material contingent liabilities.

43. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans, issurance of new bank acceptance bills and guarantee. For bank loans granted are included in notes 13, 16 and 30, respectively, and for issurance of new bank acceptance bills are included in notes 25 and 26, respectively, to the Historical Financial Information.

44. COMMITMENTS

(a) The Group had the following contractual commitments:

	As at 31 December			As at 30 June
	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
Investment in				
– Joint venture	–	316,835	24,000	43,250
– Associates	–	14,005	–	–

45. RELATED PARTIES TRANSACTIONS AND BALANCES

(a) The Group had the following transactions with related parties during the Relevant Periods and six months ended 30 June 2025:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Associates and their subsidiaries:					
Sales of products	364	254	12,149	2,637	14,204
Purchases of raw materials	33,660	24,371	26,928	11,947	17,347
Payments for rent	243	267	–	–	–
Interest expense on lease liabilities	39	30	–	–	–
Joint venture and their subsidiaries:					
Sales of products	–	17,878	202,002	96,738	153,782
Purchases of raw materials	–	82,759	1,077,296	457,665	1,274,275
Other related parties*:					
Sales of products	10,189	1,623	7	7	–
Lease income	73	40	36	20	17

The above transactions were conducted in accordance with the terms and conditions mutually agreed by the parties involved.

* The Group and the other related parties have common directors.

(b) Outstanding balances with related parties:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related parties:				
Trade receivables				
Fujian Yongjing Technology Co., Ltd.*	–	78	–	–
Jiangxi Shilei Fluorine Materials Co., Ltd.*	–	32,267	33,508	–
Shenzhen Qiansuo Material Technology Co., Ltd.*	–	–	1,259	2,408
Shenzhen Xinyuanbang Technology Co., Ltd.*	–	–	432	580

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments, other receivables and other assets				
Shenzhen Xinyuanbang Technology Co., Ltd.*	–	–	–	251
Jurong Optoelectronic Materials Technology Co. Ltd.	–	–	–	9
Jiangxi Shilei Fluorine Materials Co., Ltd.*	–	10,000	50	50
	–	42,345	35,249	3,298
Amounts due to related parties:				
Trade and bills payables				
Fujian Yongjing Technology Co., Ltd.*	13,109	15,808	22,858	19,396
N-Tech Environmental Protection Science and Technology (Changzhou) Co., Ltd.*	22	22	–	–
Jiangxi Shilei Fluorine Materials Co., Ltd.*	–	333,702	836,081	1,668,070
Shenzhen Xinyuanbang Technology Co., Ltd.*	–	–	15	161
Other payables and accruals				
Jiangxi Shilei Fluorine Materials Co., Ltd.*	–	–	101	–
Shenzhen Xinyuanbang Technology Co., Ltd.*	–	–	204	136
Contract liabilities				
Guangdong YRBEST High Polymer Technology Co., Ltd*	28	–	6	6
Lease liabilities				
Shenzhen Xinyuanbang Technology Co., Ltd.*	773	535	–	–
	13,932	350,067	859,265	1,687,769

* Trade in nature

** Non-trade in nature

The outstanding balances with related parties are included in notes 15(b), 20, 24, 28, 29 and 32 to the Historical Financial Information.

(c) Compensation of key management personnel of the Group:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fee	671	823	970	448	533
Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	20,486	22,442	20,876	5,477	7,957
Share-based payment expenses	8,935	3,405	6,614	2,337	4,245
Total compensation paid to key management personnel	30,092	26,670	28,459	8,262	12,735

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2023, 2024 and 2025 and 30 June 2026 are as follows:

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	–	281,982	–	281,982
Trade receivables	–	–	–	2,113,645	2,113,645
Bills receivables	–	–	–	292,417	292,417
Bills receivables at fair value through other comprehensive income	–	1,063,100	–	–	1,063,100
Financial assets at fair value through profit or loss	991,145	–	–	–	991,145
Derivative financial instruments	264	–	–	–	264
Time deposits	–	–	–	1,954,626	1,954,626
Pledged deposits	–	–	–	450	450
Financial assets included in prepayment, other receivables and other assets	–	–	–	23,960	23,960
Cash and cash equivalents	–	–	–	2,942,301	2,942,301
Total	991,409	1,063,100	281,982	7,327,399	9,663,890

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Held for trading	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	–	1,053,821	1,053,821
Bills payables	–	2,495,477	2,495,477
Financial liabilities included in other payables and accruals	–	675,870	675,870
Financial liabilities at fair value through profit or loss	18	–	18
Interest-bearing bank loans and other borrowings	–	1,288,056	1,288,056
Convertible bonds	–	1,755,733	1,755,733
Total	18	7,268,957	7,268,975

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	–	320,366	–	320,366
Trade receivables	–	–	–	2,456,896	2,456,896
Bills receivables	–	–	–	447,231	447,231
Bills receivables at fair value through other comprehensive income	–	600,042	–	–	600,042
Financial assets at fair value through profit or loss	682,740	–	–	–	682,740
Time deposits	–	–	–	1,860,977	1,860,977
Pledged deposits	–	–	–	2,100	2,100
Financial assets included in prepayment, other receivables and other assets	–	–	–	52,085	52,085
Cash and cash equivalents	–	–	–	2,742,102	2,742,102
Total	682,740	600,042	320,366	7,561,391	9,164,539

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Held for trading	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	–	1,415,485	1,415,485
Bills payables	–	1,506,028	1,506,028
Financial liabilities included in other payables and accruals	–	415,445	415,445
Financial liabilities at fair value through profit or loss	1,100	–	1,100
Interest-bearing bank loans and other borrowings	–	1,526,835	1,526,835
Convertible bonds	–	1,815,614	1,815,614
Total	1,100	6,679,407	6,680,507

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	–	203,273	–	203,273
Trade receivables	–	–	–	3,718,186	3,718,186
Bills receivables	–	–	–	599,591	599,591
Bills receivables at fair value through other comprehensive income	–	1,407,399	–	–	1,407,399
Financial assets at fair value through profit or loss	459,989	–	–	–	459,989
Time deposits	–	–	–	2,580,127	2,580,127
Pledged deposits	–	–	–	20,135	20,135
Financial assets included in prepayment, other receivables and other assets	–	–	–	64,293	64,293
Derivative financial instruments	1,029	–	–	–	1,029
Cash and cash equivalents	–	–	–	1,134,335	1,134,335
Total	461,018	1,407,399	203,273	8,116,667	10,188,357

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Held for trading	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	–	2,303,476	2,303,476
Bills payables	–	2,399,042	2,399,042
Financial liabilities included in other payables and accruals	–	445,395	445,395
Derivative financial instruments	17	–	17
Interest-bearing bank loans and other borrowings	–	802,826	802,826
Convertible bonds	–	1,711,579	1,711,579
Total	17	7,662,318	7,662,335

As at 30 June 2026

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	–	204,591	–	204,591
Trade receivables	–	–	–	5,245,056	5,245,056
Bills receivables	–	–	–	850,305	850,305
Bills receivables at fair value through other comprehensive income	–	1,918,395	–	–	1,918,395
Financial assets at fair value through profit or loss	766,725	–	–	–	766,725
Time deposits	–	–	–	1,781,882	1,781,882
Pledged deposits	–	–	–	50,476	50,476
Financial assets included in prepayment, other receivables and other assets	–	–	–	65,527	65,527
Derivative financial instruments	77	–	–	–	77
Cash and cash equivalents	–	–	–	1,987,242	1,987,242
Total	766,802	1,918,395	204,591	9,980,488	12,870,276

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Held for trading	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	–	3,563,458	3,563,458
Bills payables	–	4,089,655	4,089,655
Financial liabilities included in other payables and accruals	–	467,272	467,272
Derivative financial instruments	82	–	82
Interest-bearing bank loans and other borrowings	–	1,207,979	1,207,979
Convertible bonds	–	1,744,855	1,744,855
Total	82	11,073,219	11,073,301

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management assessed that the fair values of cash and cash equivalents, restricted bank deposits, the current portion of time deposit, trade and bill receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, the current portion of financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value management of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At the end of each of the Relevant Periods, the corporate finance team analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the bills receivables classified as financial assets at fair value through other comprehensive income have been calculated by discounting the expected future cash flows. In addition, the bills receivable will mature within one year, and thus their fair values approximate to their carrying values.

The Group invests in unlisted investments, which represent structured deposit issued by banks in Chinese mainland. The Group has estimated the fair value of structured deposit by using a discounted cash flow valuation approach, and estimated the fair value of wealth management products based on the valuation report released by the wealth management product manager where available and consider liquidity discount where applicable.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management applies valuation technics mainly comprise direct valuation of the equity used in recent transaction or market comparable company approach to determine fair value. When using market comparable company approach, the significant unobservable inputs to the valuation of the unlisted equity investments is average P/B multiple of peers. The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

The fair values of the non-current portion of time deposits, interest-bearing bank loans, long-term receivable, debt investment and long-term payables included in other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	991,145	–	991,145
Bills receivables at fair value through other comprehensive income	–	1,063,100	–	1,063,100
Equity investments designated at fair value through other comprehensive income	202,481	–	79,501	281,982
Derivative financial instruments	–	264	–	264
Total	202,481	2,054,509	79,501	2,336,491

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	56,908	625,832	–	682,740
Bills receivables at fair value through other comprehensive income	–	600,042	–	600,042
Equity investments designated at fair value through other comprehensive income	240,100	–	80,266	320,366
Total	297,008	1,225,874	80,266	1,603,148

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	65,397	394,592	–	459,989
Bills receivables at fair value through other comprehensive income	–	1,407,399	–	1,407,399
Equity investments designated at fair value through other comprehensive income	111,335	–	91,938	203,273
Derivative financial instruments	1,029	–	–	1,029
Total	177,761	1,801,991	91,938	2,071,690

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	63,886	702,839	–	766,725
Bills receivables at fair value through other comprehensive income	–	1,918,395	–	1,918,395
Equity investments designated at fair value through other comprehensive income	117,309	–	87,282	204,591
Derivative financial instruments	–	77	–	77
Total	181,195	2,621,311	87,282	2,889,788

The movements of equity investments in fair value measurements within Level 3 during the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income				
At the beginning of the year/period	59,574	79,501	80,266	91,938
Gains/(losses) recognised in other comprehensive income for the year/period	13,927	765	11,672	(4,656)
Purchase	6,000	–	–	–
At the end of the year/period	79,501	80,266	91,938	87,282

Liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at fair value through profit or loss	–	18	–	18

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at fair value through profit or loss	–	1,100	–	1,100

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	–	17	–	17

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	82	–	–	82

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise bank loans, other interest-bearing loans and cash and deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces conservative strategies on its risk management. The directors review and agree policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term interest-bearing bank loans with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. As at 31 December 2023, 2024 and 2025 and 30 June 2026, approximately 66%, 49%, 0% and 4% of the Group's interest-bearing borrowings bore interest at fixed rates.

If the interest rate of bank loans had increased/decreased in 100 basis points and all other variables were held constant, profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB3,526,000, RMB6,565,000, RMB6,820,000 and RMB 9,883,000 for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, respectively.

(b) Foreign currency risk

The Group is exposed to transactional exchange rate risk. Such risks arise from transactions conducted by an operating entity in a currency other than its functional currency.

The following table shows the sensitivity analysis of exchange rate risk, reflecting the impact of reasonable and possible changes in foreign currency exchange rate on profit before tax under the assumption that other variables remain unchanged:

	Increase/(decrease) in foreign exchange rate	Increase/(decrease) in profit before tax
	%	*RMB'000*
As at 31 December 2023		
If the RMB weakens against the USD	5%	23,628
If the RMB strengthens against the USD	(5%)	(23,628)
If the RMB weakens against the EUR	5%	561
If the RMB strengthens against the EUR	(5%)	(561)
As at 31 December 2024		
If the RMB weakens against the USD	5%	19,174
If the RMB strengthens against the USD	(5%)	(19,174)
If the RMB weakens against the EUR	5%	765
If the RMB strengthens against the EUR	(5%)	(765)
As at 31 December 2025		
If the RMB weakens against the USD	5%	18,514
If the RMB strengthens against the USD	(5%)	(18,514)
If the RMB weakens against the EUR	5%	577
If the RMB strengthens against the EUR	(5%)	(577)
As at 30 June 2026		
If the RMB weakens against the USD	5%	27,669
If the RMB strengthens against the USD	(5%)	(27,669)
If the RMB weakens against the EUR	5%	786
If the RMB strengthens against the EUR	(5%)	(786)

(c) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification at the end of the reporting period. The amounts presented are gross carrying amounts for financial assets.

31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	–	2,224,962	2,224,962
Bill receivables	–	–	–	292,417	292,417
Bills receivables at fair value through other comprehensive income	–	–	–	1,063,100	1,063,100
Financial assets included in prepayment, other receivables and other assets	23,960	–	–	–	23,960

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits	1,954,626	–	–	–	1,954,626
Pledged deposits	450	–	–	–	450
Cash and cash equivalents	2,942,301	–	–	–	2,942,301
Total	4,921,337	–	–	3,580,479	8,501,816

31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	–	2,588,788	2,588,788
Bill receivables	–	–	–	447,231	447,231
Bills receivables at fair value through other comprehensive income	–	–	–	600,042	600,042
Financial assets included in prepayment, other receivables and other assets	52,085	–	–	–	52,085
Time deposits	1,860,977	–	–	–	1,860,977
Pledged deposits	2,100	–	–	–	2,100
Cash and cash equivalents	2,742,102	–	–	–	2,742,102
Total	4,657,264	–	–	3,636,061	8,293,325

31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	–	3,912,448	3,912,448
Bill receivables	–	–	–	600,432	600,432
Bills receivables at fair value through other comprehensive income	–	–	–	1,407,399	1,407,399
Financial assets included in prepayment, other receivables and other assets	64,293	–	–	–	64,293
Time deposits	2,580,127	–	–	–	2,580,127
Pledged deposits	20,135	–	–	–	20,135
Cash and cash equivalents	1,134,335	–	–	–	1,134,335
Total	3,798,890	–	–	5,920,279	9,719,169

30 June 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	–	5,514,565	5,514,565
Bill receivables	–	–	–	851,364	851,364
Bills receivables at fair value through other comprehensive income	–	–	–	1,918,395	1,918,395
Financial assets included in prepayment, other receivables and other assets	68,297	–	–	–	68,297
Time deposits	1,781,882	–	–	–	1,781,882
Pledged deposits	50,476	–	–	–	50,476
Cash and cash equivalents	1,987,242	–	–	–	1,987,242
Total	3,887,897	–	–	8,284,324	12,172,221

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 24 and 25 to the Historical Financial Information, respectively.

** The credit quality of financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank loans, and other available sources of financing.

The maturity profile of the Group's financial liabilities at the end of each of the Relevant Periods , based on the contractual undiscounted payments, is as follows:

	As at 31 December 2023				
	Within one year or on demand	In the second year	In the third year	Beyond three years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	9,131	5,825	4,780	6,866	26,602
Interest bearing bank and other loans	785,594	393,942	128,851	14,642	1,323,029
Trade and bills payables	3,549,298	–	–	–	3,549,298
Convertible bonds	9,847	19,695	29,542	2,044,314	2,103,398
Financial liabilities included in other payables and accruals	675,870	–	–	–	675,870
Total	5,029,740	419,462	163,173	2,065,822	7,678,197

	As at 31 December 2024				
	Within one year or on demand	In the second year	In the third year	Beyond three years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	9,660	6,007	1,865	3,633	21,165
Interest-bearing bank and other loans	936,191	502,536	99,112	27,610	1,565,449
Trade and bills payables	2,921,513	–	–	–	2,921,513
Convertible bonds	19,694	29,541	35,449	2,008,792	2,093,476
Financial liabilities included in other payables and accruals	415,445	–	–	–	415,445
Total	4,302,503	538,084	136,426	2,040,035	7,017,048

	As at 31 December 2025				
	Within one year or on demand	In the second year	In the third year	Beyond three years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	8,784	3,800	3,821	2,960	19,365
Interest-bearing bank and other loans	471,774	136,639	111,770	108,233	828,416
Trade and bills payables	4,702,518	–	–	–	4,702,518
Convertible bonds	27,070	32,484	1,840,784	–	1,900,338
Financial liabilities included in other payables and accruals	445,395	–	–	–	445,395
Total	5,655,541	172,923	1,956,375	111,193	7,896,032

	As at 30 June 2026				
	Within one year or on demand	In the second year	In the third year	Beyond three years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	9,098	4,524	3,389	2,719	19,730
Interest-bearing bank and other loans	939,596	110,842	148,332	39,394	1,238,164
Trade and bills payables	7,653,113	–	–	–	7,653,113
Convertible bonds	27,069	32,483	1,840,691	–	1,900,243
Financial liabilities included in other payables and accruals	467,272	–	–	–	467,272
Total	9,096,148	147,849	1,992,412	42,113	11,278,522

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2026.

The Group monitors capital using an asset-liability ratio, which is total liabilities divided by total assets. The asset-liability ratio at the end of the reporting period was as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
Total assets (RMB'000)	17,624,313	17,623,194	19,797,527	23,755,823
Total liabilities (RMB'000)	7,992,083	7,400,505	8,543,893	11,915,193
Asset-liability ratio (%)	45.35	41.99	43.16	50.16

49. SUBSEQUENT EVENTS

Subsequent to 30 June 2026, the board of directors of the Company proposed the payment of interim dividend of RMB0.3 per ordinary share with total amount of RMB226,166,000. The proposal of the interim dividend is subject to approval in the Company's third extraordinary general meeting of shareholders on 7 September 2026.

50. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 30 June 2026.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the People's Republic of ("PRC") and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to your [**REDACTED**] in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of your [**REDACTED**] in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of the Chinese Mainland taxation other than income tax, value-added tax, stamp duty and estate duty. Prospective investors are advised to consult their tax advisers regarding the Chinese Mainland and elsewhere tax consequences of owning and disposing of the H shares.

TAXATION IN THE CHINESE MAINLAND

Tax on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), or the Individual Income Tax Law, lastly amended by the Standing Committee of the National People's Congress ("SCNPC") on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》) lastly amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by the Chinese Mainland companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) jointly issued by the Ministry of Finance (MOF), the State Administration of Taxation (SAT) and the China Securities Regulatory Commission (CSRC) on 7 September 2015 and effective on 8 September 2015, where an individual holds the shares of a listed company obtained from the public offering and market transfer, if the holding period is more than one year, the dividends and bonus income shall be temporarily exempted from individual income tax. Where an individual holds shares of a listed company from the public offering and market transfer, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), signed on 21 August 2006, the government may impose tax on dividends paid by a company in the Chinese Mainland to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a company in the Chinese Mainland and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the company in the Chinese Mainland. The Fifth Protocol to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家税務總局關於<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>》第五議定書), or the Fifth Protocol, issued by the SAT and effective on 6 December 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), or the EIT Law, lastly amended by the SCNPC on 29 December 2018 and effective on the same day, and the Implementation Rules of the EIT Law of the PRC (《中華人民共和國企業所得税法實施條例》), or the Implementation Rules of the EIT Law, last amended on December 16, 2024, and effective on January 20, 2025, a non-resident enterprise ("NRE") is subject to a 10% EIT on the Chinese Mainland-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such NRE does not have an establishment or place of business in the Chinese Mainland or has an establishment or place of business in the Chinese Mainland but the Chinese Mainland-sourced income is not actually connected with such establishment or place of business in the Chinese Mainland. The aforesaid income tax payable by NREs shall be withheld at source, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payable amount. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the EIT on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the SAT on 6 November 2008 and effective on the same day, a PRC resident enterprise is required to withhold EIT at a unified rate of 10% on dividends paid to overseas NRE holders of H shares which are derived out of profit generated since 2008. The Reply on the Collection of EIT on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》), promulgated by the SAT on 24 July 2009 and effective on the same day, further provides that PRC-resident enterprises listed on the Chinese Mainland and overseas stock exchanges by issuing stocks must withhold EIT at a flat rate of 10% on dividends of 2008 and onwards that it distributes to NRE shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that the PRC government has concluded with a relevant country or region, where applicable.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the tax authorities in the Chinese Mainland for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the Chinese Mainland tax authorities' verification.

Tax Related to Share Transfer Income

Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realised on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and the SAT on 30 March 1998 and effective on the same day, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The SAT does not specify whether to continue to exempt individuals from individual income tax on the income from the transfer of shares in listed company in the newly revised EIT Law and its implementation rules.

Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to EIT at the rate of 10% with respect to Chinese Mainland-sourced income, including gains derived from the disposal of shares in a Chinese Mainland resident enterprise, if it does not have an establishment or place of business in the Chinese Mainland or has an establishment or place of business in the Chinese Mainland but the Chinese Mainland-sourced income is not actually connected with such establishment or place of business in the Chinese Mainland. The aforesaid income tax payable by NREs shall be withheld at source, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under the applicable tax treaties or arrangements on the avoidance of double taxation.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Programme of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the SAT and the CSRC on 31 October 2014 and effective on 17 November 2014, transfer spread income derived by enterprises in the Chinese Mainland from stock investment listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to EIT according to law.

Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Chinese Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated by the MOF, the SAT and the CSRC on 21 August 2023 and effective on the same day, the transfer spread income derived by individual investors in the Chinese Mainland from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax from 1 January 2023 to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Programme of the Shanghai-Hong Kong Stock Connect, for dividends and bonuses received by individual investors in the Chinese Mainland from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to China Securities Depository and Clearing Corporation (CSDCC) for providing the register of individual investors in the Chinese Mainland to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors. Dividends derived by enterprise investors in the Chinese Mainland from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to EIT according to law. Pursuant to which, dividend income obtained by resident enterprises in the Chinese Mainland from holding H shares for 12 consecutive months shall be exempted from EIT according to law. H-share companies listed on the Hong Kong Stock Exchange shall apply to CSDCC for providing the register of enterprise investors in the Chinese Mainland to the H-share companies. The H-share companies shall not withhold income tax on dividends and bonus income for enterprise investors in the Chinese Mainland. The tax payable shall be declared and paid by the enterprise itself.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Programme of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the SAT and the CSRC on 5 November 2016 and effective on 5 December 2016, transfer spread income derived by enterprise investors in the Chinese Mainland from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to EIT according to law.

Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Chinese Mainland-Hong Kong Mutual Recognition of Funds promulgated by the MOF, the SAT and the CSRC on 21 August 2023 and effective on the same day, the transfer spread income derived by individual investors in the Chinese Mainland from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax from 1 January 2023 to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Programme of the Shenzhen-Hong Kong Stock Connect, for dividends and bonuses received by individual investors in the Chinese Mainland from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of individual investors in the Chinese Mainland to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors. Dividends derived by enterprise investors in the Chinese Mainland from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to EIT according to law. Pursuant to which, dividend income obtained by resident enterprises in the Chinese Mainland from holding H shares for 12 consecutive months shall be exempted from EIT according to law. H-share companies listed on the Hong Kong Stock Exchange shall apply to CSDCC for providing the register of enterprise investors in the Chinese Mainland to the H-share companies. The H-share companies shall not withhold income tax on dividends and bonus income for enterprise investors in the Chinese Mainland. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花税法》) promulgated by the SCNPC on 10 June 2021 and effective on 1 July 2022, the purchase and disposal of H shares by non-Chinese Mainland investors outside of the Chinese Mainland are not subject to the requirements of the Stamp Duty Law of the PRC.

Estate Duty

Pursuant to the laws of the PRC, no estate duty is currently levied in the Chinese Mainland.

MAJOR TAXATION OF OUR COMPANY IN THE CHINESE MAINLAND

EIT

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as "enterprises") within the Chinese Mainland are the taxpayers of EIT and shall pay EIT in accordance with the provisions of the EIT Law. The EIT rate is 25%. Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the Chinese Mainland or has an establishment or place of business in the Chinese Mainland, but the income has no actual connection to such establishment or place of business, shall pay EIT on its income within the Chinese Mainland and withhold at source. Such EIT shall be withheld at source, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due.

VAT

Pursuant to the Value-Added Tax Law of the PRC (《中華人民共和國增值税法》) promulgated on 25 December 2024 and effective on 1 January 2026, all entities and individuals within the Chinese Mainland engaging in the sale of goods, labour services, services, intangible assets, and immovable properties, as well as the importation of goods, shall be taxpayers of VAT and pay VAT. Unless otherwise prescribed by this Law, the VAT rates are classified into three tiers: A rate of 13% shall apply to the sale of goods, labour services, tangible movable property leasing services, and the importation of goods; A rate of 9% shall apply to the sale of transportation, postal, basic telecommunications, construction and immovable property leasing services, the sale of immovable properties, the transfer of land use rights, as well as the sale or importation of specified goods such as agricultural products, tap water, books and feed; A rate of 6% shall apply to the sale of other services and intangible assets. Prior to the implementation of this Law, the currently effective VAT rates (i.e., 13%, 9% and 6%) have been aligned with those stipulated herein.

FOREIGN EXCHANGE ADMINISTRATION

The legal currency of the Chinese Mainland is the Renminbi. The SAFE, authorised by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》) announced by the State Council on 5 August 2008 and effective on the same day, all international payments and transfers are classified into current account items and capital account items. The Chinese Mainland does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of enterprises in the Chinese Mainland may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

Pursuant to relevant foreign exchange laws and regulations of the Chinese Mainland, the Chinese Mainland enterprises which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the Board of Directors on the distribution of profits.

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

Pursuant to the Circular of the SAFE on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on 26 December 2014 and effective on the same day, the relevant provisions on foreign exchange administration of domestic joint stock companies ("domestic companies") listed overseas are as follows: (i) The SAFE and its branches and the Foreign Exchange Management Department (the "Foreign Exchange Bureau"), supervise, manage and inspect the business registration, account opening and use, cross-border income and expenditure, and capital exchange involved in the overseas listing of domestic companies. (ii) A domestic company shall, within 15 working days after the completion of the overseas listing and issuance, register the overseas listing with the Foreign Exchange Bureau at the place where it is registered with relevant materials. (iii) A domestic company (other than banking financial institutions) shall, by virtue of its registration certificate for overseas listing business, open a special foreign exchange account for overseas listing of domestic companies with a domestic bank for its initial offering (or additional offering) and repurchase business to handle the remittance and transfer of funds for the relevant business.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on 13 February 2015 and effective on 1 June 2015, the SAFE has cancelled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by the SAFE on 9 June 2016 and effective on the same day, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

This Appendix summarises certain aspects of the PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company's business, see Regulatory Overview in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》), or the "Constitution," and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region laws and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》), or the "Legislation Law," lastly amended by National People's Congress (NPC) on March 13, 2023 and effective on March 15, 2023, the NPC and the Standing Committee of the National People's Congress (NPCSC) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The NPCSC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws. The NPC may authorise its Standing Committee to formulate relevant laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on matters such as urban and rural construction and management, ecological civilisation construction, historical cultural protection, and grassroots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such respective provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into

districts, such stipulations shall prevail. The local regulations formulated by cities divided into districts shall be submitted to the standing committees of the people's congresses of the respective provinces or autonomous regions for approval before implementation. The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a handling decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned. The autonomous regulations and separate regulations of autonomous regions shall enter into force upon submission to the National People's Congress of the PRC for approval. The autonomous regulations and separate regulations of autonomous prefectures and autonomous counties shall enter into force upon submission to the Standing Committees of the people's congresses of the respective provinces, autonomous regions, or municipalities directly under the Central Government for approval.

The ministries and commissions of the State Council, PBOC, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. Laws shall prevail over administrative regulations, local regulations and rules. Administrative regulations shall prevail over local regulations and rules. Local regulations shall prevail over the rules formulated by the local people's governments at the corresponding level and lower levels. The rules enacted by the people's governments of the provinces and autonomous regions shall prevail over those enacted by the people's governments of the cities divided into districts and autonomous prefectures within their respective administrative regions.

The NPC has the power to amend or annul any inappropriate laws formulated by the NPCSC, and to annul any autonomous regulations and separate regulations which have been approved by the NPCSC, but which contravene the Constitution and the Legislation Law. The NPCSC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law.

The State Council has the power to amend or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted and approved by their respective standing committees. The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to amend or annul any inappropriate rules enacted by the people's governments at a lower level. The authorising authority have the power to annul any rules enacted by the authorised authority that exceeds the scope of authorisation or contravenes the purpose of authorisation and may annul the authorisation where necessary.

According to the Constitution and the Legislation Law, the power to interpret laws belongs to the NPCSC. According to the Resolution of the NPCSC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the NPCSC and effective on June 10, 1981, the NPCSC shall give interpretation and make provisions by means of decrees on issues related to the further clarification or supplement of laws or decrees. The Supreme People's Court shall interpret all issues involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the NPCSC for interpretation or decision. Issues involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be interpreted by the State Council and competent authorities. Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide interpretations or make the stipulations. Issues involving the specific application of local regulations shall be interpreted by the competent departments of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government.

THE PRC JUDICIAL SYSTEM

According to the Constitution and the Organic Law of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) lastly amended by the NPCSC on October 26, 2018 and effective on January 1, 2019, the people's court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at higher levels shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Organic Law of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) lastly amended by NPCSC on October 26, 2018 and effective on January 1, 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

Pursuant to the Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》), or the "Civil Procedure Law" lastly amended by the NPCSC on September 1, 2023 and effective on January 1, 2024, the people's courts employ a two-instance trial system in hearing civil cases in accordance with the law. Judgements or rulings of the second instance at the people's courts are final. Where a party refuses to accept the judgement of first instance rendered by a local people's court, such party shall have the right to present a protest to the people's courts at the next higher level within 15 days from the date of service of the written judgement. Where a party refuses to accept the ruling of first instance rendered by a local people's court, such party shall have the right to present a protest to the people's courts at the next higher level within 10 days from the date of service of the written judgement. If, however, the president of a people's court at any level finds any definite error in a legally effective judgement, ruling and mediation agreement of such court, or if the Supreme People's Court finds any definite error in a legally effective judgement, ruling and mediation agreement in people's courts at all levels, or if the people's courts at the next higher level finds any definite error in a legally effective judgement, ruling and mediation agreement of the people's court at a lower level, a retrial procedure may be instituted. Where a people's procuratorate at any local level finds any definite error in a judgement or ruling of first instance rendered by the people's court at the corresponding level, the people's procuratorate shall present a protest to the people's courts at the next higher level. Where the Supreme People's Procuratorate finds that a legally effective judgement or ruling rendered by a people's court at any level falls under any of the circumstances as stipulated in Article 211 of the Civil Procedure Law or that a mediation agreement impairs national interests or the social public interest, or where a people's

procuratorate at a higher level finds that a legally effective judgement or ruling rendered by a people's court at a lower level falls under any of the circumstances as stipulated in Article 211 of the Civil Procedure Law or that a mediation agreement impairs national interests or the social public interest, a protest procedure shall be instituted.

The Civil Procedure Law sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, civil procedures, as well as the procedures for the enforcement of a civil judgement. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The parties to a dispute over a contract or other property rights and interests may, by written agreement, choose the people's court of a place with an actual connection to the dispute, such as the defendant's place of domicile, the place where the contract is performed or signed, the plaintiff's place of domicile, or the object of the action is located. However, the choice of the court cannot conflict with the regulations on hierarchical jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organisation has the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens, legal persons and other organizations, the PRC court may apply the same limitations to the citizens, enterprises or organizations of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organisation must engage a lawyer from the PRC if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the PRC people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

The parties concerned must comply with legally effective judgements or rulings in civil cases. If any party to a civil action refuse to comply with the aforesaid judgements or rulings, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall be governed by the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions. Where a party concerned seeks to enforce a legally effective judgement or ruling of a people's court against a judgement debtor who or whose property is located outside the territory of the PRC, the party may apply to a foreign court with jurisdiction over the recognition and enforcement of such judgement or ruling, or the people's court may, in accordance with the provisions of international treaties concluded or acceded to by the PRC or based on the principle of reciprocity, request the foreign court to recognise and enforce the judgement or ruling. Where a legally effective judgement or ruling rendered by a foreign court requires recognition and enforcement by a people's court, the party concerned may either directly apply to an intermediate people's court with jurisdiction for over the recognition and

enforcement of such judgement or ruling, or the foreign court may, in accordance with the provisions of the international treaties concluded or acceded to by both that country and the PRC or based on the principle of reciprocity, request the people's court to recognise and enforce the judgement or ruling. After a people's court examines an application or a request for the recognition and enforcement of a legally effective judgement or ruling rendered by a foreign court in accordance with the international treaties concluded or acceded to by the PRC or based on the principle of reciprocity, if it holds that the judgement or ruling does not violate the basic principles of the PRC law nor impair the PRC's national sovereignty, security or social public interests, it shall rule to recognise its validity; where enforcement is required, it shall issue an enforcement order and enforce the same in accordance with the relevant provisions of the Civil Procedure Law.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Pursuant to the Arbitration Law of the PRC (《中華人民共和國仲裁法》), or the "Arbitration Law" last amended by the NPCSC on September 1, 2017 and effective on January 1, 2018, contractual disputes and other disputes over property rights and interests arising between citizens, legal persons and other organizations with equal subject status shall be arbitrable. Where the parties concerned choose to resolve their disputes by arbitration, they shall act on the basis of mutual consent and conclude an arbitration agreement. Where a party applies for arbitration without an arbitration agreement, the arbitration commission will not accept the application. Where the parties concerned have concluded an arbitration agreement and one party initiates a lawsuit with a people's court, the people's court will not accept the case, unless the arbitration agreement is invalid.

In accordance with the Arbitration Law, the arbitration system follows the principle of finality upon a single award. Where a party applies for arbitration or initiates a lawsuit with a people's court in respect of the same dispute after an award is rendered, the arbitration commission or the people's court will not accept the application or the case. Where an award is legally annulled or not enforced by a people's court upon ruling, a party may, in respect of such dispute, apply for arbitration on the basis of a newly concluded arbitration agreement between both parties, or initiate a lawsuit with a people's court. The parties concerned shall perform the award. If a party fails to perform the award, the other party may apply to a people's court for enforcement in accordance with the relevant provisions of the Civil Procedure Law. The people's court that accepts the application shall enforce the award.

Pursuant to the Civil Procedure Law, where an award is rendered by a PRC foreign-related arbitration institution, the parties concerned shall not initiate a lawsuit with a people's court. If a party fails to perform an arbitration award, the other party may apply to the intermediate people's court at the domicile of the respondent or the place where the respondent's property is located for enforcement.

Where a respondent adduces evidence proving that an award rendered by a PRC foreign-related arbitration institution falls under any of the following circumstances, the people's court may rule not to enforce the award upon examination and verification: no arbitration clause was agreed upon in the contract between the parties or no written arbitration agreement was concluded subsequently; the respondent was not given notice of the appointment of an arbitrator or the conduct of the arbitration proceedings, or was unable to present its case due to other reasons not attributable to the respondent; the composition of the arbitral tribunal or the arbitration procedure was inconsistent with the arbitration rules; the matters decided in the award exceed the scope of the arbitration agreement or are beyond the arbitral authority of the arbitration institution.

Where a party concerned seeks to enforce a legally effective arbitration award lawfully rendered within the territory of the PRC against a judgement debtor who or whose property is located outside the territory of the PRC, the party may apply to a foreign court with jurisdiction over the recognition and enforcement of such award. Similarly, where a legally effective judgement or ruling rendered by a foreign court requires recognition and enforcement by a people's court, the party concerned may either directly apply to an intermediate people's court with jurisdiction for over the recognition and enforcement of such judgement or ruling, or the foreign court may, in accordance with the provisions of the international treaties concluded or acceded to by both that country and the PRC or based on the principle of reciprocity, request the people's court to recognise and enforce the judgement or ruling.

Pursuant to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Chinese Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) issued by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, as well as the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Chinese Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) issued by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020 and May 19, 2021 respectively, arbitral awards rendered by arbitration institutions in the Chinese Mainland may be applied for enforcement in Hong Kong, and arbitral awards rendered in Hong Kong may likewise be applied for enforcement in the Chinese Mainland.

THE COMPANY LAW, TRIAL MEASURES FOR THE ADMINISTRATION OF OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC ENTERPRISES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the Chinese Mainland seeking a listing on Hong Kong Stock Exchange is mainly subject to the following laws and regulations of the Chinese Mainland.

The Company Law was lastly revised on December 29, 2023 and came into effect on July 1, 2024.

The Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises and its interpretative guidelines promulgated by the CSRC on February 17, 2023 and effective on March 31, 2023 were applicable to the direct and indirect overseas offering and listing of the domestic companies' securities.

According to the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises and its interpretative guidelines, where a domestic company directly conducts offering and listing overseas, it shall formulate its Articles of Association in line with the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) issued by the CSRC as revised and effective from time to time, replacing the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) which ceased to apply from March 31, 2023.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises and the Guidelines for the Articles of Association of Listed Companies which are applicable to our Company.

General Provisions

Shareholders individually or jointly holding 10% or more of a company's shares may, 10 days before the convening of a shareholders' meeting, submit interim proposals in writing to the Board. An interim proposal shall have a clear topic and specific matters for resolution. The Board shall, within two days after receiving the proposal, notify other shareholders and submit the interim proposal for deliberation at the shareholders' meeting, unless the interim proposal violates laws, administrative regulations, or the company's Articles of Association, or falls outside the scope of authority of the shareholders' meeting. A company shall not raise the shareholding ratio of a shareholder submitting a temporary proposal.

Pursuant to the Company Law, where a shareholder entrusts an agent to attend a shareholders' meeting, the shareholder shall specify the matters, scope of authority and term of the agency entrusted to the agent. An agent shall submit a shareholder's power of attorney to the company and exercise voting rights within the scope of the authorisation.

Pursuant to the Company Law, a shareholder attending a shareholders' meeting shall have one vote for each share held, except for holders of classified shares. The shares held by the company do not carry voting rights.

For the election of directors and supervisors by a shareholders' meeting, a cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or a resolution of the shareholders' meeting. The cumulative voting system means that each share during the election of directors or supervisors at a shareholders' meeting shall have the same number of voting rights as the number of directors or supervisors to be elected. The voting rights held by a shareholder may be exercised collectively.

Pursuant to the Company Law and the Guidelines for the Articles of Association of Listed Companies, any resolution adopted by a shareholders' meeting shall be passed by a majority of the voting rights held by the shareholders present at the meeting.

Resolutions of the shareholders' meeting on amendments to the Articles of Association, increase or reduction of registered capital, as well as merger, demerger, dissolution or change in form of the company shall be approved by two-thirds or more of the voting rights held by the shareholders present at the meeting.

Directors

Under the Company Law, a joint stock limited company shall have a Board, which consists of more than three members. The term of office of a director shall be stipulated in the Articles of Association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected upon expiry thereof.

Board meetings shall be convened at least twice a year. All directors and supervisors shall be notified 10 days before every meeting. Shareholders representing more than one-tenth of the voting rights, more than one-third of directors, or the Supervisory Committee may propose to convene an extraordinary Board meeting. The Chairperson of the Board shall convene and preside over a Board meeting within 10 days upon receipt of such a proposal. For the convening of an extraordinary Board meeting, the method and time limit for notifying directors may be separately determined.

The Board exercises the following functions and powers: (i) to convene shareholder's meetings and report its work to the shareholder's meeting; (ii) to implement the resolutions of the shareholder's meeting; (iii) to decide on the company's business plans and investment plans; (iv) to formulate the company's proposals for profit distribution and loss recovery; (v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds; (vi) to formulate proposals for merger, demerger, dissolution or change in form of the company; (vii) to decide on the internal management structure of the company; (viii) to decide on the appointment or dismissal of the manager of the company and their remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of the company based on the nomination of the manager and as well as remuneration; (ix) to formulate the company's basic management system; (x) other functions and powers specified in the Articles of Association or granted by the shareholders' meeting.

A Board meeting shall be held only if more than half of the directors are present. A resolution of the Board shall be adopted only with the approval of more than half of all directors. Directors shall attend Board meetings in person. If a director is unable to attend a Board meeting, he/she may appoint another director by a power of attorney specifying the scope of the authorisation for another director to attend the meeting on his/her behalf. Directors shall be liable for resolutions adopted at Board meetings. If a resolution of the Board violates laws, administrative regulations, the Articles of Association, and resolutions of shareholders'

meetings, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from the liability.

Under the Company Law, the following persons may not serve as directors of a company: (i) persons without capacity or with restricted capacity; (ii) persons who have been sentenced to criminal penalties for crimes such as embezzlement, bribery, property misappropriation, property diversion, or disruption of the socialist market economic order, or who have been deprived of political rights for criminal offenses, provided that less than five years have elapsed since the completion of their sentence, or, in the case of suspension of sentence, less than two years have elapsed since the expiration of the suspension period; (iii) persons who are directors, factory managers or managers of a company or an enterprise which has become bankrupt and has been liquidated and who are personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise; (iv) persons who were legal representatives of a company or an enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who are personally liable, where less than three years have elapsed since the revocation of the business license of the company or enterprise or the order for closure; (v) being listed as one of dishonest persons subject to enforcement by the People's Court due to their failure to pay off a relatively large amount of due debts.

The Board shall have one Chairperson and may have one or more Vice Chairpersons. The Chairperson and Vice Chairpersons are elected by the Board with the affirmative votes of more than half of all the directors. The Chairperson shall exercise the following functions and powers (including but not limited to): (i) presiding over shareholders' meetings and convening and presiding over Board meetings; (ii) urging and examining the implementation of resolutions of the Board; (iii) exercising other powers conferred by the Board.

Audit Committee

A joint stock limited company may, in accordance with of its Articles of Association, establish an Audit Committee composed of directors under the Board instead of a Supervisory Committee or supervisors to exercise the functions and powers of the Supervisory Committee as stipulated by this Law.

The Audit Committee shall consist of more than three members, a majority of whom shall not hold any position in the company other than a director and shall not have any relationship with the company that may impair their independent and objective judgement. Employee representatives among the members of the Board may serve as members of the Audit Committee. A resolution of the Audit Committee shall be passed by a majority of its members. In voting on a resolution of the Audit Committee, one person shall be entitled to only one vote.

Unless otherwise provided for by the Company Law, the methods of deliberation and voting procedures of the Audit Committee shall be prescribed by the Articles of Association.

Manager and Senior Management

Under the Company Law, a joint stock limited company shall have one or more managers, who shall be appointed or the removed by the Board. The managers shall report to the Board and exercise functions and powers according to the Articles of Association or the authorisation of the Board. A manager shall attend a Board meeting as a non-voting participant.

Under the Company Law, senior management refers to a company's managers, deputy managers, financial controller, secretary of the Board, and other personnel as stipulated in the Articles of Association.

Obligations of Directors and Senior Management

According to the Company Law, directors and senior management have a duty of loyalty to the company. They shall take measures to avoid conflicts between their own interests and those of the company and shall not abuse their powers to seek improper benefits. Directors and senior management have a duty of diligence to the company and shall, in performing their duties, exercise the reasonable care typically expected of management personnel in the best interests of the company.

Directors and senior management are prohibited from: (i) embezzling the company's property or misappropriating of the company's funds; (ii) depositing the company's funds into accounts under their own names or the name of other individuals; (iii) giving bribes or accepting any other illegal proceeds by taking advantage of their functions and powers; (iv) accepting and possessing commissions paid by a third party for transactions with the company; (v) divulging confidential information of the company without authorisation; (vi) engaging in other acts in violation of their duty of loyalty to the company.

If any director or senior management directly or indirectly concludes a contract or conducts a transaction with the company, they shall report the matters relating to the conclusion of the contract or transaction to the Board or the shareholders' meeting, subject to the approval of the Board or the shareholders' meeting according to the Articles of Association.

The provisions of the preceding paragraph shall apply if any near relatives of directors or senior management, or any of the enterprises directly or indirectly controlled by the directors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors or senior management, concludes a contract or conducts a transaction with the company.

Directors and senior management may not abuse their powers to seek any business opportunity that belongs to the company for themselves or any other person, except for any of the following circumstances: (i) where they have reported to the Board or the shareholders' meeting and have been approved by a resolution of the Board or the shareholders' meeting according to the Articles of Association; (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the Articles of Association.

Where any director or senior management person fails to report to the Board or the shareholders' meeting and have been approved by a resolution of the Board or the shareholders' meeting according to the Articles of Association, they may not engage in any business that is similar to that of the company where they serve for themselves or for any other person.

Where any director or senior management person violates laws, administrative regulations, or the Articles of Association during their performance of duties, they shall be liable for compensation if any loss is caused to the company.

Finance and Accounting

In accordance with the Company Law, a company shall establish its own financial and accounting systems according to laws, administrative regulations and provisions of the financial department of the State Council. The company shall, at the end of each fiscal year, prepare a financial and accounting report which shall be audited by an accounting firm in accordance with the law. The financial and accounting report shall be prepared in accordance with laws, administrative regulations and provisions of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual shareholders' meeting. A joint stock limited company issuing its shares in public shall publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company may no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year's profits shall be used to make up for the losses before the statutory reserve is accrued in accordance with the preceding paragraph.

After the company has made an allocation to the statutory reserve fund from the after-tax profits, it may also set aside discretionary reserve from its after-tax profits upon a resolution of the shareholders' meeting.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses, expand production operations or increase capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve fund shall not be less than 25% of the company's registered capital before such conversion.

A company shall not maintain any separate accounting books other than the statutory accounting books. No company funds may be deposited under any account opened in any individual's name.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for a company's auditing shall be determined by the shareholders' meeting, the Board or the Supervisory Committee in accordance with the Articles of Association. When a company's shareholders' meeting, Board or Supervisory Committee votes on the dismissal of an accounting firm, the accounting firm shall be allowed to state its own opinions. A company shall provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the accounting firm engaged by it, and shall not refuse, conceal or misrepresent them.

The Guidelines for the Articles of Association provides that a company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the accounting firm engaged by it, and shall not refuse, conceal or misrepresent them. The audit fee of the accounting firm shall be decided by the shareholders' meeting.

Distribution of Profits

Pursuant to the Company Law, a joint stock limited company shall distribute profits in proportion to the shares held by its shareholders, except where the Articles of Association of the joint stock limited company provides otherwise for profits distribution not in proportion to shareholdings. Profits shall not be distributed in respect of the shares held by a company itself.

Under the Company Law, where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund improperly distributed profits to the company. If such a distribution causes losses to the company, the shareholders and the liable directors, supervisors and senior management shall be liable for compensation.

Dissolution and Liquidation

Under the Company Law, if a company is dissolved for the following reasons: (i) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred; (ii) the shareholders' meeting resolves to dissolve the company; (iii) dissolution is necessary due to a merger or demerger of the company; (iv) the business license is revoked, or the company is ordered to close down or is revoked in accordance with the law; (v) the company encounters serious difficulties in its operation and management and its continuance will cause a significant loss in the interest of shareholders, which cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the People's Court for dissolution of the company.

Where a company has any of the dissolution causes as prescribed above, it shall publicize such causes through the National Enterprise Credit Information Publicity System within ten days.

Where a company is dissolved pursuant to items (i), (ii) above and has not yet distributed its assets to shareholders, it may continue to exist by amending its Articles of Association or adopting a resolution at a shareholders' meeting, and such amendment to the Articles of Association or resolution of the shareholders' meeting shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Where a company is dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall be liquidated. Directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the Articles of Association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfil their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

Where the liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, interested parties may request the People's Court to designate relevant persons to form a liquidation group to for liquidation. The People's Court shall accept such request and organise the liquidation group to carry out the liquidation in a timely manner.

The liquidation group exercises the following functions and powers during the liquidation period: (i) to liquidate the company's property and respectively prepare a balance sheet and an inventory of assets; (ii) to notify creditors by notice or public announcement; (iii) to deal with the outstanding business of the company involved in the liquidation; (iv) to pay all outstanding taxes and taxes arising in the course of liquidation; (v) to liquidate claims and debts; (vi) to distribute the remaining property of the company after paying off debts; (vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within 10 days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings. During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before liquidation in accordance with the preceding paragraph.

If the liquidation group, after thoroughly examining the company's assets and preparing a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to the People's Court for bankruptcy liquidation. After the People's Court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the People's Court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report. Such report shall be submitted to the shareholders' meeting or the People's Court for confirmation and submitted to the company registration authority to apply for registration cancellation of the company.

The members of the liquidation group perform their duties of liquidation and are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfil their liquidation duties and thus causes any loss to the company shall be liable for compensation; and any member of the liquidation group who cause any loss to any creditor due to their intentional or gross negligence shall be liable for compensation.

Overseas Listing

According to the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days upon completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

Under the Company Law, if a share certificate is stolen, lost or destroyed, the shareholder may apply to the People's Court for a declaration of the invalidity of such share certificate in accordance with the public notice procedures as prescribed in the Civil Procedure Law. After the People's Court declares such share certificate invalid, the shareholder may apply to the company for a replacement share certificate.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The Securities Law of the PRC has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules. The Company shall comply with the provisions on the suspension and termination of listing set forth in the Rules Governing the Listing of Stocks on Growth Enterprise Market of Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》) in respect of its A-shares.

According to the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

SECURITIES LAW AND REGULATIONS

The primary legal basis for the issuance, trading and other market activities of securities within the territory of the PRC is the Securities Law of the PRC (《中華人民共和國證券法》) (hereinafter referred to as the "Securities Law"), which was revised by the NPCSC on December 28, 2019 and came into effect on March 1, 2020. The Securities Law sets forth comprehensive provisions on the issuance, listing and trading of securities, information disclosure, the acquisition of listed companies, investor protection, securities service institutions, stock exchanges, securities regulatory authorities and other relevant matters.

The State Council and its subordinate securities regulatory authority, the China Securities Regulatory Commission (the "CSRC"), have, pursuant to the authorisation under the Securities Law, formulated and implemented a series of supporting administrative regulations, departmental rules and normative documents to specifically regulate the conduct of all participants in the securities market.

In respect of the overseas issuance of securities and listing by domestic enterprises, the primary regulatory provisions are the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises and its supporting guidelines, which were issued by the CSRC on February 17, 2023 and came into force on March 31, 2023. These Measures have established a regulatory regime centred on the filing-based system, replacing the prior approval or verification requirements set forth in certain existing provisions.

The Company listed on the Hong Kong Stock Exchange shall, in addition to complying with the relevant rules of Hong Kong, adhere to the requirements of the aforesaid Securities Law, the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises and other domestic laws and regulations in respect of information disclosure, filing procedures, corporate governance and other relevant aspects.

This Appendix is primarily intended to provide potential investors with an overview of the Articles of Association. The following information is merely a summary and therefore may not contain all the information that is material to potential investors.

ISSUANCE OF SHARES

The Shares of the Company shall be issued in a fair and equal manner. Each Share of the same class shall rank pari passu with each other.

Shares of a class in each issuance shall be issued under the same terms and at the same price. Any entity or individual shall pay the same price for each Share subscribed for.

INCREASE, DECREASE AND REPURCHASE OF SHARES

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the share capital in the following ways upon approval of resolutions at the Shareholders' meetings:

(i) issuing Shares to non-specific investors;

(ii) issuing Shares to specific investors;

(iii) distributing bonus Shares to its existing Shareholders;

(iv) converting capital reserve into share capital;

(v) other ways prescribed by laws, administrative regulations and the securities regulatory rules of the place where the Company's Shares are listed, and approved by relevant regulatory authorities.

According to the Articles of Association, the Company may decrease the registered capital. The Company may decrease the registered capital in accordance with the procedures prescribed in the Company Law, the Hong Kong Listing Rules, other relevant regulations and the Articles of Association.

The Company may repurchase its shares in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association under the following circumstances:

(i) Reducing the Company's registered capital;

(ii) Merging with other companies that hold our Shares;

(iii) Using the Shares for an employee stock ownership plan or equity incentives;

(iv) Purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders' meeting upon their request;

(v) Using of Shares for conversion of convertible corporate bonds issued by the Company;

(vi) Necessary for the Company to maintain its value and protect the interests of the Shareholders.

Except for the above circumstances, the Company shall not repurchase the Company's shares.

The Company may repurchase the Company's shares through public centralised trading, or other methods stipulated by laws and regulations, the securities regulatory rules of the place where the Company's Shares are listed, and recognised by the CSRC and the Hong Kong Stock Exchange.

Where the Company repurchases the Company's Shares under the circumstances (iii), (v) and (vi) set out above, the Company shall repurchase the Company's Shares through public centralised trading.

A resolution shall be passed at the Shareholders' meeting when the Company is to repurchase its own shares under the circumstances (i) and (ii) set out above. In case of the circumstances stipulated in (iii), (v) and (vi) above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting.

After the Company has repurchased its own Shares in accordance with the circumstances above, the Shares repurchased shall be cancelled within ten days from the date of repurchase (under the circumstance set out in (i) above), or shall be transferred or cancelled within six months (under the circumstances set out in (ii) and (iv) above). If the Company repurchases its Shares under the circumstances set out in (iii), (v) and (vi) above, the total number of Shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such Shares shall be transferred or cancelled within three years.

TRANSFER OF SHARES

The Shares of the Company may be transferred according to law. Shares issued by the Company prior to its public offering of A-Shares shall not be transferred within one year from the date of listing and trading of the Company's Shares on the Shenzhen Stock Exchange. Directors and senior management of the Company shall declare to the Company the number of the Company's Shares held by them and the changes therein, and shall not transfer more than 25% of the total number of the Company's Shares held by them in each year of their term of office as determined at the time of their assumption of office. The Company's Shares held by them shall not be transferred within one year from the date of listing and trading of the Company's Shares. The above-mentioned personnel shall not transfer their Shares of the Company within six months after resignation.

Where laws, administrative regulations or the listing rules of the place where the Company's Shares are listed provide otherwise with respect to the restrictions on the transfer, those provisions shall prevail.

If a Director, senior management and the Shareholder holding more than 5% of the Company's Shares sells the Company's Shares or other securities of an equity nature held by them within six months from the date of purchase, or buys again within six months from the date of sale, the proceeds therefrom shall belong to the Company, and the Board of Directors of the Company shall reclaim the proceeds therefrom. However, securities companies holding more than 5% of the Shares due to the purchase of the remaining Shares after underwriting, and other circumstances stipulated by securities regulatory authority of the place where the Company's Shares are listed are excluded. If the Shares are pledged within the restricted transfer period stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge right within the restricted transfer period.

Shares or other securities with the nature of equity held by the Directors, senior management and natural person Shareholders as mentioned above include Shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using others' accounts.

If the Board of Directors of the Company does not comply with the above provisions, Shareholders shall have the right to request the Board to do so within 30 days. If the Board of Directors fails to act within the aforementioned time frame, Shareholders shall have the right to directly file a lawsuit with the People's Court in their own name for the benefit of the Company.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

A Shareholder of the Company is a person who holds Shares of the Company according to law. Shareholders shall enjoy rights and assume obligations according to the class of Shares they hold. Shareholders holding Shares of the same class shall enjoy the same rights and assume the same obligations.

The Company shall establish a register of Shareholders in accordance with evidentiary documents provided by the securities registration authorities. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company's Shares. The original register of members of H Shares is kept in Hong Kong and is available for inspection by Shareholders, but the Company may suspend the registration of Shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's Shares are listed. Any Shareholder whose name is registered on the register of members of H Shares or any person who requests his/her name to be registered on the register of members of H Shares may apply to the Company for the issue of new share certificates in respect of such Shares if his/her Share certificates are lost. Where holders of H Shares apply for replacement issuance due to loss of their Share certificates, they may be handled in accordance with the laws of the place where the original register of members of H Shares is deposited, the rules of securities trading venues or other relevant regulations.

The Shareholders of the Company shall be entitled to the following rights:

(i) to receive dividends and other forms of interest distribution according to the number of Shares held;

(ii) to request to hold, convene, preside over a Shareholders' meeting, attend the Shareholders' meeting in person or by proxy, and exercise the corresponding voting rights in accordance with the laws;

(iii) to supervise the operation of the Company and to make suggestions or inquiries;

(iv) to transfer, grant or pledge the Shares held according to the provisions of the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association;

(v) to inspect and copy the Articles of Association, register of members, minutes of Shareholders' meetings, resolutions of meetings of the Board of Directors, financial and accounting reports, and eligible Shareholders may inspect the Company's accounting books and accounting vouchers;

(vi) to participate in the distribution of the remaining assets of the Company according to the proportion of Shares held upon our termination or liquidation;

(vii) to require the Company to acquire the Shares from Shareholders voting against any resolutions adopted at the Shareholders' meeting concerning the merger and division of the Company;

(viii) Other rights conferred by laws, administrative regulations, departmental rules, or the Articles of Association.

Shareholders requesting access to or copying of relevant materials of the Company shall comply with the provisions of the Company Law, the Securities Law and other laws and administrative regulations, and shall provide the Company with written documents evidencing the class and number of the Shares held by them in the Company. After verifying the identity of the Shareholders, the Company will notify the Shareholders to conduct inspection and copying at the designated place. Shareholders shall sign confidentiality agreements according to the requirements of the Company and comply with the relevant laws and administrative regulations on the protection of state secrets, commercial secrets, personal privacy and personal information.

Shareholders shall have the right to protect their legal rights through civil litigation or other legal methods in accordance with the provisions of laws and administrative regulations. If the content of the resolution of the Company's Shareholders' meeting or Board of Directors violates laws or administrative regulations, the Shareholders shall have the right to request the court to declare it invalid. If the convening procedures or voting methods of the Shareholders'

meeting or the Board of Directors violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the Shareholders shall have the right to request the court to revoke the resolution within 60 days from the date on which the resolution is made. Provided that this shall not apply if there are only minor defects in the convening procedures or voting methods of the Shareholders' meeting or the Board of Directors of the Company which have not had any material impact on the resolutions.

In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or the Articles of Association by the Directors or senior management other than the members of the Audit Committee when performing their duties in the Company, the Shareholders holding more than 1% of the Company's Shares separately or jointly for over 180 consecutive days may submit a written request to the Audit Committee to file an action with the court. Where the Audit Committee violates laws, administrative regulations or the Articles of Association in their duty performance and cause loss to the Company, the Shareholders may submit a written request to the Board of Directors to file an action with the court.

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of the Company.

In the event of any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the above Shareholder(s) may file an action with the court pursuant to the above provisions.

If any Director or senior management member is in violation of laws, administrative regulations or the Articles of Association, which causes damage to the interests of Shareholders, the Shareholders may file an action with the court.

The obligations of Shareholders of the Company are as follows:

(i) To abide by laws, administrative regulations and the Articles of Association;

(ii) To provide Share payments according to the Shares subscribed and the subscription methods;

(iii) Not to withdraw share capital unless prescribed otherwise in laws and administrative regulations;

(iv) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

(v) To perform other duties prescribed in laws, administrative regulations and the Articles of Association.

Shareholders of the Company who abuse their Shareholders' rights and cause the Company or other Shareholders to suffer damages shall bear compensation liability in accordance with the law. Shareholders of the Company who abuse the independent legal person status of the Company and limited liability of Shareholders to evade debts and cause material damage to the interests of the creditors of the Company shall bear joint liability for the Company's debt.

If the Shareholders holding more than 5% of the voting shares of the Company pledge their Shares, they shall submit a written report to the Company on the day of such pledge.

The controlling Shareholder and actual controller of the Company shall exercise their rights and perform their obligations in accordance with the provisions of laws, administrative regulations, and the provisions of the China Securities Regulatory Commission and the stock exchange, and shall safeguard the interests of the listed Company.

The controlling Shareholder and actual controller of the Company shall have a duty of good faith to the Company and other Shareholders of the Company. Controlling Shareholder shall exercise its investor's rights in strict accordance with the law. The controlling Shareholder and actual controller shall not damage the legitimate rights and interests of the Company or of other Shareholders of the Company in any way such as via related party transactions, the distribution of profits, an asset reorganisation, external investments, the capital occupation or the provision of a loan guarantee, nor shall they abuse their controlling positions to damage the interests of the Company or of other Shareholders of the Company.

When exercising voting rights, the controlling Shareholder of the Company shall not make decisions that prejudice the legitimate rights and interests of the Company and other Shareholders.

General Provisions for Shareholders' Meetings

The Shareholders' meeting of the Company shall be composed of all Shareholders. The Shareholders' meeting is the organ of authority of the Company, which exercises its powers in accordance with the law:

(i) To elect and replace the Directors who are not employee representative, and decide on the remuneration matters of the relevant Directors;

(ii) To consider and approve reports of the Board of Directors;

(iii) To consider and approve the Company's proposals for profit distribution plans and loss recovery plans;

(iv) To decide on any increase or decrease of the Company's registered capital;

(v) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(vi) To decide on the issue of corporate bonds by the Company;

(vii) To amend the Articles of Association;

(viii) To decide on the engagement or dismissal of accounting firms engaged in the audit work of the Company;

(ix) To consider and approve the guarantee matters stipulated in Article 46 hereof;

(x) To consider matters relating to the purchases and disposal of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;

(xi) To consider and approve matters relating to changes in the use of proceeds;

(xii) To consider the equity incentive plans and employee stock ownership plans;

(xiii) The Company intends to repurchase its Shares under the circumstances set out in items (I) or (II) of Article 23 of the Articles of Association;

(xiv) Consider the related party transactions of the Company with a single related party transaction amount or similar related party transactions with a cumulative transaction amount of more than RMB30 million for twelve consecutive months and accounting for more than 5% of the absolute value of the latest audited net assets;

(xv) The annual shareholders' meeting of the Company may authorise the Board of Directors to decide to issue Shares with a total financing amount not exceeding RMB300 million and not exceeding 20% of the net assets at the end of the latest year to specific objects, and the authorisation will expire on the date of the next annual Shareholders' meeting;

(xvi) To consider other matters as required by the laws, administrative regulations, departmental rules, or the Articles of Association, which shall be decided by the Shareholders' meeting.

The Company may issue stocks and corporate bonds that can be converted into stocks by resolution of the Shareholder' meeting, or by resolution of the Board of Directors authorised by the Articles of Association and the Shareholder' meeting. The specific implementation shall comply with laws, administrative regulations, the provisions of China Securities Regulatory Commission and the stock exchange.

Unless otherwise provided by laws, administrative regulations, provisions of the China Securities Regulatory Commission or stock exchange rules, the above-mentioned functions and powers of the Shareholders' meeting shall not be exercised by the Board of Directors or other bodies and individuals on its behalf by way of delegation, but the Shareholders' meeting may, when adopting the relevant resolutions by vote, authorise the Board of Directors or authorise the relevant persons by the Board of Directors to handle or implement the matters set out in such resolutions.

The following acts of external guarantee of the Company shall be submitted to the Shareholders' meeting for consideration after being examined by the Board of Directors:

(i) The single guarantee for an amount more than 10% of the Company's latest audited net assets;

(ii) Any guarantee to be provided after the total amount of external guarantees provided by the Company and its holding subsidiaries has exceeded 50% of the Company's latest audited net assets;

(iii) Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

(iv) The total amount of guarantee exceeds 50% of the latest audited net assets of the Company within twelve consecutive months and the absolute amount exceeds RMB50 million;

(v) Any guarantee to be provided after the total amount of external guarantees provided by the Company and its holding subsidiaries has exceeded 30% of the Company's total assets audited in the latest period;

(vi) The amount of guarantees has exceeded 30% of the Company's total assets audited in the latest period for twelve consecutive months;

(vii) The guarantee to be provided to a Shareholder, actual controller or related party thereof;

(viii) Other guarantees required by the laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchange of the place where the Company's Shares are listed or the Articles of Association.

Matters requiring external guarantees to be submitted for consideration by the Shareholders' meeting shall first be considered and approved by the Board of Directors before they can be submitted for consideration by the Shareholders' meeting. When the Board of Directors considers external guarantee matters, approval shall be obtained from more than two-thirds of the Directors present at the Board meeting. When the Shareholders' meeting considers the guarantee matters mentioned in item (vi) of the preceding paragraph, approval shall be obtained from more than two-thirds of the voting rights held by Shareholders present at the meeting.

Shareholders' meetings shall be classified as annual Shareholders' meetings and extraordinary Shareholders' meetings. The annual Shareholders' meeting shall be convened once a year, and shall take place within six months following the end of the previous financial year.

The Company shall convene an extraordinary Shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

(i) The number of Directors is less than 6;

(ii) The uncovered losses of the Company reach one-third of its total paid-in share capital;

(iii) A request from Shareholders who separately or jointly hold 10% or more Shares in the Company;

(iv) The Board of Directors considers it necessary;

(v) The Audit Committee proposes that such a meeting shall be held;

(vi) Other circumstances conferred by the laws, administrative regulations, departmental rules or the Articles of Association.

Assembling of Shareholders' Meetings

After obtaining the consent of a majority of all independent Directors, an independent Director has the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting. Upon receiving such a proposal, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days after making the Board resolution. If the Board of Directors disagrees to convene an extraordinary Shareholders' meeting, it shall state the reasons and make an announcement.

The Audit Committee is entitled to propose to the Board of Directors to convene an extraordinary Shareholders' meeting and shall submit such proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days after making the Board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee.

If the Board of Directors disagrees to convene an extraordinary Shareholders' meeting, or fails to provide feedback within 10 days of receipt, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the Shareholders' meeting. In such cases, the Audit Committee may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold more than 10% of the Company's Shares are entitled to request the Board of Directors to convene an extraordinary Shareholders' meeting and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days after making the Board resolution. Any changes to the original request in the notice shall be subject to the consent of relevant Shareholders.

If the Board of Directors disagrees to convene an extraordinary Shareholders' meeting, or fails to provide feedback within 10 days of receipt, Shareholders who individually or collectively hold more than 10% of the Company's Shares have the right to propose to the Audit Committee to convene an extraordinary Shareholders' meeting and shall submit such request in writing to the Audit Committee.

If the Audit Committee agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days after receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of relevant Shareholders.

If the Audit Committee fails to issue a notice of the Shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene or preside over the Shareholders' meeting. In such cases, Shareholders who individually or collectively hold more than 10% of the Company's Shares for a continuous period of 90 days or more may convene and preside over the meeting on their own.

Proposals and Notices of Shareholders' Meetings

The content of proposals shall fall within the scope of the Shareholders' meeting's authority, have definite topics and specific matters for resolution, and shall comply with relevant provisions of the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

The Company may convene a Shareholders' meeting, and the Board of Directors, the Audit Committee, as well as Shareholders who individually or collectively hold more than 1% of the Company's Shares, have the right to submit proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the Company's Shares may submit a temporary proposal in writing to the convener 10 days prior to the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within two days after receiving the proposal, announce the content of the temporary proposal and submit the same to the Shareholders' meeting for consideration. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, or the Articles of Association, or if it is not within the scope of the Shareholders' meeting's authority.

Apart from the circumstances as stipulated in the preceding paragraph, after the convener has issued the notice of the Shareholders' meeting, no proposals specified in such notice of Shareholders' meeting shall be altered and no new proposals shall be added therein.

The Shareholders' meeting shall not vote on or make resolutions regarding proposals that are not listed in the notice of the Shareholders' meeting or that do not comply with the Article 57 of the Articles of Association.

The convener shall notify each Shareholder by way of announcement at least 20 days before the annual Shareholders' meeting, and at least 15 days before the extraordinary Shareholders' meeting.

A notice of a Shareholders' meeting shall include the following:

(i) the time, venue, format and duration of the meeting;

(ii) matters and proposals submitted to the meeting for consideration;

(iii) a prominent written statement that all ordinary Shareholders (including preferred Shareholders with restored voting rights), Shareholders holding Shares with special voting rights are entitled to attend the Shareholders' meeting and are entitled to appoint in writing proxies to attend and vote at the meeting and that such proxies need not be a Shareholder of the Company;

(iv) the record date of registration of Shareholders entitled to attend the Shareholders' meeting;

(v) the name and telephone number of the regular contact person for the meeting;

(vi) the time and procedure for voting online or through other means.

After the Shareholders' meeting notice has been issued, the meeting shall not be postponed or cancelled without a valid reason, and the proposals listed in the notice shall not be cancelled. In the event of a postponement or cancellation, the convener shall announce and explain the reasons at least two business days before the originally scheduled date.

Convening of Shareholders' Meetings

All ordinary Shareholders registered on the record date for equity registration (including preferred Shareholders with restored voting rights), Shareholders holding shares with special voting rights or their proxies shall be entitled to attend the Shareholders' meeting. Neither the Company nor the convener may refuse it for any reason. Shareholders present at the Shareholders' meeting shall have one vote for each Share they hold, except the Shareholders of classified Shares. However, Shares held by the Company itself are not entitled to any voting rights.

Shareholders may attend the Shareholders' meeting in person or appoint proxies to attend and vote on their behalf.

A Shareholder attending the Shareholders' meeting in person shall present his or her identity card or other valid certificate or proof showing his or her identity. The proxy appointed by the Shareholder shall present his or her valid identity card and power of attorney issued by the Shareholder.

A corporate Shareholder shall entrust the legal representative or its proxy to attend the Shareholders' meeting. The legal representative attending the Shareholders' meeting shall present his or her identity card and valid proof showing the status of the legal representative; the proxy attending the Shareholders' meeting shall present his or her identity card and power of attorney in writing issued by the legal representative of the corporate Shareholder.

Where Directors and senior management members are required to be present at Shareholders' meeting, such Directors and senior management members shall be present at the meeting and answer the queries from Shareholders.

The Shareholders' meeting shall be presided over by the Chairman of the Board. If the Chairman is unable or fails to perform his duties, the meeting shall be presided over by the vice-chairman (if there are two or more vice chairmen, the vice chairman elected by a majority of the Directors) shall preside over the meeting; if the vice-chairman is unable or fail to perform his duty, one Director shall be elected by a majority of the Directors to preside over the meeting

If the Shareholders' meeting is convened by the Audit Committee, it shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable or fails to perform his duties, one member of the Audit Committee shall be elected by a majority of the members of the Audit Committee to preside over the meeting.

A Shareholders' general meeting convened by Shareholders on their own shall be presided over by the convener(s) or the representative(s) appointed thereby.

At the annual Shareholders' meeting, the Board of Directors shall report their work for the previous year to the Shareholders' meeting. Each of the independent Directors shall also make their personal work reports.

The Directors and senior management shall make explanation and interpretation on the inquiries and suggestions of the Shareholders.

The convener shall ensure the contents of the meeting minutes are true, accurate and complete. The attending or presenting Directors, secretary of the Board of Directors, convener or representative thereof, and presider of the meeting shall sign the minutes of the meeting. The minutes of the meeting, the signed attendance record of those Shareholders on the spot and the power of attorney for attendance by proxy, and the valid information relating to the voting online or through other means shall be kept for at least 10 years.

A convener shall ensure that a Shareholders' meeting shall be held continuously until a final resolution is formed. In the event that a Shareholders' meeting is suspended or no resolutions can be made thereat due to force majeure or other special reasons, the convener shall take necessary measures to resume the meeting as soon as possible or directly terminate the meeting, and make an announcement promptly. Meanwhile, the convener shall report to the local office of the CSRC at the place where the Company is situated and the relevant stock exchange.

Voting and Resolutions at Shareholders' Meeting

The resolutions of the Shareholders' meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution at a Shareholders' meeting shall be passed by more than half of the voting rights held by the Shareholders present at the Shareholders' meeting.

A special resolution at a Shareholders' meeting shall be passed by at least two-thirds of the voting rights held by the Shareholders present at the Shareholders' meeting.

The following matters shall be approved by the Shareholders' meeting through ordinary resolutions:

(i) Work reports of the Board of Directors;

(ii) Plans of profit distribution and recovery of losses schemes drafted by the Board of Directors;

(iii) Appointment or dismissal of the members of the Board of Directors, their remunerations and the payment method;

(iv) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations or the Articles of Association.

The following matters shall be approved by special resolution at the Shareholders' meeting:

(i) The increase or reduction of the registered capital of the Company;

(ii) The division, spin-off, merger, dissolution and liquidation of the Company;

(iii) Any amendment to the Articles of Association;

(iv) The purchase and disposal of material assets or amount of guarantee to others provided by the Company within one year valued at more than 30% of the audited total assets of the Company as at the most recent period;

(v) Share incentive plan;

(vi) Other matters as required by the laws, administrative regulations, or the Articles of Association, and considered by the Shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company, shall be passed by a special resolution.

Shareholders shall exercise voting rights based on the number of Shares with voting rights held by them, and each Share shall be entitled to one vote, except the Shareholders of classified Shares.

Where material issues affecting the interests of minority Shareholders are considered at the Shareholders' meeting, the votes of minority Shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The Shares of the Company held by the Company itself shall carry no voting rights, and such Shares shall not be included in the total number of Shares entitled to vote at the Shareholders' meeting.

If a Shareholder purchases Shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such Shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of Shares with voting rights present at the Shareholders' meeting for 36 months after the purchase.

The Board of Directors, independent Directors, and Shareholders holding more than 1% of the Shares with voting rights, or investor protection institutions established in accordance with laws and administrative regulations, or the provisions of the CSRC may publicly solicit Shareholders' voting rights. The solicitation of Shareholders' voting rights shall fully disclose the specific voting intention and other information to the solicited persons. The solicitation of Shareholders' voting rights based on remuneration or disguised remuneration is prohibited. Except for statutory conditions, the Company shall not propose a minimum percentage of shareholding for the solicitation of voting rights.

When the Shareholders' meeting reviews matters regarding related party transactions, related Shareholders shall not participate in the voting, and the number of Shares they represent with voting rights shall not be included in the total number of valid votes; the announcement of the Shareholders' meeting resolution shall fully disclose the voting situation of non-related Shareholders.

The chairman of the meeting shall, before any proposal on related party transactions is considered at the Shareholders' meeting, inform related Shareholders that they are not entitled to vote on the proposal, and announce the number of attending Shareholders and proxies other than related Shareholders, and the total number of their voting Shares.

Where a related Shareholder participates in voting in violation of the provisions of this article, the voting on related party transactions shall be invalid.

Resolution at a Shareholders' meeting on a related party transaction shall be passed by more than half of the voting rights held by the non-related Shareholders attending the Shareholders' meeting. However, in case of the related party transaction that involves any of the matters specified in Article 81 of the Articles of Association, such resolution at a Shareholders' meeting shall be passed by more than two-thirds of the voting rights held by non-related Shareholders attending the Shareholders' meeting.

The list of Director candidates shall be submitted to the Shareholders' meeting for voting by way of a proposal. The methods and procedures for nominating Directors are:

(i) when a re-election of the Board of Directors or an addition or replacement of Director for the incumbent Board of Directors takes place, the incumbent Board of Directors and Shareholders individually or collectively holding 1% or more of Shares of the Company may nominate candidates based on the number of persons to be elected as Director for the next session of the Board of Directors or additional candidates as Director;

(ii) Candidates to be elected as Director nominated by Shareholders shall be subject to qualification review by the incumbent Board of Directors and then proposed to the Shareholders' meeting for election upon approval.

The cumulative voting system may be adopted for the election of Directors at the Shareholders' meeting in accordance with the provisions of the Articles of Association or the resolutions of the Shareholders' meeting. Cumulative voting shall be adopted for the election of two or more independent Directors at a Shareholders' meeting.

The principles below shall be followed for voting at a Shareholders' meeting under the cumulative voting system:

(i) The number of Director candidates can be larger than the number to be elected in Shareholders' meeting, but the candidate number voted by each Shareholder cannot exceed the number of Director to be elected in Shareholders' meeting. The summation of allocated votes cannot exceed vote owned by Shareholders; otherwise, the vote shall be cancelled;

(ii) Separate voting shall be implemented for independent Directors and non-independent Directors. When electing independent Directors, the vote that every Shareholder has the right to obtain shall equal to product of stock number held by themselves multiplying the number of independent Directors to be elected, which can be only voted to candidates of independent Directors of the Company. When electing non-independent Directors, the vote that every Shareholder has the right to obtain shall equal to product of stock number held by themselves multiplying the number of non-independent Directors to be elected, which can be only voted to candidates of non-independent Directors of the Company;

(iii) The final elect shall be determined on votes of Director candidates, but the least votes of each elect shall exceed half of sum of Shares held by Shareholders (including Shareholders' proxies) attending the Shareholders' meeting. Where the elected Directors are less than the number of Directors that Shareholders' meeting plans to elect, additional voting shall be taken for all Director candidates with insufficient votes on gaps; if it remains insufficient, by-election shall be taken on the next Shareholders' meeting of the Company. If more than two Director candidates get same votes but only part of them can be elected due to limit of planned number, separate vote and election needs taking again for the Director candidates with same votes.

Except for the cumulative voting system, the Shareholders' meeting shall vote all proposals one by one. If there are different motions on the same issue, the proposal shall be voted in chronological order according to the time they are proposed. Except for the reason of force majeure or other special reason causing the Shareholders' meeting to be adjourned or no resolutions can be made, the Shareholders' meeting shall not shelve or refuse to vote the proposals.

When the proposal is being considered at the Shareholders' meeting, no amendment to the proposal shall be made, otherwise such amendment shall be considered as a new proposal which cannot be voted at the Shareholders' meeting of this time.

When a vote is cast, it may be cast by only one of the following methods: in person, online or by other voting means. If one vote is cast by more than one method, the first vote shall prevail.

The Shareholders' meeting shall be conducted by way of poll in registered form。

Before the Shareholders' meeting votes on a proposal, two Shareholder representatives shall be elected to participate in the vote-counting and scrutiny. If a matter under consideration is of interest to a Shareholder, the relevant Shareholder and his/her proxy shall not participate in the vote-counting or scrutiny.

When the Shareholders' meeting votes on a proposal, the lawyer(s) and Shareholder representatives shall be jointly responsible for the vote-counting and scrutiny, and the voting results shall be announced on the spot. The resolution of the vote shall be recorded in the minutes of the meeting.

Shareholders or their proxies who vote online or other means have the right to check their own voting results through the corresponding voting system.

The closing time of the physical Shareholders' meeting shall not be earlier than that for online or other voting methods. The chairman of the Shareholders' meeting shall announce the voting status and result of each proposal and, based on the voting results, declare whether each proposal has been passed.

Before the official announcement of the voting results, all parties involved in the physical, online, and other voting methods, including the Company, vote-counters, scrutineers, major Shareholders, and online service providers, are bound by a duty of confidentiality regarding the voting results.

Shareholders present at the Shareholders' meeting shall provide one of following comments on proposals to be voted: for, against or abstain.

Unfilled, wrongly filled or illegible votes and uncast votes are regarded as the voters giving up their voting rights and the voting results of their Shares shall be "abstain".

If the chairman of the meeting has any doubts about the results of any resolutions submitted for voting, he/she may organise the counting of the votes cast; if the chairman of the meeting fails to count the votes, Shareholders or their proxies attending the meeting shall have the right to request for the counting of votes immediately after the announcement of the poll results if they have any objections to the results announced by the chairman of the meeting, and the chairman of the meeting shall organise the counting of votes immediately.

The resolutions of a Shareholders' meeting shall be announced in a timely manner, and the announcement shall clearly set out the number of Shareholders and proxies attending the meeting, the total number of voting Shares held and the proportion to the total number of voting Shares of the Company, the voting method, the poll results of each proposal and the details of each of the resolutions passed.

For any proposal that fails to be passed, or any amendment that has been made at the current Shareholders' meeting to any resolution passed at the previous Shareholders' meeting, a special reminder shall be given in the announcement of the resolutions of the Shareholders' meeting.

If a proposal for the election of a Director is passed at a Shareholders' meeting, the new Director shall take office from the date of passing the resolution at the Shareholders' meeting.

If a proposal for cash distributions, bonus issue or conversion of capital reserve into share capital, the Company shall implement the specific plan within two months following the conclusion of the Shareholders' meeting.

BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons, and a person may not serve as a Director of the Company in case of any of the following circumstances:

(i) the person without civil conduct capacity or with limited civil conduct capacity;

(ii) the person who has committed an offence of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation; in the case of a suspended sentence, for a period not exceeding two years from the date of expiry of the probationary period;

(iii) the person who is a former Director, factory director or General Manager of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;

(iv) the person who is a former legal representative of a Company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than three years have elapsed since the date of such revocation of the business license;

(v) the person listed as a judgement defaulter by the court of the PRC because the amount of debt he/she bears is relatively large and the debt is not paid off when it is due;

(vi) the person has been banned by the CSRC from access to the securities market, and the term of prohibition has not expired;

(vii) persons who are publicly deemed by a stock exchange as unsuitable to serve as a Director, and senior management of the listed Company for a period which has not yet expired;

(viii) other contents stipulated by laws, administrative regulations or departmental rules.

If Directors are elected or appointed in violation of the provisions of this Article, such election, appointment or engagement shall be invalid. If the Director falls under the circumstances stipulated in this Article during the tenure, the Company will remove him/her from office and suspend his/her performance of duties.

The Board of Directors of the Company comprises one employee representative Director. The employee representatives of the Board of Directors shall be elected by the Company's employees through the employee representatives meeting.

Directors are elected or replaced by the Shareholders' meeting and may be removed from office by the Shareholders' meeting before the expiration of their term. The term of office for Directors is three years, and they may be re-elected for consecutive terms.

The term of office for Directors begins on the date of their appointment and ends when the current Board of Directors' term expires. If the term of office for Directors expires and a timely re-election has not taken place, the outgoing Directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, and the Articles of Association until the newly elected Directors take office.

Directors may concurrently hold the position of senior management, but the total number of Directors who concurrently hold the position of senior management, and Directors representing the employees shall not exceed half of the total number of Directors of the Company.

Directors shall comply with the laws, administrative regulations and the Articles of Association, and Directors owe fiduciary duties to the Company and shall take measures to avoid conflicts of interest between their personal interests and the interests of the Company, and shall not use their authority to seek improper benefits:

The Directors shall fulfil the following fiduciary obligations to the Company:

(i) not to misappropriate the Company's properties or divert the funds of the Company;

(ii) not to deposit any funds of the Company in an account opened in their names or in the names of others;

(iii) not to abuse their authority in bribes or accepting other unlawful income;

(iv) Shall not directly or indirectly enter into contracts or conduct transactions with the Company without reporting to the Board of Directors or the Shareholders' meeting and approval by the Board of Directors or the Shareholders' meeting in accordance with the provisions of the Articles of Association;

(v) Shall not take advantage of his position to seek business opportunities belonging to the Company for himself or others, save as where he has reported such opportunity to the Board of Directors or the Shareholders' meeting and obtained the approval of the Shareholders' meeting by resolution; or the Company is unable to avail itself of such business opportunity pursuant to the provisions of laws, administrative regulations or the Articles of Association;

(vi) Shall not engage in or operate any business of the same nature as that of the Company without reporting to the Board of Directors or the Shareholders' meeting and obtaining approval by the Shareholders' meeting;

(vii) Shall not accept commissions from transactions between others and the Company as their own;

(viii) Shall not disclose Company secrets without authorisation;

(ix) Shall not use his related relations to harm the interests of the Company;

(x) Other fiduciary duties as prescribed by laws, administrative regulations, departmental rules and the Articles of Association.

Income obtained by Directors in violation of this provision shall belong to the Company. He shall be liable for damages caused to the Company.

The close relatives of Directors or senior management, enterprises directly or indirectly controlled by Directors or senior management or their close relatives, and related persons with other associated relationships with Directors or senior management, when entering into contracts or conducting transactions with the Company, shall apply the provisions of Paragraph 2, Subparagraph (iv) of this Article.

Directors shall abide by the provisions of laws, administrative regulations and the Articles of Association and owe the duties of diligence to the Company. In performing their duties, Directors shall exercise the reasonable care ordinarily expected of a prudent manager in the best interests of the Company.

Directors owe the following duties of diligence to the Company:

(i) They shall exercise the rights granted to them by the Company with prudence, diligence, and care to ensure that the Company's business activities comply with national laws, administrative regulations, and all national economic policies, and that business operations do not exceed the scope of business specified in the business license;

(ii) They shall treat all Shareholders fairly;

(iii) They shall promptly understand the status of the Company's business operations and management;

(iv) They shall sign a written confirmation on the Company's regular reports to ensure that the information disclosed by the Company is true, accurate, and complete;

(v) They shall provide relevant information and materials to the Audit Committee truthfully and shall not obstruct the Audit Committee from exercising its powers;

(vi) Other duties of diligence as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

If a Director fails to attend the Board meeting in person for two consecutive times and does not entrust another Director to attend the Board meeting, it shall be deemed that he is unable to perform his duties, and the Board shall recommend to the Shareholders' meeting to replace him.

The Shareholders holding more than 1% the Company's Shares individually or collectively can propose an allegation or removal proposal to the Company's Board of Directors in respect of any independent Director who lacks the qualifications or capabilities to serve as an independent Director, fails to perform duties independently, or fails to safeguard the legitimate rights and interests of the Company and minority Shareholders. The impugned

independent Director shall immediately explain the matters in allegations and disclose them. The Company's Board of Directors shall convene a special meeting for discussion immediately upon receiving the relevant allegation or removal proposal, and disclose the discussion results.

A Director may resign before the end of his term. A Director's resignation shall be made by submitting a written resignation letter to the Company. The resignation shall take effect on the date the Company receives the resignation letter, and the Company shall disclose the relevant information within two trading days.

If the resignation of a Director results in the number of members of the Board of Directors falling below the statutory minimum, the original Director shall still perform the duties of a Director in accordance with laws, administrative regulations, departmental rules and the Articles of Association until the newly elected Director takes office.

The Company has established a management system for the departure of Directors, clearly defined safeguarding measures for accountability and recovery of unfulfilled public commitments and other unfulfilled matters. When a Director's resignation takes effect or his term expires, he shall complete all handover procedures with the Board of Directors, and his duty of fiduciary to the Company and Shareholders shall not be necessarily discharged upon expiration of his term of office and his obligation of confidentiality in respect of the Company's trade secrets survives upon the expiry of his term of office until the same falls into public information. A Director's duties for the performance of his duties during his tenure shall not be relieved or terminated upon leaving office.

The Shareholders' meeting may resolve to remove a Director, and the removal takes effect on the date the resolution is made. If a Director is removed before the expiration of his term without justifiable reasons, the Director may demand compensation from the Company.

No Director may act on behalf of the Company or the Board of Directors in his personal capacity without authorisation under the provisions of the Articles of Association or the lawful authorisation of the Board of Directors. Where a Director acts in his personal capacity, he shall declare his position and identity in advance if a third party would reasonably believe that he is acting on behalf of the Company or the Board of Directors.

The Company shall be liable for damages caused by a Director in the course of performing his duties for the Company. A Director who has acted with intent or gross negligence shall also be liable for compensation.

A Director who, in the course of performing his duties for the Company, violates laws, administrative regulations, departmental rules or the provisions of the Articles of Association and causes losses to the Company shall bear liability for compensation.

If a Director uses the Company's property to provide guarantees for others without approval from the Board of Directors or the Shareholders' meeting, the Board of Directors shall recommend to the Shareholders' meeting to replace him. Accordingly, if the Director causes losses to the Company, he shall bear liability for compensation.

Board of Directors

The Board shall consist of nine Directors, including one chairman and one vice chairman. The members of the Board of Directors shall include three independent Directors, at least one of whom should be a professional accountant.

The Board shall exercise the following duties and powers:

(i) to convene Shareholders' meetings and report its work to the Shareholders' meetings;

(ii) to implement the resolutions of the Shareholders' meetings;

(iii) to resolve business operation plans and investment plans of the Company;

(iv) to formulate the profit distribution plans and schemes for recovery of losses of the Company;

(v) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;

(vi) to draft plans for significant acquisitions of the Company, the purchase of Shares of the Company, merger, division, dissolution or change of the form of the Company;

(vii) to determine, to the extent authorised by the Shareholders' meeting, on such matters as the external investments, acquisition or disposal of assets, assets mortgage, external guarantee, entrusted wealth management, connected transactions, and external donations of the Company;

(viii) to determine the internal management structure of the Company;

(ix) to decide on the appointment or dismissal of the Company's president, Board secretary and other senior management members, and determine matters relating to their remuneration, rewards and disciplinary actions; upon the nomination of the president, it shall decide on the appointment or dismissal of the Company's vice president, chief financial officer and other senior management members, and determine matters relating to their remuneration, rewards and disciplinary actions;

(x) to formulate the basic management system of the Company;

(xi) to formulate proposals for any amendment of the Articles of Association;

(xii) to manage the information disclosure of the Company;

(xiii) to propose to the Shareholders' meeting for appointment or replacement of the accounting firms which provide audit services to the Company;

(xiv) to listen to work reports of the president of the Company and review his work;

(xv) Other powers conferred by laws, administrative regulations, departmental rules, the Articles of Association or the Shareholders' meeting.

The Board of Directors of the Company shall explain to the Shareholders' meeting the non-standard audit opinion issued by the certified public accountant on the Company's financial reports.

The Board shall determine the limitation for external investment, acquisition and disposal of assets, asset mortgage and pledges, external guarantee matters, entrusted wealth management, related transactions, external donation, etc., and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and submitted to the Shareholders' meeting for approval. As outlined below:

(i) External investment matters where the single amount or aggregate amount for 12 consecutive months is less than 30% of the Company's net asset value set out in the consolidated accounting statement for the most recent accounting year (including operational investments, equity investments, securities investments, derivative product investments based on stocks, interest rates, exchange rates, and commodities (such as futures, options, warrants, etc.), entrusted wealth management, and entrusted loans), as well as asset purchase or disposal where the single amount or aggregate amount for 12 consecutive months (including debt and expenses assumed) is less than 30% of the Company's total asset value set out in the consolidated accounting statement for the most recent accounting year. Among these, external investment matters where the single amount or aggregate amount for 12 consecutive months is less than 10% of the net asset value set out in the consolidated accounting statement for the most recent accounting year (including operational investments, equity investments, securities investments, derivative product investments based on stocks, interest rates, exchange rates, and commodities (such as futures, options, warrants, etc.), entrusted wealth management, and entrusted loans), and asset purchase and disposal matters shall be directly approved and implemented by the Company's Chairman. Transactions falling under the above categories that occur within any consecutive 12 months and have already undergone consideration by the Board of Directors or Shareholders' meeting shall not be included in the relevant cumulative calculation. Any of the above transactions involving the use of funds raised through securities issuance for investment purposes shall require approval by the Shareholders' meeting;

(ii) Asset mortgages or pledges where the aggregate amount is less than 50% of the Company's total asset value set out in the consolidated accounting statement for the most recent accounting year;

(iii) Other external guarantee matters except for those that shall be submitted to the Shareholders' meeting for consideration and approval as stipulated in Article 46 of the Articles of Association;

(iv) Debt financing matters (excluding issuance of bonds) related to the main business where the Company's asset-liability ratio remains below 60% after financing; for debt financing matters (excluding issuance of bonds) where the Company's asset-liability ratio exceeds 60% after financing, single transactions with an amount of less than RMB100 million;

(v) The Board of Directors may decide on related transaction matters within the scope authorised by the Related Transaction Rules approved by the Shareholders' meeting.

Should laws, administrative regulations, and documents issued by the CSRC and the stock exchange require submission to the Shareholders' meeting for consideration and approval, matters falling within the decision-making authority of the Board of Directors as stipulated in the preceding paragraph shall be handled in accordance with the relevant provisions.

External guarantee matters subject to the consideration and approval of the Board of Directors shall be considered and approved by more than two-thirds of the Directors present at the Board meeting. The Board of Directors shall establish a rigorous review and decision-making procedure, and matters beyond the decision-making authority of the Board of Directors shall be reported to the Shareholders' meeting for approval.

The chairman and vice chairman of the Board shall be elected by a majority of all the Directors of the Board.

The chairman shall exercise the following powers:

(i) Preside over Shareholders' meetings, convene and preside over meetings of the Board of Directors;

(ii) Supervise and inspect the implementation of the resolutions of the Board of Directors;

(iii) Other powers authorised by the Board of Directors.

The vice chairman of the Company shall assist the chairman in his work. If the chairman is unable or fails to perform his duties, the vice chairman shall perform them; if the vice chairman is unable or fails to perform his duties, a Director jointly elected by a majority of the Directors shall perform them.

The Board of Directors shall convene at least two meetings per year, called by the chairman, and all Directors shall be notified in writing at least 10 days prior to the meeting.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors or the Audit Committee may propose to convene an extraordinary meeting of the Board of Directors. The Chairman shall convene and preside over the Board of Directors meeting within 10 days after receiving the proposal.

The method and time limit for notifying an extraordinary meeting of the Board of Directors shall be: a written notice shall be issued at least three days prior to the meeting; however, in case of an emergency, a meeting may be convened at any time by oral notice, telephone or other means.

The notice of a meeting of the Board of Directors shall include the following contents:

(i) Date and venue of the meeting;

(ii) Duration of the meeting;

(iii) Reasons and agenda items;

(iv) Date of issuance of the notice.

A meeting of the Board of Directors shall be held only if more than half of the Directors are present.

Resolutions of the Board of Directors shall be passed by a majority of all Directors.

Voting on resolutions of the Board of Directors shall be conducted on a one person, one vote basis.

If a Director has an associated relationship with the enterprise or individual involved in the matter to be resolved at a Board meeting, the Director shall promptly submit a written report to the Board of Directors. A Director with an associated relationship shall not exercise the voting right on the resolution, nor shall he act on behalf of other Directors in exercising the voting rights. A meeting of the Board of Directors may be held if more than half of the Directors without associated relationships are present, and resolutions made at the meeting of the Board of Directors shall be passed by a majority of the Directors without associated relationships. If the number of Directors without associated relationships attending the meeting of Board of Directors is less than three, the matter shall be submitted to the Shareholders' meeting for consideration.

The voting method for resolutions of Board of Directors shall be: the Board of Directors shall adopt a written voting method unless a majority of the Directors present at the meeting agree to a show of hands.

On the premise of ensuring that Directors can fully express their opinions, meetings of the Board of Directors may be held in written form (including service of meeting materials by hand delivery, post, fax, e-mail and other means), by conference call (or with the aid of similar communication equipment), by electronic communication or other means instead of on-site meetings. The Board secretary shall prepare the resolutions of the Board of Directors after the meeting and submit it to the participating Directors for signature.

Directors shall attend meetings of the Board of Directors in person; if a Director is unable to attend a meeting due to any reason, he may entrust another Director in writing to attend on his behalf. The power of attorney shall specify the name of the attorney-in-fact, the entrusted matters, the scope of authorisation and the term of validity, and be signed or sealed by the principal. The Director attending the meeting as a proxy shall exercise the Director's rights within the scope of authorisation. If a Director neither attends a meeting of the Broad of Directors nor entrusts a representative to attend, he shall be deemed to have waived his voting right at such meeting.

The Board of Directors shall prepare meeting minutes for the decisions on the matters reviewed at the meeting, and the Directors present at the meeting shall sign the meeting minutes. Directors have the right to request that an explanatory record of their speeches at the meeting be made in the minutes.

The meeting minutes of the Board of Directors shall be kept as the Company's archives for a period of not less than 10 years.

The meeting minutes of the Board of Directors shall include the following contents:

(i) Date, venue of the meeting and name of the convener;

(ii) Names of the Directors present and the names of the Directors (attorneys-in-fact) who attend the Board meeting on behalf of others;

(iii) Meeting agenda;

(iv) Highlights of Directors' speeches;

(v) Voting method and result of each resolution item (the voting result shall specify the number of affirmative, negative or abstention votes).

Special Committees of the Board of Directors

The Board of Directors of the Company shall set up an Audit Committee, which shall exercise the powers of the supervisory committee as stipulated in the Company Law.

The Audit Committee shall consist of three Directors who do not hold senior management positions in the Company, including two independent Directors, and the convener shall be an independent Director with professional accounting expertise.

The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for consideration after being approved by a majority of all members of the Audit Committee:

(i) Disclosure of financial information in the financial accounting reports and periodic reports, and the internal control evaluation report;

(ii) Engagement or dismissal of accounting firms undertaking the Company's audit business as a listed company;

(iii) Appointment or dismissal of the chief financial officer of the listed company;

(iv) Making changes to accounting policies or accounting estimates, or correcting material accounting errors for reasons other than changes in accounting standards;

(v) Other matters as stipulated by laws, administrative regulations, the CSRC and the Articles of Association.

The Audit Committee shall hold at least one meeting each quarter. An extraordinary meeting may be convened upon the proposal of two or more members or when the convener deems it necessary. An Audit Committee meeting may only be held if more than two-thirds of the members are present.

A resolution of the Audit Committee shall be passed by a majority of the members of the Audit Committee.

Voting on resolutions of the Audit Committee shall be conducted on a one person, one vote basis.

Minutes of the Audit Committee resolutions shall be prepared in accordance with the provisions, and the members of the Audit Committee present at the meeting shall sign the meeting minutes.

The working rules of the Audit Committee shall be formulated by the Board of Directors.

The Board of Directors of the Company shall set up other special committees such as the Strategy and Sustainable Development Committee, the Nomination Committee, and the Remuneration and Appraisal Committee, which shall perform their duties in accordance with the Articles of Association and the authorisation of the Board of Directors. Proposals of the special committees shall be submitted to the Board of Directors for consideration and decision. The working rules of the special committees shall be formulated by the Board of Directors.

The Nomination Committee is responsible for formulating the selection criteria and procedures for Directors and senior management, selecting and reviewing the candidates for Directors and senior management and their qualifications for office, and putting forward suggestions to the Board of Directors on the following matters:

(i) Nomination, appointment or dismissal of Directors;

(ii) Engagement or dismissal of senior management;

(iii) Other matters as stipulated by laws, administrative regulations, the CSRC and the Articles of Association.

If the Board of Directors does not adopt or not fully adopt the suggestions of the Nomination Committee, it shall record the opinions of the Nomination Committee and the specific reasons for non-adoption in the Board resolution and make disclosure thereof.

The Remuneration and Appraisal Committee is responsible for formulating appraisal criteria for Directors and senior management and conducting appraisals, formulating and reviewing remuneration policies and plans for Directors and senior management such as the decision-making mechanism, decision-making process, payment and suspension-recovery arrangements for remuneration, and putting forward suggestions to the Board of Directors on the following matters:

(i) Remuneration of Directors and senior management;

(ii) Formulation or modification of equity incentives plans and employee stock ownership plans, and the fulfilment of conditions for incentive participants to be granted and exercise equity interests;

(iii) Arrangement of stock ownership plans for Directors and senior management in the proposed spin-off subsidiaries of the Company;

(iv) Other matters as stipulated by laws, administrative regulations, the CSRC and the Articles of Association.

If the Board of Directors does not adopt or not fully adopt the suggestions of the Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for non-adoption in the Board resolution and make disclosure thereof.

General Manager and Other Senior Management

The Company shall have one president that shall be appointed or dismissed by the Board of Directors.

The president, vice president, chief engineer, chief financial officer, and Board secretary are considered senior management of the Company.

The provisions in the Company's Articles of Association on the circumstances under which a person may not serve as a Director and the resignation management system shall apply to the senior management.

The provisions in the Articles of Association regarding the fiduciary duties and duties of care and diligence of Directors shall also apply to the senior management.

Personnel who hold any administrative positions other than Director and supervisor in the Company's controlling Shareholder entity shall not serve as the senior management of the Company.

The senior management of the Company shall only receive remuneration from the Company, and no remuneration shall be paid on their behalf by the controlling Shareholder.

The term of office of the president is for three years and may be renew for another term.

The president shall be accountable to the Board of Directors and shall exercise the following functions and powers:

(i) To be in charge of the Company's production, operation and management and to organise the implementation of resolutions of the Board of Directors and report to the Board of Directors;

(ii) To organise the implementation of the Company's annual operation plans and investment plans;

(iii) To draw up plans for the establishment of the Company's internal management structure;

(iv) To draw up the Company's basic management system;

(v) To formulate the specific rules of the Company;

(vi) To propose to the Board of Directors to appoint or dismiss the Company's vice president, chief engineer and CFO;

(vii) To appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(viii) Other functions and powers conferred by the Articles of Association or the Board of Directors. The president shall be in attendance at Board meetings.

The president shall formulate the rules of procedure for the president, which shall be implemented upon submission to and approval by the Board of Directors.

The rules of procedure for the president shall include the following contents:

(i) Conditions for the convening of and the procedures for the president's meetings, and the attendees thereof;

(ii) Specific duties and division of work of the president and other senior management;

(iii) The authority to use the funds and assets and execute material contracts, and the system of reporting to the Board of Directors;

(iv) Other matters as the Board of Directors considers necessary.

The president may tender his resignation before the expiry of his term office. The specific procedures and measures regarding the resignation of the president shall be governed by the labour contract between the president and the Company.

As assistants of the president, the Company's vice president, chief engineers and CFO shall be responsible for the management of their respective assigned areas in accordance with the president's instructions, be accountable to the president and issue relevant business documents within the scope of their duties.

When the president is unable to perform his duties, the vice president, with the president's written authorisation, can be the proxy to perform the president's duties.

The Company shall have a Board secretary, who is responsible for the organisation of Shareholders' meetings and Board meetings, document keeping and management of information regarding the Shareholders of the Company, dealing with information disclosure and other matters.

The Board secretary shall comply with the provisions of laws, administrative regulations, departmental rules, and the Articles of Association.

If a senior management causes losses to others in performing his duties, the Company shall be liable for compensation; the senior management shall also be liable for compensation if there is intentionality or gross negligence on his part.

If a senior management violates the laws, administrative regulations, departmental rules and the Articles of Association while performing his duties for the Company, causing losses to the Company, he shall be liable for compensation.

If a senior management provides guarantee for others with the property of the Company without the approval of the Board of Directors or the Shareholders' meeting, the Company shall dismiss the said member from all his posts in the Company; and if the Company has suffered any loss arising therefrom, the said member shall be liable for compensation.

The senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all Shareholders.

If any senior management fails to perform their duties with due diligence or violates their fiduciary duties and harm the interests of the Company and the public Shareholders, they shall be liable for compensation in accordance with the law.

Financial Accounting System, Profit Distribution and Audit

Financial Accounting System

The Company shall submit and disclose its annual reports to the branch office of the CSRC and the stock exchanges within four months from the end of each fiscal year, and its interim reports to the branch office of the CSRC and the stock exchanges within two months from the end of the first half of each fiscal year.

The aforesaid annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations and requirements of the CSRC and the stock exchanges.

The Company will not establish account books other than the statutory account books. The funds of the Company shall not be deposited in any personal account.

The Company is required to allocate 10% of its profits into the statutory reserve fund when distributing each year's after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph.

After the Company has appropriated the statutory reserve from its after-tax profits, it may, upon a resolution adopted by the Shareholders' meeting, further appropriate a discretionary reserve from its after-tax profits.

The remaining after-tax profits of the Company after making up for losses and appropriating reserves shall be distributed in proportion to the Shares held by the Shareholders, save as otherwise provided for in the Articles of Association where the distribution is not made in proportion to shareholding.

Where the Shareholders' meeting distributes profits to the Shareholders in violation of Company Law, the profits so distributed shall be returned to the Company. The Shareholders and Director(s) and senior management liable, shall be liable to indemnify the Company against any losses incurred.

Shares held by the Company in itself shall not participate in profit distribution.

The distribution of dividends (or Shares) shall be completed within two months after a resolution is made at the Shareholders' meeting on the profit distribution plan, or after the Board of Directors of the Company has formulated a specific plan based on the conditions and maximum amount of interim dividends for the following year as considered and approved at the annual Shareholders' meeting.

The Company's reserves shall be applied to making up the Company's losses, expanding the Company's production and business operations, or converting into an increase in the Company's registered capital.

For the purpose of making up the Company's losses with reserves, the discretionary reserves and statutory reserves shall be applied first; if such reserves are still insufficient to cover the losses, the capital reserves may be applied in accordance with the relevant provisions.

Where the statutory reserves are converted into an increase in the Company's registered capital, the amount of such statutory reserves retained shall not be less than 25% of the Company's registered capital prior to such conversion.

Profit distribution

(I) Principles of profit distribution

1. The Company shall adopt a proactive profit distribution policy, attach importance to delivering reasonable investment returns to investors, maintain the continuity and stability of the profit distribution policy, and ensure compliance with the relevant provisions of applicable laws and regulations.

2. The profit distribution of the Company shall not exceed the scope of accumulated distributable profits, shall not impair the Company's ability to sustain its operations, and shall adhere to the following principles: (1) The principle of distribution in accordance with the statutory order; (2) The principle that no distribution shall be made if there are undischarged losses; (3) The principle that Shares held by the Company in itself shall not participate in profit distribution.

(II) Forms of profit distribution

1. The Company may adopt cash, stock, a combination of cash and stock, or other methods permitted by laws and regulations for profit distribution. Cash dividends shall take priority over stock dividends.

2. The Company shall actively promote dividend distribution in cash. On the premise of ensuring full payment of cash dividends and maintaining a reasonable equity size and shareholding structure, the Company may adopt stock dividends for profit distribution to maintain the alignment between equity expansion and performance growth. For each stock dividend distribution, the stock dividend distributed for every ten Shares held shall be not less than one Share.

(III) Conditions for cash dividend distribution

1. The Company's distributable profit for the year or half-year (i.e. the Company's profit after tax after making up losses and withdrawing provident fund) is positive and the cash flow is sufficient, and the implementation of the cash dividend will not affect the Company's sustainable operation in the future;

2. The Company's cumulative profit available for distribution is positive;

3. The auditing firm has issued a standard unqualified audit report on the Company's financial report for that year;

4. The Company shall have no material investment plans or material cash expenditures, save for fundraising projects. Material investment plans or material cash expenditures mean that the aggregate amount of the Company's proposed external investments, asset acquisitions, equipment purchases and building acquisitions within the next twelve months shall account for 30% or more of the Company's most recent audited total assets.

The Company may refrain from profit distribution if it fails to meet the aforementioned conditions.

(IV) Proportion of cash dividends and time interval

1. When the conditions for cash dividend distribution are satisfied, the Company shall, in principle, distribute cash dividends once annually following the annual Shareholders' meeting. The Board of Directors may propose interim cash dividend distributions based on the Company's profitability and capital requirements.

2. When the conditions for cash dividend distribution are satisfied, the Company shall distribute profits in cash not less than 15% of the distributable profits realised in the current year. Furthermore, over any three consecutive fiscal years, the cumulative cash dividends distributed by the Company shall not be less than 45% of the average annual distributable profits achieved during such three-year period.

3. The Board of the Company shall take into account its industry characteristics, development stage, business model and profitability as well as whether it has any substantial capital expenditure arrangement, and shall propose a differentiated cash dividend policy in accordance with the procedures set out in the Articles of Association to cater the following circumstances:

   (1) When the Company is in the mature stage of development and has no significant capital expenditure arrangements, the minimum proportion of cash dividends in this profit distribution shall reach 80%;

   (2) When the Company is in the mature stage of development and has significant capital expenditure arrangements, the minimum proportion of cash dividends in this profit distribution shall reach 40%;

   (3) When the Company is in the growth stage and has significant capital expenditure arrangements, the minimum proportion of cash dividends in this profit distribution shall reach 20%.

   If the development stage of the Company with significant capital expenditure cannot be easily distinguished, the Company may handle the matter in accordance with the provisions set out in the preceding paragraph.

4. When the net cash flow generated by the Company's operating activities is negative for two consecutive years, the Company may not pay a high proportion of cash dividends; when the Company's asset-liability ratio exceeds 70% at the end of that year, the Company does not need to pay cash dividends.

5. The undistributed distributable profits in the current year can be reserved for distribution in subsequent years.

(V) Conditions for distribution of stock dividends

Under the condition of cash dividend distribution, if the Company's operating income and net profit grow rapidly, and the Board of Directors thinks that the Company's share capital scale and shareholding structure are reasonable, it can propose and implement a stock dividend distribution plan in addition to the cash dividend distribution plan. If stock dividends are used for profit distribution, real and reasonable factors such as the Company's growth and dilution of net assets per Share should be taken into account.

(VI) Decision-making procedure and mechanism of profit distribution

1. The Company shall strengthen the awareness of rewarding Shareholders, comprehensively consider factors such as the Company's profitability, capital demand, development goals and reasonable returns of Shareholders, take every three years as a cycle, formulate a Shareholder return plan within the cycle, and clarify the specific arrangement and form of three-year dividends, cash dividend planning and period intervals, etc.

2. After the end of each fiscal year, the management and Board of Directors of the Company shall put forward a reasonable profit distribution plan in combination with the Articles of Association, the Company's profitability, capital demand and Shareholders' return plan, and the Board of Directors shall formulate the annual profit distribution plan and the medium-term profit distribution plan. The formulation or modification of the profit distribution plan shall be submitted to the Shareholders' meeting for approval after being considered and approved by the Board of Directors. Independent Directors have the right to express independent opinions if they believe that the cash dividend plan may harm the rights and interests of listed companies or minority Shareholders. If the Board of Directors fails to adopt or fully adopt the opinions of independent Directors, the Board of Directors shall disclose the opinions of independent Directors and the specific reasons for not adopting or not fully adopting them in the announcement of the Board of Directors' resolutions.

3. When deliberating the specific plan of cash dividends, the Board of Directors shall carefully study and demonstrate the timing, conditions and minimum proportion of the Company's cash dividends, the conditions for adjustment and the requirements of decision-making procedures, etc., and record in detail the management suggestions, the main points of the speeches of the participating Directors, the voting situation of the Board of Directors, etc., and form a written record for proper preservation as the Company files.

4. The Audit Committee shall review the profit distribution plan formulated or revised by the Board of Directors, and approve it by half of the members of the Audit Committee. If the Company makes an annual profit but does not propose a cash dividend plan, the Audit Committee shall issue special explanations and opinions on the implementation of relevant policies and plans. The Audit Committee shall supervise the implementation of the profit distribution plan and Shareholder return plan. The Shareholders' meeting shall review and vote on the profit distribution plan proposed by the Board of Directors in accordance with laws, regulations and the Articles of Association.

5. In order to effectively protect the rights of public Shareholders to participate in the Shareholders' meeting, the Board of Directors, independent Directors and qualified Shareholders can publicly solicit their voting rights at the Shareholders' meeting. They shall also actively communicate and exchange with Shareholders, especially minority Shareholders, through various channels (including but not limited to telephone, fax, email, interactive platforms, etc.), fully listen to the opinions and demands of minority Shareholders, and promptly respond to the concerns of minority Shareholders' questions.

6. The Company's dividend plan shall be approved by more than half of the voting rights held by Shareholders or Shareholders' proxies attending the Shareholders' meeting.

7. If the Company needs to adjust its profit distribution policy according to the needs of production and operation, investment planning and long-term development, it shall take the protection of Shareholders' rights and interests as the starting point, and the adjusted profit distribution policy shall not violate the provisions of relevant laws, regulations, normative documents and the Articles of Association; The proposal on adjusting the profit distribution policy shall be expressed by the Audit Committee, submitted to the Shareholders' meeting of the Company for approval after being considered by the Board of Directors of the Company, and passed by more than two-thirds of the voting rights held by Shareholders or Shareholders' proxies attending the Shareholders' meeting. Independent Directors have the right to express independent opinions on the rationality of the revision of profit distribution policy. At the same time, the Company shall provide online voting methods to facilitate minority Shareholders to participate in voting at the Shareholders' meeting.

8. If a Shareholder of the Company illegally occupies the Company's funds, the Company shall deduct the cash dividend distributable by the Shareholder at the time of profit distribution to repay the Company funds occupied by such Shareholder.

(VII) Profit distribution information disclosure mechanism

The Company shall disclose in detail the implementation of the profit distribution plan and cash dividend policy in the annual report and interim report in strict accordance with relevant regulations, explaining whether it meets the provisions of the Articles of Association or the requirements of the resolutions of the Shareholders' meeting, whether the dividend standards and proportions are clear and clear, whether the relevant decision-making procedures and mechanisms are complete, whether minority Shareholders have the opportunity to fully express their opinions and demands, and whether the legitimate rights and interests of minority Shareholders are fully safeguarded. If the cash dividend policy is adjusted or changed, it is also necessary to explain in detail whether the conditions and procedures for the adjustment or change are compliant and transparent. If the Company is profitable in the current year and the Board of Directors fails to make a cash profit distribution plan, it shall explain in detail in the

periodic report the reasons for not proposing cash dividends and the purpose and use plan of the funds not used for cash dividends retained in the Company. At the same time, when holding the Shareholders' meeting, the Company shall provide online voting and other means to facilitate minority Shareholders to participate in the voting of the Shareholders' meeting.

Internal Audit

The Company implements an internal audit system to clarify the leadership system, responsibilities and authority, staffing, funding guarantee, application of audit results and accountability of internal audit work.

The Company's internal audit system shall be implemented upon approval by the Board of Directors and disclosed to the public.

The internal audit institution of the Company supervises and inspects the Company's business activities, risk management, internal control, financial information and other matters.

The internal audit institution shall maintain its independence, be staffed with full-time auditors, and shall not be placed under the leadership of the financial department or co-located with the financial department.

The internal audit institution is responsible to the Board of Directors.

The internal audit institution shall accept the supervision and guidance of the Audit Committee in the process of supervision and inspection of the Company's business activities, risk management, internal control and financial information. If the internal audit institution finds relevant major problems or clues, it shall immediately report directly to the Audit Committee.

The internal audit institution is responsible for the specific organisation and implementation of the Company's internal control evaluation. According to the evaluation report and relevant information issued by the internal audit institution and reviewed by the Audit Committee, the Company issues the annual internal control evaluation report.

When the Audit Committee communicates with external audit units such as accounting firms and national audit institutions, the internal audit institutions shall actively cooperate and provide necessary support and cooperation.

Appointment of Accounting Firm

The Company shall appoint an accounting firm that complies with the provisions of the Securities Law to audit accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be one year and can be renewed.

The appointment and dismissal of accounting firms by the Company shall be subject to the approval of the Shareholders' meeting. The Board of Directors shall not appoint an accounting firm before the approval of the Shareholders' meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The audit fee of an accounting firm shall be determined by the Shareholders' meeting.

When the Company dismisses or does not renew the appointment of an accounting firm, it shall notify the accounting firm ten days in advance, and the accounting firm shall be allowed to state its opinions when the Shareholders' meeting of the Company votes on the dismissal of the accounting firm.

If an accounting firm proposes to resign, it shall explain to the Shareholders' meeting whether the Company has any improper circumstances.

Notices and Announcements

The Company's notice is given in the following form:

(i) by personal delivery;

(ii) by post;

(iii) by announcement;

(iv) by other means prescribed by the Articles of Association.

Where a notice of the Company is served by announcement, the notice shall be deemed as received by all the relevant persons once the notice is announced.

Notices of the Company's Shareholders' meetings shall be served by announcement.

Notices of the Company's Board meetings shall be served by personal delivery, post, fax or email, save as otherwise provided for in the Articles of Association in respect of convening an extraordinary Board meeting due to urgent matters.

If the notice of the Company is served by personal delivery, the recipient shall affix their signature (or seal) to the Return on Service and the signing date shall be the date of service; if the notice of the Company is served by post, the fifth working day after handover to the post office shall be the date of service; if the notice of the Company is served by announcement,

the date of first announcement shall be the date of service; if the notice of the Company is sent by fax, the time recorded by the fax machine shall be the date of service; if the notice of the Company is sent by e-mail, the time of sending the e-mail recorded by computer shall be the date of service.

If a notice of meeting is accidentally omitted to be sent to a person who is entitled to receive the notice or if such person has not received the notice of meeting, the meeting and any resolutions made therein shall not become void only thereby.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

Merger of the Company may take the form of absorption or establishment of a new company.

Absorption means that a company absorbs another company and the absorbed company will be dissolved. Where two or more companies merge into a new company, the original companies will be dissolved.

If the price paid for the merger of the Company does not exceed 10% of the net assets of the Company, it may not be subject to a resolution of the Shareholders' meeting, unless otherwise provided in the Articles of Association.

Where the merger of the Company pursuant to the preceding paragraph is not subject to a resolution of the Shareholders' meeting, it shall be subject to a resolution of the Board of Directors.

In the event of a merger, the merged parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the Company's merger resolution and shall publish an announcement in Securities Times or the National Enterprise Credit Information Publicity System within 30 days from the date of the Company's merger resolution.

A creditor has the rights, within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 45 days from the date of the public notice, to demand the Company to settle its debts or provide a guarantee for such debt.

Upon the merger of the Company, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

When the Company is divided, its assets shall be split up accordingly.

In the event of a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the Company's resolution to divide and shall publish an announcement in Securities Times or the National Enterprise Credit Information Publicity System within 30 days from the date the Company made a resolution to divide.

Debts of the Company prior to division shall be jointly assumed by the companies which exist after the division, except provided otherwise in the written agreement between the Company and the creditors relating to the settlement of debt before the division.

Where the Company needs to reduce its registered capital, it will prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date of the resolution made by the Shareholders' meeting for reduction of registered capital and shall publish an announcement in Securities Times or the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor has the rights, within 30 days after receipt of the notice or, in the case of a creditor who does not receive such notice, within 45 days from the date of the announcement, to demand the Company to repay its debts or to provide a guarantee for such debt.

Where the Company reduces its registered capital, the amount of capital contribution or Shares shall be reduced correspondingly in proportion to the Shares held by its Shareholders, unless otherwise provided by law or the Articles of Association.

Where the Company still incurs losses after making up its losses in accordance with Paragraph 2 of Article 159 of the Articles of Association, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for losses, the Company shall not make distribution to its Shareholders, nor exempt the Shareholders from their obligation to make capital contribution or calls on Share.

The provisions of the Paragraph 2 of Article 185 of the Articles of Association shall not apply to the reduction in the registered capital in accordance with the preceding article. The Company shall publish an announcement on the Securities Times or the National Enterprise Credit Information Publicity System within 30 days from the date of the resolution on the reduction of its registered capital at the Shareholders' meeting.

After reducing its registered capital in accordance with the provisions of the preceding two paragraphs, the Company shall not distribute profits until the cumulated amount of the statutory reserve fund and discretionary reserve fund reaches 50% of its registered capital.

If the reduction of the registered capital is in violation of the Company Law and other relevant provisions, Shareholders shall return the funds they have received and the reduced capital contribution of the Shareholders shall be restored to its original amount; in case of losses caused to the Company, the Shareholders and the liable Directors and senior management shall be liable for compensation.

Where an increase in registered capital of the Company is made by means of issue of new Shares, the Shareholders do not have any pre-emptive right unless otherwise provided in the Articles of Association or the Shareholders' meeting resolves that the Shareholders shall have pre-emptive right.

Changes in particulars of the companies as a result of merger or division shall be registered with the registration authorities in accordance with the law. Cancellation of a company shall be registered in accordance with the laws when a company is dissolved. Incorporation of a company shall be registered when a new company is incorporated in accordance with the law.

When increasing or reducing the registered capital, the Company shall register the changes with company registration authorities in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons:

(i) The term of operation stipulated in the Articles of Association expires, or any other grounds for dissolution as set out in the Articles of Association arise;

(ii) The Shareholders' meeting resolves to dissolve the Company;

(iii) Dissolution is required due to the merger or division of the Company;

(iv) Its business license is revoked, it is ordered to close down or is cancelled in accordance with the law;

(v) Where the Company encounters serious difficulties in business operation and management, and its continued existence will cause material losses to the interests of Shareholders, and such difficulties cannot be resolved through any other means, Shareholders holding 10% or more of the voting rights of the Company may apply to the people's court for the dissolution of the Company.

Where any of the grounds for dissolution as specified in the preceding paragraph arises, the Company shall publicize such grounds for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

Upon the occurrence of the situation described in item (I) and (II) of Article 190 hereof, and the Company has not distributed any property to its Shareholders, the Company may continue to exist by amending the Articles of Association or by resolution of the Shareholders' meeting.

Amendments to the Articles of Association pursuant to the preceding paragraph or by resolution of the Shareholders' meeting shall be subject to the approval of more than two-thirds of the voting rights held by the Shareholders present at the Shareholders' meeting.

Where the Company is dissolved in accordance with items (I), (II), (IV) and (V) of Article 190 hereof, it shall be liquidated. The Directors are the obligor of liquidation of the Company, and shall establish a liquidation committee to carry out liquidation within 15 days from the date of occurrence of events giving rise to dissolution.

The liquidation committee shall consist of Directors, unless otherwise provided in the Articles of Association or other persons are elected by the Shareholders' meeting.

If the liquidation obligor fails to perform its liquidation obligations in a timely manner and causes losses to the Company or its creditors, it shall be liable for compensation.

The liquidation committee shall exercise the following functions and power during the period of liquidation:

(i) liquidating the properties of the Company, and preparing the balance sheets and inventory of assets separately;

(ii) informing creditors by a notice or public announcement;

(iii) disposing of and liquidating the outstanding transactions of the Company;

(iv) clearing off the overdue taxes and the taxes incurred from the process of liquidation;

(v) clearing off credits and debts;

(vi) distributing the residual properties after settling such debt;

(vii) participating in the civil litigation on behalf of the Company.

The liquidation committee shall, within 10 days of its formation, notify the creditors, and shall, within 60 days, make an announcement on Securities Times or the National Enterprise Credit Information Publicity System. Creditors shall, within 30 days of the receipt of the notice, or where no notification has been received, within 45 days from the date of the announcement, file a claim with the liquidation committee.

Where creditors file their creditors' rights, they shall explain about the matters related to creditors' rights, and shall provide the evidentiary materials. The liquidation committee shall register the creditors' rights.

The liquidation committee shall not clear off any of the debts of any creditors during the period of filing creditors' rights.

After the liquidation committee has liquidated the assets of the Company and prepared the balance sheets and inventory of assets, it shall formulate a plan of liquidation, and report it to the Shareholders' meeting or the people's court for confirmation.

The remaining assets after paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensation, the outstanding taxes and the debts of the Company may be distributed in proportion to the shareholding of Shareholders.

During the period of liquidation, the Company continues to exist but shall not carry out any business operation that is not related to liquidation.

No portion of the Company's properties shall be distributed to Shareholders prior to the completion of liquidation in accordance with the provisions set out in the preceding paragraph.

Should the liquidation committee find that the properties of the Company are insufficient for clearing off the debts after liquidating the properties of the Company and preparing the balance sheets and inventory of assets, it shall apply to the people's court for bankruptcy liquidation.

Once the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, submit the same to the Shareholders' meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the Company.

The members of the liquidation committee perform the liquidation duties and have obligations of fiduciary and diligence.

Where a member of the liquidation committee is negligent in performing his liquidation obligations, thereby causing losses to the Company, he shall be liable for compensation; where he causes losses to creditors due to intent or gross negligence, he shall also be liable for compensation.

Where the Company is declared bankruptcy in accordance with the law, it shall implement bankruptcy liquidation in accordance with relevant laws relating to bankruptcy of enterprise.

Amendment to Articles of Association

Under any one of the following circumstances, the Company will amend its Articles of Association:

(i) after amendment has been made to the Company Law or relevant laws or administrative regulations, the contents of the Articles of Association are in conflict with the amended laws or administrative regulations;

(ii) the changes that the Company has undergone are inconsistent with the records made in the Articles of Association;

(iii) the Shareholders' meeting decides that the Articles of Association shall be amended.

Where the amendments to the Articles of Association adopted by resolution of the Shareholders' meeting are subject to approval by the competent authority, such amendments shall be submitted to the competent authority for approval. Where such amendments relate to the particulars of the Company's registration, the formalities for registration of changes shall be completed in accordance with the law.

The Board of Directors shall amend the Articles of Association according to the resolutions of the Shareholders' meeting and the approval opinions from relevant competent authorities.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

For incorporation and corporate development of our Company, see "History, Development and Corporate Structure — Corporate Development and Major Changes in Share Capital and Shareholdings" in this document.

Our registered office is located at Room 1901, Capchem Plaza, No. 9 Changye Road, Liulian Community, Pingshan District, Shenzhen, Guangdong Province, the PRC, and our principal place of business in Hong Kong is at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Our Company has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on January 16, 2026 with the Registrar of Companies in Hong Kong. Ms. HO Wing Nga (何詠雅) has been appointed as our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix V — Summary of the Articles of Association." A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Appendix IV — Summary of Principal Laws and Regulatory Provisions."

2. Changes in Share Capital of Our Company

Save as disclosed below, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

On September 26, 2022, our Company conducted a public issuance of convertible bonds (the "**2022 Convertible Bonds**") in the principal amount of RMB1.97 billion with a maturity period of six years, which was listed on the Shenzhen Stock Exchange (bond code: 123158) on October 21, 2022. The 2022 Convertible Bonds shall be convertible into A Shares at a specified conversion price (subject to adjustment mechanisms) during the period from March 30, 2023 to September 25, 2028. As of the Latest Practicable Date, a total of 4,028,649 A Shares were issued through conversion of the 2022 Convertible Bonds.

The principal terms are as follows:

- **Par Value and Issue Price:** Each Convertible Bond has a par value of RMB100 and will be issued at par.

- **Tenure:** The tenure of the Convertible Bonds will be six years from the date of issuance.

- **Interest Rate:** The annual coupon rates of the Convertible Bonds are determined at 0.3% in the first year, 0.5% in the second year, 1.0% in the third year, 1.5% in the fourth year, 1.8% in the fifth year, and 2.0% in the sixth year.

- **Duration and method of interest payment:** The interest payment of the Convertible Bonds shall be made once a year, and repayment of the principal and final year interest shall be made when due.

- **Conversion period:** The Convertible Bonds may be converted during the period from the first trading day immediately after six months from the September 30, 2022 issuance completion date until the maturity date, being the period from March 30, 2023 to September 25, 2028.

- **Determination and adjustment of the conversion price:** The initial conversion price of the Convertible Bonds is RMB42.77 per A Share, and shall not be less than the average trading price of the A Shares of the Company for the 20 trading days immediately preceding the date of the announcement of the document of the Convertible Bonds (in the event that during such 20 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted with reference to the ex-rights or ex-dividend share price) and the average trading price of A Shares of the Company on the trading day preceding the date of the announcement of the document of the Convertible Bonds.

  The conversion price is subject to adjustment according to the following formula on the occurrence of the following events:

  (i) for distribution of stock dividends or making any capital conversion: $P1=P0/(1+n)$

  (ii) for issuing new shares (or allotment of shares): $P1=(P0+A\times k)/(1+k)$

  (iii) for the simultaneous conduct of both (a) and (b): $P1=(P0+A\times k)/(1+n+k)$

  (iv) for distribution of cash dividends: $P1=P0-D$

  (v) for the simultaneous conduct of (a), (b) and (d): $P1=(P0-D+A\times k)/(1+n+k)$

  Whereby, "P0" means the conversion price prior to the adjustments, "n" means percentage of shares issued subject to stock dividend or shares resulting from capital conversion, "k" means percentage of new shares issuance or allotment, "A" means the price for new shares issuance or allotment, "D" means cash dividend per share, and "P1" means the conversion price after the adjustments.

- **Discretionary downward adjustment to the conversion price:** The conversion price may be subject to downward adjustments. If, during the term of the Convertible Bonds, the closing prices of the A Shares in any 15 trading days out of any 30 consecutive trading days are lower than 80% of the prevailing conversion price, the Board may propose any such downward adjustment for the Shareholders to consider and seek their approval at a Shareholders' general meeting. The adjusted conversion price shall not be lower than the higher of the average trading price of the Company's shares for the 20 trading days prior to the general meeting and the average trading price on the trading day prior to the meeting. As of the Latest Practicable Date, the conversion price of the Convertible Bonds is RMB40.49 per A Share.

- **Redemption by the Company:** The Company shall redeem all outstanding convertible bonds within five trading days upon expiration of the conversion period. During the conversion period, if

  (i) the closing prices of the A Shares in any 15 trading days out of any 30 consecutive trading days are not lower than 130% of the prevailing conversion price, or

  (ii) the balances for the outstanding convertible bonds are less than RMB30 million, the Company is entitled to redeem all outstanding convertible bonds at the par value plus the accrued interest for the current period.

  Pursuant to a board resolution dated August 12, 2026, the Board resolved that, during the six months from August 13, 2026 to February 12, 2027, the Company will not exercise the early redemption right even if the conditional redemption provision is triggered.

- **Early redemption rights:** The holders of the Convertible Bonds shall be entitled to elect for redemption by our Company at the par value plus the accrued interest for the current period in the event that

  (i) there is material change in the raised funds as stipulated in the announcement of the document, and

  (ii) during the last two interest bearing years of the bonds, the closing prices of the A Shares in 30 consecutive trading days are lower than 70% of the prevailing conversion price.

- **Use of proceeds:** All of the proceeds from the Convertible Bonds, after deducting the issue expenses, are to be used for lithium battery additives, semiconductor chemicals, high-end fluorine fine chemicals projects, and supplementary working capital.

As approved by the Shareholders' meeting held on May 14, 2024, our Company repurchased 6,104,379 Shares with a total consideration of approximately RMB200 million from May 15, 2024 to April 30, 2025. The cancellation of such repurchased Shares was completed on May 23, 2025. Subsequent to the completion of the cancellation, our Company's total share capital was adjusted from 753,883,470 Shares to 747,779,091 Shares (including 2,539,800 A Shares repurchased by our Company as the treasury shares).

As approved by the Board resolution adopted on March 21, 2025, an aggregate of 5,900,400 restricted Shares under the 2022 Incentive Plan and 5,551,000 restricted Shares under the 2023 Incentive Plan were cancelled and became invalid.

As approved by the Board resolution adopted on April 28, 2025, our Company has decided to implement the 2025 Restricted Share Incentive Plan, with a maximum validity period of 60 months from April 28, 2025, being the initial grant date. Our Company intends to grant a total of 13.57 million restricted shares. For more details, see "— D. Share Incentive Plans" set out below.

As approved by the Board resolution adopted on March 20, 2026, an additional 2,901,900 restricted Shares under the 2023 Restricted Share Incentive Plan were cancelled and became invalid.

As approved by the Board resolution adopted on April 24, 2026, an aggregate of 209,325 restricted Shares under the 2025 Restricted Share Incentive Plan were cancelled and became invalid.

As approved by the Board resolution adopted on April 24, 2026, an aggregate of 4,632,675 restricted Shares were vested in favour of 568 grantees on May 18, 2026 upon expiry of the first vesting period of the initial grant under the 2025 Restricted Share Incentive Plan, of which 2,539,800 treasury Shares were transferred to 336 grantees and 2,092,875 A Shares were newly issued to 233 grantees. Subsequent to the completion of such issuance, our Company's total share capital was adjusted from 751,791,830 Shares to 753,884,705 Shares.

3. Further Information about Our Subsidiaries

The following changes in the share capital of our subsidiaries took place within the two years immediately preceding the date of this document:

(a) On February 7, 2025, Novolyte Malaysia was established as a private company limited by shares in Malaysia with an initial registered capital of MYR1. On May 22, 2025, its registered capital was increased to MYR3,444,784. On November 5, 2025, its registered capital was increased to MYR24,500,000. On December 30, 2025, its registered capital was increased to MYR38,757,140. On March 31, 2026, its registered capital was increased to MYR66,413,017. On June 30, 2026, its registered capital was increased to MYR82,172,455. On August 7, 2026, its registered capital was increased to MYR105,503,965.

(b) On February 13, 2025, Capchem Korea Co., Ltd. was established as a Kabushiki Kaisha in Korea with an initial registered capital of KRW 390,000,000.

(c) On February 26, 2025, Shenzhen Semicomat was established as a limited liability company in the PRC with an initial registered capital of RMB20,000,000.

(d) On November 17, 2025, Capchem Middle East Company was established as a limited company in Saudi Arabia with an initial registered capital of SAR500,000.

(e) On December 1, 2025, Capchem Japan Co., Ltd. was established as a Kabushiki Kaisha in Japan with an initial registered capital of JPY40,000,000.

(f) On October 21, 2024, the registered capital of Jiangsu Seals was increased from RMB60,000,000 to RMB66,600,000. On November 7, 2025, its registered capital was further increased from RMB66,600,000 to RMB70,105,300.

(g) On December 31, 2024, the registered capital of Capchem Hong Kong was increased from US$30,585,590 to US$32,445,590. On February 10, 2025, its registered capital was reduced from US$32,445,590 to US$26,845,590. On March 10, 2026, its registered capital was increased to US$29,545,590.

(h) On November 8, 2024, the total capital contribution to Capchem Technology USA Inc. was increased from US$9,800,000 to US$11,400,000. On November 13, 2024, its total capital contribution was further increased to US$11,800,000. On January 7, 2025, its total capital contribution was further increased to US$13,000,000. On January 14, 2025, its total capital contribution was further increased to US$13,300,000. On February 13, 2025, its total capital contribution was further increased to US$18,900,000. On February 14, 2025, its total capital contribution was further increased to US$20,300,000. On August 22, 2025, its total capital contribution was further increased to US$23,300,000. On November 26, 2025, its total capital contribution was further increased to US$24,100,000. On December 3, 2025, its total capital contribution was further increased to US$24,300,000. On February 26, 2026, its total capital contribution was further increased to US$25,100,000. On March 3, 2026, its total capital contribution was further increased to US$25,300,000. On June 23, 2026, its total capital contribution was further increased to US$26,100,000. On June 25, 2026, its total capital contribution was further increased to US$26,300,000.

(i) On October 15, 2025, the registered capital of Capchem Singapore was increased from US$1,000,000 to US$6,000,000. On December 22, 2025, its registered capital was further increased to US$9,500,000. On March 11, 2026, its registered capital was further increased to US$16,500,000. On April 29, 2026, its registered capital was further increased to US$20,500,000. On June 29, 2026, its registered capital was further increased to US$26,200,000.

(j) On August 17, 2026, Sanming Hexafluo Electronic Materials Co., Ltd. was established as a limited liability company in the PRC with an initial registered capital of RMB50,000,000.

Save as disclosed above, there has been no alteration in the registered capital of our subsidiaries taken place within the two years preceding the date of this document.

4. Resolutions of our Shareholders

At the general meeting of the Shareholders held on December 30, 2025, the following resolutions, among other things, our Shareholders resolved to approve the following:

(a) the [**REDACTED**] by our Company of H Shares with a nominal value of RMB1.0 each and such H Shares be [**REDACTED**] on the Stock Exchange;

(b) the number of H Shares to be [**REDACTED**] before the exercise of the [**REDACTED**] shall not be more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**], and granting the [**REDACTED**] the [**REDACTED**] of no more than [**REDACTED**]% of the number of H Shares [**REDACTED**] pursuant to the [**REDACTED**];

(c) authorisation of the Board or its authorised individual to handle matters relating to, among other things, the [**REDACTED**], the [**REDACTED**] and [**REDACTED**] of the H Shares; and

(d) subject to the completion of the [**REDACTED**], the conditional adoption of the Articles of Association, which shall become effective on the [**REDACTED**] and the authorisation of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

(a) the [**REDACTED**]; and

(b) [●]

2. Intellectual Property Rights

(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date
1. . . .		PRC	Shenzhen Capchem	1	23403724	July 27, 2028
2. . . .		PRC	Shenzhen Capchem	1	3001908	February 20, 2033
3. . . .		PRC	Shenzhen Capchem	1	16694860	June 6, 2036
4. . . .		PRC	Shenzhen Capchem	1	16694941	July 27, 2036
5. . . .		PRC	Shenzhen Capchem	1	16694811	June 20, 2036
6. . . .		PRC	Shenzhen Capchem	1	9728237	September 13, 2032
7. . . .		PRC	Shenzhen Capchem	1	9721620	September 27, 2032
8. . . .		PRC	Shenzhen Capchem	1	27885720	February 6, 2030
9. . . .	SELECTILYTE	PRC	Shenzhen Capchem	1,9	G1002906	April 17, 2029
10. . .		PRC	Shenzhen Capchem	1	44632829	December 27, 2030
11. . .		PRC	Shenzhen Capchem	1	54369844	October 13, 2031
12. . .		PRC	Shenzhen Capchem	1	54359644	October 13, 2031
13. . .		PRC	Shenzhen Capchem	1	54352519	January 6, 2032
14. . .		PRC	Shenzhen Capchem	1	61887836	October 20, 2032
15. . .		PRC	Shenzhen Capchem	1	64010405	December 27, 2032
16. . .		PRC	Shenzhen Capchem	1	68283512	May 20, 2034
17. . .		PRC	Shenzhen Capchem	1	68581009	May 6, 2034

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date
18. . .	希尔斯	PRC	Shenzhen Capchem	1	70271825	May 6, 2034
19. . .	Nalyte	PRC	Shenzhen Capchem	1	70600523	March 6, 2034
20. . .		PRC	Shenzhen Capchem	1	82624522	June 27, 2035
21. . .		Hong Kong	Shenzhen Capchem	1	301979065	July 18, 2031

(b) Patents

As of the Latest Practicable Date, we had registered the ownership of and/or had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent Name	Patent Owner	Patent Category	Place of Registration	Patent Number
1. . . .	Non-aqueous Electrolyte for Lithium-ion Batteries and Lithium-ion Secondary Batteries	Shenzhen Capchem	Invention	PRC	ZL201110451132.2
2. . . .	A Conductive Polymer, an Oxidant for Its Synthesis, and a Solid Capacitor	Shenzhen Capchem	Invention	PRC	ZL201310038665.7
3. . . .	An Electrolyte for Lithium-ion Batteries and a Lithium-ion Battery	Shenzhen Capchem	Invention	PRC	ZL201610218844.2
4. . . .	An Organic Electrolyte for Supercapacitors and a Supercapacitor	Shenzhen Capchem	Invention	PRC	ZL201610871313.3
5. . . .	A Lithium-ion Battery	Shenzhen Capchem	Invention	PRC	ZL201611055609.4
6. . . .	Non-aqueous Electrolyte for Lithium-ion Batteries and Lithium-ion Batteries	Shenzhen Capchem	Invention	PRC	ZL201611246392.5
7. . . .	A Polymer Electrolyte for Lithium-ion Batteries and a Polymer Battery	Shenzhen Capchem	Invention	PRC	ZL201810223295.7
8. . . .	A Polymer Dispersion and a Solid-state Electrolytic Capacitor	Shenzhen Capchem	Invention	PRC	ZL201811151153.0
9. . . .	A Solid-state Electrolyte and a Solid-state Lithium-ion Battery	Shenzhen Capchem	Invention	PRC	ZL201911395266.X

No.	Patent Name	Patent Owner	Patent Category	Place of Registration	Patent Number
10. . .	A Solid-state Battery	Shenzhen Capchem	Invention	PRC	ZL202010340123.5
11. . .	A Gemini-type Perfluoroether Surfactant and Its Preparation Method	Sanming Hexafluo	Invention	PRC	ZL202010139890.X
12. . .	Non-aqueous Electrolyte for Lithium-ion Batteries and Lithium-ion Batteries	Shenzhen Capchem	Invention	PRC	ZL202010899847.3
13. . .	Lithium-ion Battery	Shenzhen Capchem	Invention	PRC	ZL202011193853.3
14. . .	A Lithium Iron Phosphate Battery	Shenzhen Capchem	Invention	PRC	ZL202110392924.0
15. . .	A Non-aqueous Electrolyte and a Battery	Shenzhen Capchem	Invention	PRC	ZL202110780742.0
16. . .	A Fluorinated Fluid Immersion Cooling Device for Data Centers	Sanming Hexafluo	Utility Model	PRC	ZL202121706791.1
17. . .	A Fluorinated Fluid-based Immersion Cooling Method and Device for Vehicle Lithium-ion Batteries	Sanming Hexafluo	Invention	PRC	ZL202110911098.6
18. . .	A Fluorinated Oxaalkane, a Coolant Containing the Same for Semiconductor Processes, and Uses Thereof	Sanming Hexafluo	Invention	PRC	ZL202111158212.9
19. . .	A Solid Electrolyte, a Separator for Secondary Batteries, and a Secondary Battery	Shenzhen Capchem	Invention	PRC	ZL202111426211.8
20. . .	A Catalyst for Synthesizing Cyclic Carbonates and a Method for Synthesizing Cyclic Carbonates	Shenzhen Capchem	Invention	PRC	ZL202210743750.2
21. . .	A Metal Etchant	Shenzhen Capchem	Invention	PRC	ZL202211235091.8
22. . .	A Sodium-ion Battery with High Initial Coulombic Efficiency and Fast-Charging Capability and Its Applications	Shenzhen Capchem	Invention	PRC	ZL202211566314.9
23. . .	A Method for Preparing Heptafluoroisobutyronitrile and Heptafluoroisobutyronitrile	Sanming Hexafluo	Invention	PRC	ZL202211566236.2

No.	Patent Name	Patent Owner	Patent Category	Place of Registration	Patent Number
24. . .	A Method for Preparing Liquid Lithium Hexafluorophosphate, an Electrolyte, and a Lithium-ion Battery	Shenzhen Capchem	Invention	PRC	ZL202211588222.0
25. . .	A Lithium-ion Battery Electrolyte, Its Preparation Method, and a Lithium-ion Battery	Shenzhen Capchem	Invention	PRC	ZL202211661765.0
26. . .	A Method for Preparing Alkali Metal Hexafluorophosphate, an Electrolyte, and a Lithium-ion Battery	Shenzhen Capchem	Invention	PRC	ZL202211729411.5
27. . .	A Nonaqueous Electrolyte for Sodium-ion Batteries and a Sodium-ion Battery	Shenzhen Capchem	Invention	PRC	ZL202410300701.0
28. . .	A Lithium-ion Battery	Shenzhen Capchem	Invention	PRC	ZL202411415582.X
29. . .	A Cyclic Carbonate – Sulfate Compound, Its Applications, a Nonaqueous Electrolyte, and a Secondary Battery	Shenzhen Capchem	Invention	PRC	ZL202411699808.3
30. . .	A Nonaqueous Electrolyte and a Secondary Battery	Shenzhen Capchem	Invention	PRC	ZL202510106551.4

(c) Domain names

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration Date	Expiry Date
1. . .	capchem.com	Shenzhen Capchem	March 21, 2001	March 21, 2028
2. . .	capchem.net	Shenzhen Capchem	July 18, 2021	July 18, 2028
3. . .	novolyte.com	Suzhou Novolyte	September 18, 2008	September 18, 2028
4. . .	novolyte.net	Shenzhen Capchem	July 10, 2021	July 10, 2028
5. . .	hexafluo.com	Sanming Hexafluo	August 25, 2008	August 25, 2028

No.	Domain Name	Registered Owner	Registration Date	Expiry Date
6. . .	hicomer.com	Jiangsu Hicomer	October 19, 2005	October 19, 2027
7. . .	heptafluo.com	Shenzhen Capchem	December 19, 2018	December 19, 2028
8. . .	hexafluo.eu	Shenzhen Capchem	May 25, 2022	May 25, 2027
9. . .	semicomat.com	Shenzhen Semicomat	May 23, 2025	May 23, 2036

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SENIOR MANAGEMENT

1. Disclosure of interests of Directors and Chief Executive of the Company

Save as disclosed below, immediately following the completion of the [**REDACTED**], so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(a) Interest in our Company

Name of Director or Chief Executive	Position(s)	Nature of Interest	Number and Class of Shares	Approximate Percentage of Shareholding in the Total Issued Shares Immediately prior to the [REDACTED]	Approximate Percentage of Shareholding in the Total Issued Shares Immediately after the [REDACTED][(1)]
Mr. Qin	Chairman of the Board and executive Director	Beneficial owner	102,779,885 A Shares	13.63%	[**REDACTED**]%
		Interest held jointly with other persons[(2)]	177,916,031 A Shares	23.60%	[**REDACTED**]%
Mr. Zhou	Vice chairman of the Board and executive Director	Beneficial owner	56,806,157 A Shares	7.54%	[**REDACTED**]%

Name of Director or Chief Executive	Position(s)	Nature of Interest	Number and Class of Shares	Approximate Percentage of Shareholding in the Total Issued Shares Immediately prior to the [REDACTED]	Approximate Percentage of Shareholding in the Total Issued Shares Immediately after the [REDACTED][(1)]
		Interest held jointly with other persons[(2)]	223,889,759 A Shares	29.70%	[**REDACTED**]%
Mr. Zheng	Executive Director and chief engineer	Beneficial owner[(2)]	42,104,102 A Shares	5.58%	[**REDACTED**]%
		Interest held jointly with other persons[(2)]	238,591,814 A Shares	31.65%	[**REDACTED**]%
Mr. Zhou Aiping . .	Executive Director, employee representative Director and executive vice president	Beneficial owner	2,328,886 A Shares	0.31%	[**REDACTED**]%
Mr. Wu Chengying	Executive Director and vice president	Beneficial owner	21,952 A Shares	0.003%	[**REDACTED**]%
Ms. Zhong	Non-executive Director	Beneficial owner	44,825,587 A Shares	5.95%	[**REDACTED**]%
		Interest held jointly with other persons[(2)]	235,870,329 A Shares	31.29%	[**REDACTED**]%
Mr. Jiang Xisong .	President	Beneficial owner	1,074,913 A Shares	0.14%	[**REDACTED**]%

Notes:

(1) The calculation is based on the assumption that no new Shares are issued under the [**REDACTED**], no additional Convertible Bonds are converted since the Latest Practicable Date and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**].

(2) Each of Mr. Qin, Mr. Zhou, Mr. Zheng and Ms. Zhong is a member of our Controlling Shareholders Group (together with other two members of our Controlling Shareholders Group, namely Ms. Zhang and Ms. Deng (spouse of Mr. Qin)). They have been acting in concert pursuant to the Concert Party Agreement. Therefore, by virtue of Part XV of the SFO, each of them is deemed to be interested in the aggregate interest held by the Controlling Shareholders Group, being 280,695,916 A Shares, representing approximately 37.23% of the total issued share capital of our Company as of the Latest Practicable Date.

(b) Interest in associated corporations of our Company

Name of our associated corporation	Name of Director or Chief Executive	Approximate percentage of interest
Shenzhen Semicomat	Mr. Jiang Xisong	40%[(1)]
Jiangsu Seals	Mr. Jiang Xisong	12.8378%[(2)]

Notes:

(1) Mr. Jiang Xisong holds 62.5% equity interest in Shenzhen Xinchunbang Investment Partnership (Limited Partnership) (深圳市芯純邦投資合夥企業 (有限合夥)) as a limited partner. The latter holds 40% equity interest in Shenzhen Semicomat.

(2) Mr. Jiang Xisong holds 38% equity interest in Shenzhen Rongbang Investment Partnership (Limited Partnership) (深圳市容邦投資合夥企業 (有限合夥)) as a limited partner. The latter holds 12.8378% equity interest in Jiangsu Seals.

2. Disclosure of Interests of Substantial Shareholders

(a) Interests in our Company

For information on the persons who will, immediately following the completion of the [**REDACTED**], having or be deemed or taken to have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company, see the section headed "Substantial Shareholders."

(b) Interests of the Substantial Shareholders in Other Members of Our Group

So far as the Directors are aware, save as disclosed below, no persons (other than our Directors, the chief executive of our Company) will, immediately following the completion of the [**REDACTED**], be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of the members of our Group (other than our Company):

Name of our subsidiary	Name of substantial shareholder	Approximate percentage of interest
Hunan Fluopont	Nippon Shokubai Co., Ltd. (株式會社日本觸媒)	38%
Jiangsu Seals	Nantong Jianghai Capacitor Co., Ltd. (南通江海電容器股份有限公司)	21.40%
Jiangsu Seals	Shenzhen Rongbang Investment Partnership (Limited Partnership) (深圳市容邦投資合夥企業(有限合夥))	12.84%
Shenzhen Semicomat	Shenzhen Xinchunbang Investment Partnership (Limited Partnership) (深圳市芯純邦投資合夥企業(有限合夥))	40%

3. Service Contracts

We [have entered] into a contract with each of our Directors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

4. Directors' Remuneration

Save as disclosed in the section headed "Directors and Senior Management" and "Appendix I — Accountants' Report", for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, none of our Directors received other remunerations of benefits in kind from us.

5. Disclaimers

Saved as disclosed in this document:

(a) none of our Directors or any of the parties listed in "— E. Other Information — 4. Qualifications and Consents of Experts" below is:

  (i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

  (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(b) save in connection with the [**REDACTED**], none of the parties listed in "— E. Other Information — 4. Qualifications and Consents of Experts" below:

  (i) is interested legally or beneficially in any shares in any member of our Group; or

  (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of our Directors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and

(d) none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [**REDACTED**] on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. SHARE INCENTIVE PLANS

The Company has adopted various share incentive plans to attract and retain talents and promote the long-term development of the Company. The currently effective plans are the 2023 Restricted Share Incentive Plan and the 2025 Restricted Share Incentive Plan (the "**Effective Restricted Share Incentive Plans**"). Given that the Effective Restricted Share Incentive Plans will not involve the grant of options or share awards over new A Shares after [**REDACTED**], the Effective Restricted Share Incentive Plans are not subject to provisions of Chapter 17 of the Listing Rules except for the disclosure requirement under Rule 17.12 of the Listing Rules. The key terms of the Effective Restricted Share Incentive Plans are summarised as below:

(a) Purpose

The purpose of the Effective Restricted Share Incentive Plans is to improve our long-term incentive mechanism, attract and retain outstanding talents, consolidate the cohesive force of the core team and enhance the sustainable operation capability of the Company. The Effective Restricted Share Incentive Plans are implemented to align the interests of the Shareholders, the Company and the individuals of the core team which will benefit the sustained development of our Company.

(b) Administration

(i) Administration of the 2023 Restricted Share Incentive Plan

The 2023 Restricted Share Incentive Plan is subject to the approval of the Shareholders' meeting, implemented by the Board, amended by the Remuneration and Evaluation Committee and supervised by our independent non-executive Directors.

(ii) Administration of the 2025 Restricted Share Incentive Plan

The 2025 Restricted Share Incentive Plan is subject to the approval of the Shareholders' meeting, implemented by the Board, and amended as well as supervised by the Remuneration and Evaluation Committee.

(c) Participants

The selected participants of the Effective Restricted Share Incentive Plans include Directors (excluding independent Directors), senior management, middle and junior management and key technical personnels as well as other employees who have significant contributions to the business development of our Company (including our holding subsidiaries and branch companies) or the responsible departments.

The selected participants shall be employed by our Company or its subsidiaries at the time the relevant restricted Shares are granted and during the assessment period of the Effective Restricted Share Incentive Plans.

(d) Source and maximum number of Shares

The Shares underlying the Effective Restricted Share Incentive Plans shall be A Shares repurchased by our Company from the secondary market and/or A Shares to be issued by our Company to the selected participants. Each restricted Share granted represents the right to purchase one A Share within the agreed period at the grant price.

The maximum numbers of restricted Shares that can be granted under the Effective Restricted Share Incentive Plans are as follows:

(i) Maximum number of the 2023 Restricted Share Incentive Plan

The maximum number of restricted Shares that can be granted under the 2023 Restricted Share Incentive Plan is 11,244,400 A Shares, representing approximately 1.50% of the total issued share capital as of September 28, 2023.

(ii) Maximum number of the 2025 Restricted Share Incentive Plan

The maximum number of restricted Shares that can be granted under the 2025 Restricted Share Incentive Plan is 13,570,000 A Shares, representing approximately 1.80% of the total issued share capital as of March 31, 2025.

(e) Term of the Plan

(i) Term of the 2023 Restricted Share Incentive Plan

The 2023 Restricted Share Incentive Plan shall be effective from the date of grant of the restricted Shares under the Plan, being December 25, 2023, up to the date when all the restricted Shares granted have all been vested or lapsed, provided that the validity period of the 2023 Restricted Share Incentive Plan shall not exceed 64 months.

(ii) Term of the 2025 Restricted Share Incentive Plan

The 2025 Restricted Share Incentive Plan shall be effective from the date of grant of the restricted Shares under the Plan, being April 28, 2025, up to the date when all the restricted Shares granted have all been vested or lapsed, provided that the validity period of the 2025 Restricted Share Incentive Plan shall not exceed 60 months.

(f) Grant of the restricted Shares

The grant date shall be a trading day and shall be determined by the Board. Our Company shall grant and announce the restricted Shares to be granted to selected participants under the first tranche of grant within 60 days after the date of approval of the Effective Restricted Share Incentive Plans by the Shareholders' general meeting. Failure to complete the procedures within such time will result in disclosure of the reasons for such failure, the declaration of termination of the Effective Restricted Share Incentive Plans and lapse of the restricted Shares that have not been granted. The grant date for the reserved restricted Shares shall be determined by the Board within 12 months after the approval date of the Effective Restricted Share Incentive Plans by the Shareholders' meeting. Failure to confirm the selected participants within such time will result in the lapse of the reserved restricted Shares.

(i) Grant of the restricted Shares under the 2023 Restricted Share Incentive Plan

The selected participants may, at the grant price, purchase ordinary A Shares of the Company repurchased by the Company from the secondary market and/or newly issued by the Company to the selected participants, upon fulfilment of all the vesting conditions of the restricted Shares. The initial grant price of each restricted Share was RMB21.87 per A Share, subject to adjustments upon the occurrence of certain events (including capitalisation of capital reserves, issue of bonus shares, subdivision or consolidation of shares, rights issue and payment of dividend of our Company), with the current grant price adjusted as to RMB20.37 per A Share. Restricted Shares granted shall not be transferred or used for debt guarantee or payment.

Among the maximum 11,244,400 restricted A Shares which could be granted under the 2023 Restricted Share Incentive Plan, 10,119,000 A Shares have been granted initially, and the remaining 1,125,400 reserved quota of restricted A shares has lapsed as no grantee was identified within 12 months upon approval of the 2023 Restricted Share Incentive Plan by the Shareholders' general meeting of our Company. As of the Latest Practicable Date, a total of 8,452,900 restricted A Shares has been cancelled for various reasons, including automatic lapse, grantees' resignations and failure to achieve the Company's performance assessment targets. The total number of granted and outstanding restricted A Shares under the 2023 Restricted Share Incentive Plan is 2,791,500.

(ii) Grant of the restricted Shares under the 2025 Restricted Share Incentive Plan

The selected participants may, at the grant price, purchase ordinary A Shares of the Company repurchased by the Company from the secondary market and/or newly issued by the Company to the selected participants, upon fulfilment of all the vesting conditions of the restricted Shares. The initial grant price of each restricted Share was RMB19.83 per A Share, subject to adjustments upon the occurrence of certain events (including capitalisation of capital reserves, issue of bonus shares, subdivision or consolidation of shares, rights issue and payment of dividend of our Company), with the current grant price adjusted as to RMB18.93 per A Share. Restricted Shares granted shall not be transferred or used for debt guarantee or payment.

Among the maximum 13,570,000 restricted A Shares which could be granted under the 2025 Restricted Share Incentive Plan, 11,934,000 A Shares have been granted initially. The reserved quota of 1,636,000 A Shares have also been granted to specific selected participants within 12 months upon approval of the 2025 Restricted Share Incentive Plan by the Shareholders' general meeting of our Company. As of the Latest Practicable Date, a total of 209,325 restricted A Shares has been cancelled for various reasons, including grantees' resignations and failure to achieve the Company's performance assessment targets. The total number of granted and outstanding restricted A Shares under the 2025 Restricted Share Incentive Plan is 8,728,000.

(g) Grant conditions

The selected participants are entitled to be granted restricted Shares under the Effective Restricted Share Incentive Plans only if the following conditions were met:

(i) with respect to our Company, none of the following circumstances having occurred:

(1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountants with respect to the Company's accountant's report for the most recent fiscal year;

(2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountants with respect to the internal control report contained in accountant's report for the most recent fiscal year;

(3) the Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the most recent 36 months after its [**REDACTED**];

(4) applicable laws and regulations prohibit the implementation of any share incentive scheme; or

(5) any other circumstances recognised by the CSRC.

(ii) with respect to the grantee, none of the following circumstances having occurred:

(1) the grantee has been regarded as an inappropriate person by the Shenzhen Stock Exchange within the most recent 12 months;

(2) the grantee has been regarded as an inappropriate person by the CSRC or its dispatched office within the most recent 12 months;

(3) the grantee has received administrative penalties or prohibited from entering into the securities market by the CSRC or its dispatched office within the most recent 12 months as a result of any material non-compliance with relevant laws and regulations;

(4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

(5) the grantee is prohibited from participating in any share incentive plan of listed companies according to applicable laws and regulations; or

(6) any other circumstances recognised by the CSRC.

(h) Vesting conditions and schedule

The selected participants granted under the Effective Restricted Share Incentive Plans will only be vested if the following conditions were met:

(i) the conditions set out under paragraph (g) above are fulfiled;

(ii) the relevant grantee has been employed with our Group for more than 12 months before any vesting date; and

(iii) the applicable annual performance assessment targets of our Company and performance appraisal requirements of the relevant grantee as set out under the Effective Restricted Share Incentive Plans are achieved.

The vesting of the restricted Shares granted shall be on a trading day within the term of the Effective Restricted Share Incentive Plans, which shall not fall in the following periods, (i) 15 days before the publication of any annual report and interim report, (ii) five days before the publication of any quarterly report, earnings forecast and preliminary earnings estimate, (iii) the period starting from the date of any significant price-sensitive incident till the date of its publication; and (iv) any other period prohibited by the CSRC and Shenzhen Stock Exchange.

The restricted Shares granted shall be vested in accordance with the following vesting schedule, subject to satisfaction of the above vesting conditions:

(i) Vesting schedule of the 2023 Restricted Share Incentive Plan

Vesting Schedule	Vesting Period	Vesting Percentage
The first period of vesting	From the first trading day after the 16-month anniversary from the date of grant to the last trading day before the 28-month anniversary of the date of grant	40%
The second period of vesting	From the first trading day after the 28-month anniversary from the date of grant to the last trading day before the 40-month anniversary of the date of grant	30%
The third period of vesting	From the first trading day after the 40-month anniversary from the date of grant to the last trading day before the 52-month anniversary of the date of grant	30%

(ii) Vesting schedule of the 2025 Restricted Share Incentive Plan

Vesting schedule for the 11,934,000 A Shares initially granted under the 2025 Restricted Share Incentive Plan:

Vesting Schedule	Vesting Period	Vesting Percentage
The first period of vesting	From the first trading day after the 12-month anniversary from the date of grant to the last trading day before the 24-month anniversary of the date of grant	40%
The second period of vesting	From the first trading day after the 24-month anniversary from the date of grant to the last trading day before the 36-month anniversary of the date of grant	30%

Vesting Schedule	Vesting Period	Vesting Percentage
The third period of vesting	From the first trading day after the 36-month anniversary from the date of grant to the last trading day before the 48-month anniversary of the date of grant	30%

Vesting schedule for the reserved quota of 1,636,000 A Shares which have been granted under the 2025 Restricted Share Incentive Plan as of the Latest Practicable Date:

Vesting Schedule	Vesting Period	Vesting Percentage
The first period of vesting	From the first trading day after the 12-month anniversary from the date of grant to the last trading day before the 24-month anniversary of the date of grant	50%
The second period of vesting	From the first trading day after the 24-month anniversary from the date of grant to the last trading day before the 36-month anniversary of the date of grant	50%

(i) Lock-up for Directors and the senior management team

The annual transferable Shares for a grantee who is a Director or senior management member during his or her employment shall not exceed 25% of the total Shares he or she holds. No Share can be transferred within six months after termination of his or her employment. Income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to the Company and will be forfeited by the Board. Any sale of Shares is also subject to the relevant requirements under applicable laws.

(j) Outstanding restricted Shares

As of the Latest Practicable Date, the total number of outstanding restricted Shares granted under the Effective Restricted Share Incentive Plans was 11,519,500, representing approximately [**REDACTED**]% of the issued Shares immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised, no additional 2022 Convertible Bonds are converted and no additional A Shares are issued under the Effective Restricted Share Incentive Plans since the Latest Practicable Date).

The following table sets forth the number of outstanding restricted Shares granted to Directors, senior management or connected persons of our Company under the Effective Restricted Share Incentive Plans as of the Latest Practicable Date:

Name	Position(s) held within our Group	Date of grant	Grant Price	Vesting period[(1)]	Number of granted and outstanding restricted Shares	Approximate shareholding % of enlarged issued share capital of our Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no additional 2022 Convertible Bonds are converted and no additional A Shares are issued under the Effective Restricted Share Incentive Plans since the Latest Practicable Date)
2023 Restricted Share Incentive Plan						
Xie Weidong	Former Director of Shenzhen Capchem Connected person of our Company	December 25, 2023	20.37	52 months	30,000	[**REDACTED**]
Zhou Aiping	Director of Shenzhen Capchem Connected person of our Company	December 25, 2023	20.37	52 months	30,000	[**REDACTED**]
Wu Chengying	Director of Shenzhen Capchem	December 25, 2023	20.37	52 months	13,500	[**REDACTED**]
Jiang Xisong	Connected person of our Company	December 25, 2023	20.37	52 months	28,500	[**REDACTED**]
Song Hui	Connected person of our Company	December 25, 2023	20.37	52 months	19,500	[**REDACTED**]
Huang Yao	Connected person of our Company	December 25, 2023	20.37	52 months	19,500	[**REDACTED**]
He Jingce	Connected person of our Company	December 25, 2023	20.37	52 months	19,500	[**REDACTED**]
Mao Yuhua	Connected person of our Company	December 25, 2023	20.37	52 months	24,000	[**REDACTED**]
Jiang Zongbo	Connected person of our Company	December 25, 2023	20.37	52 months	13,500	[**REDACTED**]
Song Chunhua	Connected person of our Company	December 25, 2023	20.37	52 months	16,500	[**REDACTED**]
Qin Qi	Connected person of our Company	December 25, 2023	20.37	52 months	13,500	[**REDACTED**]
Zhou Jianxin	Connected person of our Company	December 25, 2023	20.37	52 months	15,000	[**REDACTED**]

Name	Position(s) held within our Group	Date of grant	Grant Price	Vesting period[1]	Number of granted and outstanding restricted Shares	Approximate shareholding % of enlarged issued share capital of our Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no additional 2022 Convertible Bonds are converted and no additional A Shares are issued under the Effective Restricted Share Incentive Plans since the Latest Practicable Date)
Guo Yang	Connected person of our Company	December 25, 2023	20.37	52 months	6,000	[**REDACTED**]
Yu Qingqing	Connected person of our Company	December 25, 2023	20.37	52 months	13,500	[**REDACTED**]
Jiang Weijian	Connected person of our Company	December 25, 2023	20.37	52 months	16,500	[**REDACTED**]
Wang Ximin	Connected person of our Company	December 25, 2023	20.37	52 months	15,000	[**REDACTED**]
Jia Yun	Connected person of our Company	December 25, 2023	20.37	52 months	15,000	[**REDACTED**]
Yan Yanhua	Connected person of our Company	December 25, 2023	20.37	52 months	13,500	[**REDACTED**]
Gu Wei	Connected person of our Company	December 25, 2023	20.37	52 months	5,400	[**REDACTED**]
Lv Tao	Connected person of our Company	December 25, 2023	20.37	52 months	16,500	[**REDACTED**]
Wang Mengying	Connected person of our Company	December 25, 2023	20.37	52 months	7,200	[**REDACTED**]
Liu Xin	Connected person of our Company	December 25, 2023	20.37	52 months	21,000	[**REDACTED**]
Chen Wei	Connected person of our Company	December 25, 2023	20.37	52 months	12,600	[**REDACTED**]
Sun Xichuan	Connected person of our Company	December 25, 2023	20.37	52 months	16,500	[**REDACTED**]
Lin Muchong	Connected person of our Company	December 25, 2023	20.37	52 months	14,100	[**REDACTED**]
Li Limin	Connected person of our Company	December 25, 2023	20.37	52 months	10,500	[**REDACTED**]
Zhou Xin	Connected person of our Company	December 25, 2023	20.37	52 months	12,000	[**REDACTED**]
Chen Zhifeng	Connected person of our Company	December 25, 2023	20.37	52 months	16,500	[**REDACTED**]

Name	Position(s) held within our Group	Date of grant	Grant Price	Vesting period[1]	Number of granted and outstanding restricted Shares	Approximate shareholding % of enlarged issued share capital of our Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no additional 2022 Convertible Bonds are converted and no additional A Shares are issued under the Effective Restricted Share Incentive Plans since the Latest Practicable Date)
Li Bing	Connected person of our Company	December 25, 2023	20.37	52 months	12,000	[**REDACTED**]
Shu Zhenhua	Connected person of our Company	December 25, 2023	20.37	52 months	10,500	[**REDACTED**]
Chen Peng	Connected person of our Company	December 25, 2023	20.37	52 months	4,500	[**REDACTED**]
Sun Jianbin	Connected person of our Company	December 25, 2023	20.37	52 months	6,000	[**REDACTED**]
Wu Jianfei	Connected person of our Company	December 25, 2023	20.37	52 months	9,000	[**REDACTED**]
Ji Ningning	Connected person of our Company	December 25, 2023	20.37	52 months	4,800	[**REDACTED**]
Xu Xiaolin	Connected person of our Company	December 25, 2023	20.37	52 months	6,000	[**REDACTED**]
Zhong Ling	Connected person of our Company	December 25, 2023	20.37	52 months	13,500	[**REDACTED**]
Wang Bangying	Connected person of our Company	December 25, 2023	20.37	52 months	12,000	[**REDACTED**]
Zhao Baoshun	Connected person of our Company	December 25, 2023	20.37	52 months	15,000	[**REDACTED**]
Jiang Huiqin	Connected person of our Company	December 25, 2023	20.37	52 months	4,500	[**REDACTED**]
Total					**552,600**	[**REDACTED**]

Name	Position(s) held within our Group	Date of grant	Grant Price	Vesting period[1]	Number of granted and outstanding restricted Shares	Approximate shareholding % of enlarged issued share capital of our Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no additional 2022 Convertible Bonds are converted and no additional A Shares are issued under the Effective Restricted Share Incentive Plans since the Latest Practicable Date)
2025 Restricted Share Incentive Plan						
Xie Weidong	Former Director of Shenzhen Capchem	April 28, 2025	18.93	48 months	120,000	[**REDACTED**]
	Connected person of our Company	December 11, 2025	18.93	36 months	10,000	[**REDACTED**]
Zhou Aiping	Director of Shenzhen Capchem	April 28, 2025	18.93	48 months	90,000	[**REDACTED**]
	Connected person of our Company	December 11, 2025	18.93	36 months	10,000	[**REDACTED**]
Wu Chengying	Director of Shenzhen Capchem	April 28, 2025	18.93	48 months	33,600	[**REDACTED**]
Qian Yunxian	Connected person of our Company	December 11, 2025	18.93	36 months	53,000	[**REDACTED**]
Jiang Xisong	Connected person of our Company	April 28, 2025	18.93	48 months	90,000	[**REDACTED**]
		December 11, 2025	18.93	36 months	10,000	[**REDACTED**]
Song Hui	Connected person of our Company	April 28, 2025	18.93	48 months	60,000	[**REDACTED**]
		December 11, 2025	18.93	36 months	10,000	[**REDACTED**]
Huang Yao	Connected person of our Company	April 28, 2025	18.93	48 months	60,000	[**REDACTED**]
		December 11, 2025	18.93	36 months	10,000	[**REDACTED**]
He Jingce	Connected person of our Company	April 28, 2025	18.93	48 months	60,000	[**REDACTED**]
		December 11, 2025	18.93	36 months	10,000	[**REDACTED**]
Jiang Zongbo	Connected person of our Company	April 28, 2025	18.93	48 months	39,000	[**REDACTED**]
		December 11, 2025	18.93	36 months	5,000	[**REDACTED**]

Name	Position(s) held within our Group	Date of grant	Grant Price	Vesting period[1]	Number of granted and outstanding restricted Shares	Approximate shareholding % of enlarged issued share capital of our Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no additional 2022 Convertible Bonds are converted and no additional A Shares are issued under the Effective Restricted Share Incentive Plans since the Latest Practicable Date)
Song Chunhua	Connected person of our Company	April 28, 2025	18.93	48 months	39,000	[REDACTED]
		December 11, 2025	18.93	36 months	5,000	[REDACTED]
Qin Qi	Connected person of our Company	April 28, 2025	18.93	48 months	36,000	[REDACTED]
Zhou Jianxin	Connected person of our Company	April 28, 2025	18.93	48 months	42,000	[REDACTED]
		December 11, 2025	18.93	36 months	5,000	[REDACTED]
Guo Yang	Connected person of our Company	April 28, 2025	18.93	48 months	15,000	[REDACTED]
		December 11, 2025	18.93	36 months	5,000	[REDACTED]
Yu Qingqing	Connected person of our Company	April 28, 2025	18.93	48 months	36,000	[REDACTED]
		December 11, 2025	18.93	36 months	5,000	[REDACTED]
Jiang Weijian	Connected person of our Company	April 28, 2025	18.93	48 months	42,000	[REDACTED]
		December 11, 2025	18.93	36 months	5,000	[REDACTED]
Wang Ximin	Connected person of our Company	April 28, 2025	18.93	48 months	36,000	[REDACTED]
Jia Yun	Connected person of our Company	April 28, 2025	18.93	48 months	48,000	[REDACTED]
		December 11, 2025	18.93	36 months	5,000	[REDACTED]
Yan Yanhua	Connected person of our Company	April 28, 2025	18.93	48 months	36,000	[REDACTED]
Gu Wei	Connected person of our Company	April 28, 2025	18.93	48 months	12,600	[REDACTED]

Name	Position(s) held within our Group	Date of grant	Grant Price	Vesting period[(1)]	Number of granted and outstanding restricted Shares	Approximate shareholding % of enlarged issued share capital of our Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no additional 2022 Convertible Bonds are converted and no additional A Shares are issued under the Effective Restricted Share Incentive Plans since the Latest Practicable Date)
Lv Tao	Connected person of our Company	April 28, 2025	18.93	48 months	90,000	[**REDACTED**]
		December 11, 2025	18.93	36 months	10,000	[**REDACTED**]
Wang Mengying	Connected person of our Company	April 28, 2025	18.93	48 months	15,000	[**REDACTED**]
Liu Xin	Connected person of our Company	April 28, 2025	18.93	48 months	19,200	[**REDACTED**]
Chen Wei	Connected person of our Company	April 28, 2025	18.93	48 months	36,000	[**REDACTED**]
Sun Xichuan	Connected person of our Company	April 28, 2025	18.93	48 months	36,000	[**REDACTED**]
		December 11, 2025	18.93	36 months	10,000	[**REDACTED**]
Lin Muchong	Connected person of our Company	April 28, 2025	18.93	48 months	36,000	[**REDACTED**]
Li Limin	Connected person of our Company	April 28, 2025	18.93	48 months	36,000	[**REDACTED**]
		December 11, 2025	18.93	36 months	5,000	[**REDACTED**]
Chen Zhifeng	Connected person of our Company	April 28, 2025	18.93	48 months	39,000	[**REDACTED**]
		December 11, 2025	18.93	36 months	5,000	[**REDACTED**]
Li Bing	Connected person of our Company	April 28, 2025	18.93	48 months	27,000	[**REDACTED**]
		December 11, 2025	18.93	36 months	4,000	[**REDACTED**]
Shu Zhenhua	Connected person of our Company	April 28, 2025	18.93	48 months	30,000	[**REDACTED**]
Chen Peng	Connected person of our Company	April 28, 2025	18.93	48 months	12,000	[**REDACTED**]

Name	Position(s) held within our Group	Date of grant	Grant Price	Vesting period[(1)]	Number of granted and outstanding restricted Shares	Approximate shareholding % of enlarged issued share capital of our Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no additional 2022 Convertible Bonds are converted and no additional A Shares are issued under the Effective Restricted Share Incentive Plans since the Latest Practicable Date)
Sun Jianbin	Connected person of our Company	April 28, 2025	18.93	48 months	13,800	[**REDACTED**]
Wu Jianfei	Connected person of our Company	April 28, 2025	18.93	48 months	36,000	[**REDACTED**]
Ji Ningning	Connected person of our Company	April 28, 2025	18.93	48 months	11,400	[**REDACTED**]
		December 11, 2025	18.93	36 months	6,000	[**REDACTED**]
Xu Xiaolin	Connected person of our Company	April 28, 2025	18.93	48 months	18,000	[**REDACTED**]
Zhong Ling	Connected person of our Company	April 28, 2025	18.93	48 months	36,000	[**REDACTED**]
Wang Bangying	Connected person of our Company	April 28, 2025	18.93	48 months	36,000	[**REDACTED**]
		December 11, 2025	18.93	36 months	5,000	[**REDACTED**]
Zhao Baoshun	Connected person of our Company	April 28, 2025	18.93	48 months	42,000	[**REDACTED**]
		December 11, 2025	18.93	36 months	5,000	[**REDACTED**]
Jiang Huiqin	Connected person of our Company	April 28, 2025	18.93	48 months	10,800	[**REDACTED**]
		December 11, 2025	18.93	36 months	3,000	[**REDACTED**]
Total					**1,676,400**	[**REDACTED**]

Note:

(1) The vesting periods set out in the table represent the maximum vesting period applicable to the relevant grant. The restricted Shares shall vest over the respective vesting periods in accordance with the applicable schedule. See "— Vesting conditions and schedule" above for details.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or our subsidiaries.

2. Litigation

To the knowledge of our Directors, no member of our Group has significant litigation or claims pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the [**REDACTED**] of, and permission to deal in, our H Shares in [**REDACTED**], our H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (including any H Shares which may fall to be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]). All necessary arrangements [have been] made to enable the securities to be admitted into CCASS.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Joint Sponsors in connection with the [**REDACTED**] payable by our Company is USD550,000 in aggregate.

4. Qualifications and Consents of Experts

The qualifications of the experts who have given opinions or advice in this document are as follows:

Name	Qualification
CITIC Securities (Hong Kong) Limited	Licensed corporation under the SFO for type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
China International Capital Corporation Hong Kong Securities Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants

Name	Qualification
	Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Zhong Lun Law Firm . . .	PRC legal adviser
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

Each of the experts named above has given and has not withdrawn its consent to the issue of this document with the inclusion of its report, letter, and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

5. Binding Effect

This document shall have the effect, if an application is made pursuant to this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

6. Bilingual document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

7. Compliance Adviser

Our Company has appointed Maxa Capital Limited as its Compliance Adviser in compliance with Rule 3A.19 of the Listing Rules.

8. Preliminary Expenses

The Company did not incur material preliminary expenses for the purpose of the Listing Rules.

9. No Material Adverse Change

Our Directors confirm that, as of the date of this document, there has been no material change in our financial or financial position since June 30, 2026.

10. Promoters

The promoters of our Company are Mr. Qin, Mr. Zhou, Ms. Zhong, Mr. Zheng, Ms. Zhang, Ms. Deng, Mr. Zhao Zhiming (趙志明), Ms. Jiang Hui (江慧), Mr. Zhou Aiping (周艾平), Ms. Li Meifeng (李梅鳳), Mr. Mao Yuhua (毛玉華), Mr. Liu Xinghua (劉興華), Mr. Jiang Xisong (姜希松), Mr. Shen Bing (沈兵), Mr. Zheng Chunhuai (鄭春懷), Mr. Zhang Zhiqiang (張志強), Mr. Wang Mingjie (王明傑), Mr. Li Rongcheng (李榮成), Mr. Chen Weidong (陳衛東), Mr. Lu Jun (陸軍), Mr. Chen Zhifeng (陳志鋒), Mr. Liu Zhuo (劉焯), Mr. Mo Guanming (莫官明), Mr. Qin Wu (秦武), Ms. Chen Yujuan (程育娟), Ms. Feng Fen (馮芬), Mr. Hu Zhijian (胡志堅), Ms. Huang Zhen (黃珍), Mr. Li Fei (李飛), Mr. Song Chunhua (宋春華), Mr. Wu Keguo (吳科國), Ms. Xiang Qiufen (向秋芬), Ms. Xiao Jing (校晶), Ms. Xu Xiaolin (徐曉琳), Mr. Zeng Ximing (曾喜明), Mr. Zeng Yuan (曾原), Mr. Zhang Junyan (張俊彥), Mr. Zhu Yongguan (朱用官), Mr. Chen Changchun (陳長春), Mr. Gao Jiayong (高家勇), Mr. He Tianqian (何天虔), Mr. Li Bin (李兵), Mr. Sun Xianbao (孫先保), Mr. Wang Jianguo (王建國) and Mr. Zhang Shangjun (張尚軍). Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the [**REDACTED**] or the related transactions described in this document.

11. Taxation of Holders of H Shares

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

12. Miscellaneous

Save as disclosed in this document:

(a) within the two years preceding the date of this document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(h) save for our A Shares which are listed on the Shenzhen Stock Exchange and the H Shares to be [**REDACTED**] in connection with the [**REDACTED**], none of the equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(i) our Company has no other outstanding convertible debt securities or debentures apart from the 2022 Convertible Bonds;

(j) all necessary arrangements have been made to enable the H shares to be admitted into [**REDACTED**] for clearing and settlement.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Appendix VI — Statutory and General Information — E. Other Information — 4. Qualifications and Consents of Experts"; and

(b) a copy of each of the material contracts referred to in "Appendix VI — Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts."

DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.capchem.com** during a period of 14 days from the date of this document:

1. the Articles of Association;

2. the Accountants' Report prepared by Ernst & Young, the text of which is set forth in Appendix I to this document;

3. the audited consolidated financial statements of our Company for the financial years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026;

4. the report from Ernst & Young on the unaudited [**REDACTED**] financial information of our Group, the text of which is set forth in Appendix II to this document;

5. the material contracts in "Appendix VI — Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts";

6. the written consents referred to in "Appendix VI — Statutory and General Information — E. Other Information — 4. Qualifications and Consents of Experts";

7. the service contracts referred to in "Appendix VI — Statutory and General Information — C. Further Information about our Directors and Senior Management — 3. Service Contracts";

8. the legal opinions issued by Zhong Lun Law Firm, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;

9. the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed "Industry Overview" in this document; and

10. a copy of the following PRC laws, together with their unofficial English translations:

    - the PRC Company law;
    - the Securities Law; and
    - the Overseas Listing Trial Measures.