SSI New Material (Zhenjiang) Co., Ltd.
鎮江貝斯特新材料股份有限公司

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

Stock Code : 03707

GLOBAL OFFERING

Sole Sponsor, Sponsor-Overall Coordinator, Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

國泰海通 GUOTAI HAITONG | 國泰君安國際 GUOTAI JUNAN INTERNATIONAL

Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

招銀国际 CMB INTERNATIONAL | 富途證券 FUTU Securities International

Joint Bookrunners

老虎證券 TIGER BROKERS | uSMART 盈立證券 | 东方证券 DFZQ 國際

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

SSI New Material (Zhenjiang) Co., Ltd.
鎮江貝斯特新材料股份有限公司

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**39,999,000 H Shares**
Number of Hong Kong Offer Shares	**:**	**4,000,000 H Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**35,999,000 H Shares (subject to reallocation)**
Maximum Offer Price	**:**	**HK$7.00 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and the AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB0.10 per H Share**
Stock code	**:**	**3707**

Sole Sponsor, Sponsor-Overall Coordinator, Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

國泰海通 GUOTAI HAITONG | 國泰君安國際 GUOTAI JUNAN INTERNATIONAL

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix V, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged, or transferred within the United States, except in reliance on an exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside of the United States in offshore transactions in accordance with Regulation S.

The Offer Price is expected to be fixed by agreement between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, December 3, 2026 (Hong Kong time) and, in any event, not later than 12:00 noon on Thursday, December 3, 2026 (Hong Kong time). The Offer Price will not be more than HK$7.00 per Offer Share and is currently expected to be not less than HK$6.00 per Offer Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Thursday, December 3, 2026 (Hong Kong time) between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse. Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$7.00 for each Hong Kong Offer Share together with a brokerage of 1.0%, a SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors."

The Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the Offer Price stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.n-bass.com** not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, please see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please see the section headed "Underwriting – Underwriting Arrangements – Hong Kong Public Offering – Grounds for Termination."

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.n-bass.com**). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

November 27, 2026

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** under the "*HKEXnews* > *New Listings* > *New Listing Information*" section, and our website at **www.n-bass.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **HK eIPO White Form** service at **www.hkeipo.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is an HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to "How to Apply for Hong Kong Offer Shares" for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

H SHARES WILL BE PARTICIPATING SECURITIES ISSUED IN UNCERTIFICATED FORM

Our H Shares will, upon Listing, become participating securities (as defined under the USM Rules). All H Shares will be issued and held in uncertificated form only, recorded electronically on the H Share register of holders maintained by our ASR, Tricor Investor Services Limited.

H Shareholders who wish to hold and manage their uncertificated holdings in their own names (rather through CCASS) will need to set up an uncertificated securities individual ("**USI**") profile with our ASR in order to view, manage, and initiate or affirm transfers of their holdings electronically.

Further information relating to the process of setting up a USI profile, contact points for handling any enquiries, and the consequences of failing to do so is available on our website at **www.n-bass.com/investor-relations/uncertificated-securities-market** and the website of our ASR at **https://eshareholder.hk**.

Your application through the **HK eIPO White Form** service or by giving electronic application instructions to HKSCC must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table below. You are required to pay the amount next to the number you select. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares. If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum amount payable[1] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum amount payable[1] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum amount payable[1] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum amount payable[1] on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
500	3,535.30	8,000	56,564.75	70,000	494,941.66	1,000,000	7,070,595.00
1,000	7,070.60	9,000	63,635.35	80,000	565,647.60	2,000,000[2]	14,141,190.00
1,500	10,605.89	10,000	70,705.96	90,000	636,353.56		
2,000	14,141.19	15,000	106,058.93	100,000	707,059.50		
2,500	17,676.49	20,000	141,411.90	200,000	1,414,119.00		
3,000	21,211.79	25,000	176,764.88	300,000	2,121,178.50		
3,500	24,747.08	30,000	212,117.86	400,000	2,828,238.00		
4,000	28,282.38	35,000	247,470.83	500,000	3,535,297.50		
4,500	31,817.68	40,000	282,823.80	600,000	4,242,357.00		
5,000	35,352.98	45,000	318,176.78	700,000	4,949,416.50		
6,000	42,423.56	50,000	353,529.76	800,000	5,656,476.00		
7,000	49,494.16	60,000	424,235.70	900,000	6,363,535.50		

(1) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the ASR (for applications made through the application channel of the ASR) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

(2) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on our Company's website at **www.n-bass.com** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**.*

Hong Kong Public Offering commences . . . . . 9:00 a.m. on Friday, November 27, 2026

Latest time to complete electronic applications under **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[(2)]: . . . . . 11:30 a.m. on Wednesday, December 2, 2026

Application lists of the Hong Kong Public Offering open[(3)] . . . . . 11:45 a.m. on Wednesday, December 2, 2026

Latest time for (a) completing payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) applying through **HKSCC EIPO** channel[(4)] . . . . . 12:00 noon on Wednesday, December 2, 2026

If you are instructing your **broker** or **custodian** who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your **broker** or **custodian** for the earliest and latest time for giving such instructions as this may vary by **broker** or **custodian**.

Application lists of the Hong Kong Public Offering close[(3)] . . . . . 12:00 noon on Wednesday, December 2, 2026

Expected Price Determination Date[(5)] . . . . . .at or before 12:00 noon on Thursday, December 3, 2026

Announcement of the final Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering; and the basis of allocation of the Hong Kong Offer Shares to be published on our website at **www.n-bass.com**[(6)] and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**[(6)] at or before[(9)]. . . . . 11:00 p.m. on Friday, December 4, 2026

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- A full announcement of the Hong Kong Public Offering to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.n-bass.com**[6] . . . . . At or before 11:00 p.m. on Friday, December 4, 2026

- Result of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) will be available at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result** with a "search by ID" function from . . . . . 11:00 p.m. on Friday, December 4, 2026 to 12:00 midnight on Thursday, December 10, 2026

- from the allocation results telephone enquiry by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from . . . . . Monday, December 7, 2026 to Thursday, December 10, 2026 (excluding Saturday, Sunday and public holiday in Hong Kong)

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from . . . . . 6:00 p.m. on Thursday, December 3, 2026

Credit of allotted H Shares via the ASR's UNSRT system in respect of wholly or partially successful applications, or deposit of allotted H Shares directly into your designated HKSCC Participant's stock account of CCASS on or before[7] . . . . Friday, December 4, 2026

HK eIPO White Form e-Auto Refund payment instructions/ refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering to be dispatched on or before[8] . . . . . Monday, December 7, 2026

Dealings in H Shares on the Hong Kong Stock Exchange expected to commence at . . . . . 9:00 a.m. on Monday, December 7, 2026

Notes:

(1) All dates and times refer to Hong Kong local dates and time, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal and/or Extreme Conditions in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, December 2, 2026, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements."

(4) Applicants who apply for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC via CCASS should refer to "How to Apply for Hong Kong Offer Shares – A. Application for Hong Kong Offer Shares – 2. Application Channels – **HKSCC EIPO** channel" in this prospectus.

(5) The Price Determination Date is expected to be on or before Thursday, December 3, 2026. If, for any reason, the Offer Price is not agreed between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and us on or before 12:00 noon on Thursday, December 3, 2026, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this prospectus.

(7) Title to H Shares will be effective starting from 8:00 a.m. on Monday, December 7, 2026 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade prior to the time mentioned above do so entirely at their own risk.

(8) **HK eIPO White Form** e-Auto Refund payment instruction/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's identification document number before encashment of the refund check. Inaccurate completion of an applicant's identification document number may invalidate or delay encashment of the refund check.

(9) Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through single bank account may have refund monies (if any) dispatched to the bank account, in the form of **HK eIPO White Form** e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions, in the form of refund checks in favor of the applicant (or, in the case of joint applications, the first named applicant), by ordinary post at their own risk.

Further information is set out in "How to Apply for Hong Kong Offer Shares – D. Credit of Allotted H Shares and Refund of Application Monies" in this prospectus.

The above expected timetable is a summary only. You should refer to "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, the Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

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

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them, or any other person or party involved in the Global Offering. Information contained on our website, located at ***www.n-bass.com****, does not form part of this prospectus.*

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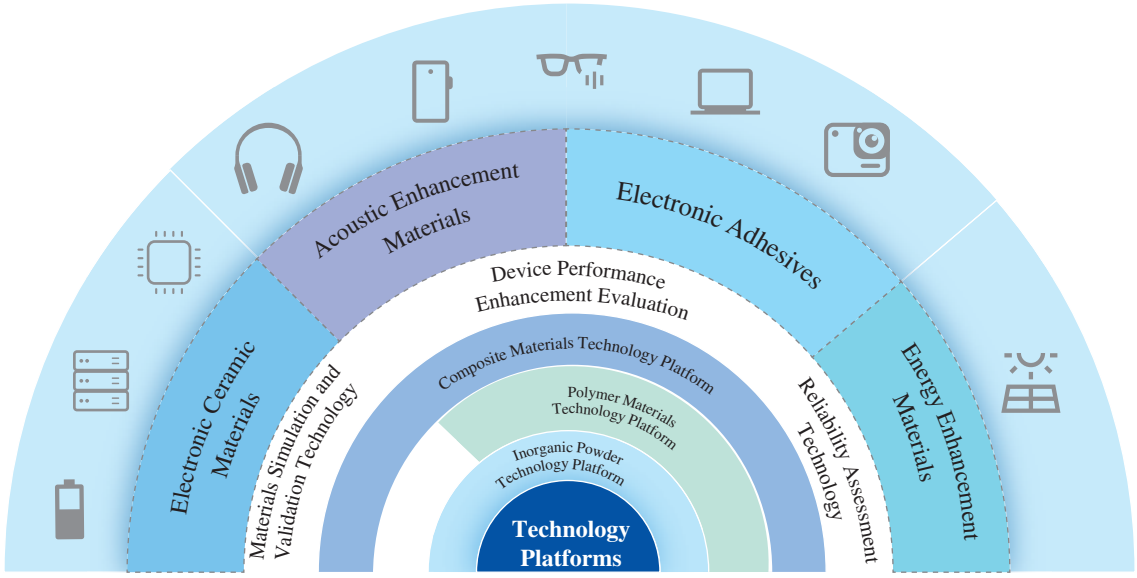
This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined or explained in "Definitions" and "Glossary" in this prospectus.

OVERVIEW

We are an electronic functional enhancement materials company principally engaged in the development, manufacture and sales of acoustic enhancement materials, electronic ceramic materials, electronic adhesives and energy enhancement materials. Based on our insights of the industry development and technology evolution and leveraging our research and development capabilities and lean-management expertise, we have built three core technology platforms, namely the Inorganic Powder Technology Platform (無機粉體技術平台), the Polymer Materials Technology Platform (高分子材料技術平台) and the Composite Materials Technology Platform (複合材料技術平台). The diagram below sets out our core technology platforms, product portfolio and downstream scenarios.



Our electronic functional enhancement materials are primarily used to enhance acoustical, optical, thermal and electrical performance of components and devices in consumer electronics and new energy sectors. This enables us to deliver comprehensive functional enhancement material solutions for a wide range of downstream application scenarios, including smartphones, laptops, tablets, smart wearables and new energy sectors. As our technologies mature and product capabilities continuously improve, the downstream application scenarios of our products are gradually expanding into high-growth sectors such as advanced packaging, computing power and other semiconductor-related sectors.

Our Inorganic Powder Technology Platform focuses on the synthesis and processing engineering of high-purity, nano-scale ultra-fine powders, which supports our four major product lines at different stages, as described below. Specifically, it supplies inorganic powders for N'BASS Materials' synthesis in acoustic enhancement materials, provides aluminium oxide powder for separator coating and cathode additives in electronic ceramic materials, offers powder modification know-how to support the development of high-end optical, advanced packaging and thermally conductive adhesives in electronic adhesive materials, and supports the formulation of PV conductive pastes using externally sourced silver powder and of PV back-glass coating materials using titanium dioxide powder and glass frits in energy enhancement materials. Our Polymer Materials Technology Platform focuses on the development and application of polymer material formulation design, raw material modification technologies, and molecular structure design. It supports the material formulation design, raw material modification and structural design for acoustic diaphragms in acoustic enhancement materials, supports the material formulation design and material modification of resins for acoustic and optical adhesives in electronic adhesive materials, and helps us to select suitable polymer composite systems for use in PV conductive pastes and PV back-glass coating materials in energy enhancement materials. Our Composite Materials Technology Platform enables the integration of organic and inorganic materials capabilities to develop composite materials solutions. It supports the development of acoustic diaphragms in acoustic enhancement materials through organic-inorganic compounding, application development for electronic ceramic powders through slurry preparation and coating expertise, and the development of composite formulations for electronic adhesives and, within our energy enhancement materials product line, for PV back-glass coating materials.

According to Frost & Sullivan, in terms of revenue in 2025, we ranked first in both the global and PRC acoustic enhancement materials markets, with market shares of approximately 20.0% and 34.7%, respectively. In 2025, acoustic enhancement materials represented less than 1% of both the global and PRC markets for electronic functional enhancement materials, while electronic ceramic powders, electronic adhesives and energy enhancement materials represented 11.7%, 16.0% and 41.3% of the global electronic functional enhancement materials market, and 6.9%, 11.4% and 58.4% of the PRC market, respectively. Our rankings for electronic ceramic powders, electronic adhesives and energy enhancement materials are outside the top 10 in both the global and PRC markets. For these three market segments in 2025: (i) our market share in the global and PRC electronic ceramic powder markets was less than 1% and less than 1.5%, respectively; (ii) our market share in both the global and PRC electronic adhesives markets was less than 1%; and (iii) our market share in both the global and PRC energy enhancement materials markets was less than 1%.

OUR PRODUCTS

During the Track Record Period and up to the Latest Practicable Date, we were primarily engaged in the development, manufacture and sale of electronic functional enhancement materials. Leveraging our established core technology platforms, we built up four business units: (i) acoustic enhancement materials, (ii) electronic ceramic materials, (iii) electronic adhesives, and (iv) energy enhancement materials. The following table provides a brief introduction of our major products:

No.	Business units	Sub-categories	Major functions	Major application
(i). .	Acoustic enhancement materials (聲學增強材料)	Primarily our N'BASS acoustic enhancement materials (N'BASS聲學增強材料) ("**N'BASS Materials**")[(1)]	To enhance the acoustic performance of micro speakers, such as low-frequency sound pressure level.	Featuring reliability and adaptability across different scenarios, our N'BASS Materials are currently widely used in mid-to-high-end smartphones and broader consumer electronics industry including tablets, laptops, smart wearables, with ongoing expansion into new energy industry. Our N'BASS Materials are designed to address certain limitations of conventional technical solutions including insufficient acoustic enhancement for miniature speakers, terminal signal interference, environmental performance attenuation and compromised audio experience.
(ii) .	Electronic ceramic materials (電子陶瓷材料)	Primarily our coating materials for LIB separators (with core expertise in ultra-thin coatings), and lithium-ion battery cathode additives	To improve the thermal resistance and puncture resistance of separators, thereby preventing short circuits between the cathode and the anode caused by thermal shrinkage of the separators during battery cell operation. Cathode additives improve the stability, cycling performance and other properties of ternary cathode materials through doping or coating.	Our electronic ceramic materials are currently supplied as inorganic, non-metallic fine powders for use in the lithium-ion battery for energy storage and new energy vehicles. Concurrently, we are pursuing growth by extending our product applications into advanced packaging, computing power and other semiconductor-related sectors.
(iii) .	Electronic adhesives (電子膠粘劑)	Primarily our acoustic adhesives and optical adhesives	To provide structural bonding between different components within devices, alongside functions including electrical conduction, thermal conduction or insulation protection.	Our electronic adhesives serve as critical bonding and sealing materials for micro-speakers and optical modules.

No.	Business units	Sub-categories	Major functions	Major application
(iv) .	Energy enhancement materials (能源增強材料)	Primarily PV back-glass coating materials, PV conductive paste and PV cell additives	To improve the conversion efficiency of PV cells or modules.	Widely used in the photovoltaic industry, our PV back-glass coating materials are primarily used in PV module assembly, and our PV conductive paste and PV cell additives are primarily used for manufacturing PV cells.

Note:

(1) Our N'BASS Materials are our proprietary products, which are categorized as a type of sound-adsorbing particles within the industry. As of the Latest Practicable Date, our N'BASS Materials were covered by 175 granted patents, including 92 key patents relating to materials, processes, applications and other aspects of our N'BASS Materials, and 129 pending patent applications out of the total number of patents and patent applications, relating to materials, production processes and application scenarios. The relevant key patents include, but are not limited to, "Micro-speaker enclosure with porous materials in resonance space," "Three-dimensional air-absorbing structure," "Air absorbing and sound absorbing structure," "Acoustic sound adsorption material having attached sphere matrix," "Speaker with grained zeolite material in deep-drawn foil response volume," "Packaging of acoustic volume increasing materials for loudspeaker devices," and "Loudspeaker system with improved sound." We also possess proprietary technologies in relation to product formulations and process technologies, manufacturing know-how and parameters, technical and quality control specifications and test methods. The process technologies cover hydrothermal synthesis, surface modification, classification, ion exchange, impurity removal, calcination, granulation, screening and grading.

The following table sets forth the breakdown of our revenue, sales volume and average selling price by major products for the years/periods indicated:

	For the year ended December 31,											
	2023				2024				2025			
	Revenue		Sales volume	Average selling price	Revenue		Sales volume	Average selling price	Revenue		Sales volume	Average selling price
	RMB'000	*%*	*kg*	*RMB/kg*	*RMB'000*	*%*	*kg*	*RMB/kg*	*RMB'000*	*%*	*kg*	*RMB/kg*
Acoustic enhancement materials	211,726	66.1	28,446	7,443	219,128	61.7	28,973	7,563	303,514	48.6	40,927	7,416
Electronic ceramic materials	–	–	–	–	–	–	–	–	133,939	21.4	6,411,076	21
Electronic adhesives	2,272	0.7	3,010	755	9,223	2.6	11,880	776	22,359	3.6	80,869	276
Energy enhancement materials	106,465	33.2	4,929,839	22	126,711	35.7	6,344,770	20	165,284	26.4	1,940,775	85
Total	**320,463**	**100.0**	**N/A**	**N/A**	**355,062**	**100.0**	**N/A**	**N/A**	**625,096**	**100.0**	**N/A**	**N/A**

	For the six months ended June 30,							
	2025				2026			
	Revenue		Sales volume	Average selling price	Revenue		Sales volume	Average selling price
	RMB'000 (Unaudited)	*%*	*kg*	*RMB/kg*	*RMB'000*	*%*	*kg*	*RMB/kg*
Acoustic enhancement materials	145,658	51.4	19,936	7,306	132,359	36.3	18,500	7,155
Electronic ceramic materials	60,606	21.4	2,964,600	20	88,852	24.3	4,129,076	22
Electronic adhesives	8,673	3.1	16,178	536	11,376	3.1	83,018	137
Energy enhancement materials	68,461	24.1	1,385,424	49	132,372	36.3	784,702	169
Total	**283,398**	**100.0**	**N/A**	**N/A**	**364,959**	**100.0**	**N/A**	**N/A**

Overview

Our revenue maintained growth during the Track Record Period, with a change in product mix, primarily including: (i) following our acquisition of Zhejiang AITEK at the end of 2024, electronic ceramic materials accounted for 21.4% of our total revenue in 2025; and (ii) the share of revenue from acoustic enhancement materials declined in 2025 as other product lines collectively grew faster, and fell further in the first half of 2026, when softer downstream demand also reduced revenue from acoustic enhancement materials. As our total revenue is driven by the performance of each major product line, we set out below a detailed analysis of revenue fluctuations by major products.

Acoustic Enhancement Materials

Our revenue from acoustic enhancement materials remained relatively stable at RMB211.7 million in 2023 and RMB219.1 million in 2024 and increased to RMB303.5 million in 2025. The increase in revenue from 2024 to 2025 is primarily attributable to an increase in sales volume driven by (a) the steady growth of end markets in consumer electronics smart terminals during the same year; (b) the increased penetration rate of N'BASS Materials in upper mid-end smartphones (smartphones with US$400 < retail price < US$600, including only Android smartphones); and (c) our successive development and launch of new product forms, such as powder sheets. The average selling price of our acoustic enhancement materials remained relatively stable at RMB7,443 per kg in 2023, RMB7,563 per kg in 2024 and RMB7,416 per kg in 2025. Our revenue from acoustic enhancement materials decreased by 9.1% from RMB145.7 million for the six months ended June 30, 2025 to RMB132.4 million for the six months ended June 30, 2026, which was attributable to the lower demand from our customers that manufacture components for Android smartphone brands amid high memory product costs, and slower replacement cycle following significant replacement demand fulfilled in 2024 and 2025, as reflected by the decline in global shipments of smartphones and Android smartphones in the first half of 2026. According to Frost & Sullivan, the decline reflected a broader industry trend rather than a contraction limited to individual smartphone brand. As advised by Frost & Sullivan, for the six months ended June 30, 2026, global smartphone shipments and global Android smartphone shipments decreased by 5.4% and 9.4%, respectively, compared with the same period in 2025. During the relevant periods, the average selling price of our acoustic enhancement materials remained relatively stable.

Electronic Ceramic Materials

Our revenue from electronic ceramic materials increased from nil in 2024 to RMB133.9 million in 2025, following our acquisition of Zhejiang AITEK at the end of 2024. Our revenue from electronic ceramic materials increased by 46.6% from RMB60.6 million for the six months ended June 30, 2025 to RMB88.9 million for the six months ended June 30, 2026, primarily attributable to an increase in sales volume from approximately 3.0 million kg to approximately 4.1 million kg, driven by rising demand for lithium-ion batteries. As advised by Frost & Sullivan, the global shipments of lithium-ion batteries are expected to reach 3,189.7GWh in 2026 compared to 2,243.1GWh in 2025. During the respective periods, average selling price remained relatively stable at RMB20 per kg and RMB22 per kg.

Electronic Adhesive Materials

Our revenue from electronic adhesives increased by 305.9% from RMB2.3 million in 2023 to RMB9.2 million in 2024, primarily attributable to an increase in sales volume from approximately 3.0 thousand kg to approximately 11.9 thousand kg. The increase in sales volume was primarily attributable to the mass production of additional types of our acoustic adhesives such as fixing adhesives, protective adhesives and sealing adhesives. These new product types have gained recognition among customers and secured additional orders from both existing and new customers. The average selling price remained relatively stable during the period.

Our revenue from electronic adhesives increased by 142.4% from RMB9.2 million in 2024 to RMB22.4 million in 2025, primarily driven by higher sales volume from approximately 11.9 thousand kg to approximately 80.9 thousand kg resulting from: (a) the increasing recognition of our products by customers and the expansion of our product type; and (b) the launch of our optical adhesives products in 2024 and the subsequent revenue contribution in 2025. Sales volume of optical adhesives reached 61.0 thousand kg in 2025, compared to nil in 2024. The increase was partially offset by a decrease in average selling price from RMB776 per kg in 2024 to RMB276 per kg in 2025, mainly as a result of the expansion of our product types to optical adhesives, whose pricing was relatively lower than that of acoustic adhesives.

Our revenue generated from electronic adhesives increased by 31.2% from RMB8.7 million for the six months ended June 30, 2025 to RMB11.4 million for the six months ended June 30, 2026, which was attributable to an increase in sales volume resulting from the increasing revenue contribution of optical adhesives products. The increase was partially offset by a decrease in average selling price, having declined from RMB536 per kg for the six months ended June 30, 2025 to RMB137 per kg for the six months ended June 30, 2026. This was primarily because optical adhesives are priced lower than acoustic adhesives. We commenced mass production of optical adhesives in the second half of 2025 to expand our product portfolio in anticipation of the relevant market growth, and their increased share of sales volume in the first half of 2026 lowered the average selling price compared with the corresponding period in 2025.

Energy Enhancement Materials

Our revenue from energy enhancement materials increased by 19.0% from RMB106.5 million in 2023 to RMB126.7 million in 2024, primarily driven by an increase in sales volume from approximately 4.9 million kg to approximately 6.3 million kg. The increase in sales volume was primarily attributable to successful customer adoption of our PV back-glass coating materials in 2024, following the commencement of this business in 2023. The average selling price remained relatively stable at RMB22 per kg in 2023 and RMB20 per kg in 2024.

Our revenue from energy enhancement materials increased by 30.4% from RMB126.7 million in 2024 to RMB165.3 million in 2025. Our average selling price increased from RMB20 per kg to RMB85 per kg, mainly as a result of higher selling prices of PV conductive pastes driven by rising prices of silver powder, which is a key raw material for production of our PV conductive paste. We price PV conductive pastes by reference to the prevailing silver price when an order is placed, plus a processing fee. The increase in prices of silver powder has therefore led to an increase in the selling prices of such products. The positive impact of increased average selling price was partially offset by decreased sales volume, primarily because we scaled down sales of PV cell additives in the second half of 2025 amid intensified competition. According to Frost & Sullivan, the average selling price of PV cells in China declined by approximately 17.1% from 2024 to 2025. Our sales volume of PV cell additives decreased from 5.9 million kg in 2024 to 1.3 million kg in 2025.

Our revenue from energy enhancement materials increased by 93.4% from RMB68.5 million for the six months ended June 30, 2025 to RMB132.4 million for the six months ended June 30, 2026, primarily attributable to an increase in our average selling price from RMB49 per kg to RMB169 per kg. This mainly reflected higher selling prices of PV conductive pastes, primarily driven by rising silver powder prices, a core raw material for their production. PV conductive pastes are priced by reference to the silver price prevailing when the order is placed, plus a processing fee. The positive impact of increased average selling prices was partially offset by a decrease in sales volume from 1.4 million kg for the six months ended June 30, 2025 to 0.8 million kg for the six months ended June 30, 2026, primarily because we scaled down sales of PV cell additives in the second half of 2025 amid intensified competition.

The table below sets forth the gross profit and gross profit margin by major products for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Acoustic enhancement materials	161,071	76.1	183,048	83.5	250,571	82.6	118,616	81.4	110,388	83.4
Electronic ceramic materials	–	–	–	–	28,914	21.6	12,113	20.0	17,872	20.1
Electronic adhesives	272	12.0	5,706	61.9	10,304	46.1	4,994	57.6	2,837	24.9
Energy enhancement materials	11,824	11.1	10,529	8.3	1,344	0.8	742	1.1	761	0.6
Total	**173,167**	**54.0**	**199,283**	**56.1**	**291,133**	**46.6**	**136,465**	**48.2**	**131,858**	**36.1**

Our gross profit margin increased from 54.0% in 2023 to 56.1% in 2024, primarily attributable to (i) the gross profit margin for acoustic enhancement materials increased from 76.1% in 2023 to 83.5% in 2024; and (ii) the gross profit margin for electronic adhesives increased significantly from 12.0% in 2023 to 61.9% in 2024. The increase in overall gross profit margin was partially offset by the decrease in gross profit margin for energy enhancement materials from 11.1% in 2023 to 8.3% in 2024.

Our gross profit margin decreased from 56.1% in 2024 to 46.6% in 2025, primarily due to: (i) following the acquisition of Zhejiang AITEK, electronic ceramic materials (with a gross profit margin of 21.6%) represented 21.4% of our total revenue in 2025. Meanwhile, the proportion of revenue derived from higher-margin acoustic enhancement materials decreased from 61.7% in 2024 to 48.6% in 2025, while the gross profit margin of such products remained relatively stable at 83.5% in 2024 and 82.6% in 2025; and (ii) the gross profit margin of other products also declined, including energy enhancement materials and electronic adhesives, both of which contributed to the overall margin decrease.

Our gross profit margin decreased significantly from 48.2% for the six months ended June 30, 2025 to 36.1% for the six months ended June 30, 2026, primarily attributable to varying rates of revenue change across our major products, which have shifted their respective revenue contributions to us. The revenue contribution of acoustic enhancement materials, which delivered higher gross margins, declined from 51.4% for the six months ended June 30, 2025 to 36.3% for the six months ended June 30, 2026. In comparison, revenue contribution of energy enhancement materials with a lower gross margin increased from 24.1% to 36.3% during the same corresponding periods. Meanwhile, gross margins of certain products also declined during the same period; (i) our gross profit margin for energy enhancement materials decreased from 1.1% to 0.6%; and (ii) our gross profit margin for electronic adhesives decreased significantly from 57.6% to 24.9%. Our gross profit margin for electronic ceramic materials remained relatively stable at 20.0% for the six months ended June 30, 2025 and 20.1% for the six months ended June 30, 2026. The below sets forth the detailed analysis of fluctuations of gross profit margins by our major products.

Acoustic Enhancement Materials

Our gross profit margin for acoustic enhancement materials increased from 76.1% in 2023 to 83.5% in 2024. This improvement was primarily the result of the continuous improvement in our production technologies and enhanced production efficiency as well as the economies of scale

achieved through increased production volumes. Our gross profit margin for acoustic enhancement materials remained relatively stable at 83.5% in 2024 and 82.6% in 2025, and at 81.4% for the six months ended June 30, 2025 and 83.4% for the six months ended June 30, 2026.

Electronic Ceramic Materials

We recorded a gross profit margin of 21.6% for the electronic ceramic materials following our acquisition of Zhejiang AITEK at the end of 2024. Additionally, our gross profit margin for electronic ceramic materials remained relatively stable at 20.0% for the six months ended June 30, 2025 and 20.1% for the six months ended June 30, 2026.

Electronic Adhesive Materials

The gross profit margin for electronic adhesives increased significantly from 12.0% in 2023 to 61.9% in 2024. This was primarily attributable to economies of scale achieved through a substantial increase in production volume after the products exited the ramp-up stage in 2023, which reduced unit costs including labor and allocated fixed costs such as depreciation. Specifically, we upgraded certain production equipment, centralized scattered production schedules and increased batch volumes at dedicated lines. This reduced material wastage per production batch and lowered our fixed costs per unit. The gross profit margin for electronic adhesives decreased significantly from 61.9% in 2024 to 46.1% in 2025, primarily because lower-margin optical adhesives, which contributed no sales volume in 2024, represented 75.4% of the segment's total sales volume in 2025. We commenced mass production of optical adhesives to broaden our product portfolio and grow sales, while building capabilities for optical applications. According to Frost & Sullivan, the global optical adhesives market size is expected to grow from RMB2.1 billion in 2025 to RMB3.4 billion in 2030. Against the backdrop of continuous expansion in global PV installed capacity, the market for bifacial double glass solar modules, new generation high efficiency solar cells, such as TOPCon and HJT, and camera modules and lens has grown rapidly, directly driving higher demand for optical adhesive materials.

In addition, our gross profit margin for electronic adhesives decreased significantly from 57.6% for the six months ended June 30, 2025 to 24.9% for the six months ended June 30, 2026, primarily due to: (i) a decrease in the gross profit margin of acoustic adhesives, primarily due to additional manufacturing expenses, including depreciation on shared production equipment allocated to acoustic adhesives, incurred during the expansion of optical adhesive capacity before production volumes had fully ramped up; and (ii) we commenced mass production and supply of optical adhesives in the second half of 2025, resulting in an increased revenue contribution from such lower-margin products (compared with acoustic adhesives).

Energy Enhancement Materials

Our gross profit margin for energy enhancement materials decreased from 11.1% in 2023 to 8.3% in 2024, mainly due to the decrease in average selling price from RMB22 per kg to RMB20 per kg as a result of intensified competition in the PV industry, which exerted downward pressure on industry-wide selling prices, while the decrease in our unit costs did not fully offset the price decline.

Our gross profit margin for energy enhancement materials decreased from 8.3% in 2024 to 0.8% in 2025, primarily because: (i) the market price of silver powder increased in 2025. Silver powder accounted for most of the cost of sales of PV conductive pastes. Processing fees represent a relatively small portion of the selling price and remained generally stable throughout the period. As prevailing market prices of silver powder increased, selling prices and unit costs of relevant sales orders rose commensurately. Since processing fees did not increase correspondingly, the gross profit margin of these products narrowed significantly; and (ii) amid intensified market competition, we scaled down sales of PV cell additives (with relatively higher margin compared to

PV conductive pastes) in the second half of 2025 and allocated more resources to our self-developed products in other sectors, including acoustic enhancement materials, electronic ceramic materials and electronic adhesives, thereby contributing to the decline in the gross profit margin of this sector.

Our gross profit margin for energy enhancement materials decreased from 1.1% for the six months ended June 30, 2025 to 0.6% for the six months ended June 30, 2026, primarily due to (i) gross margin compression of PV conductive pastes resulting from silver powder price pass-through against stable processing fees; and (ii) the fact we scaled down the sales of PV cell additives, which had a relatively higher gross profit margin among products within this sector.

OUR STRENGTHS

The following strengths contribute to our market position, ensuring our success and distinguishing us from our competitors: (i) we have established long-standing relationships with major customers and develop and customize materials to meet their specific requirements; (ii) our lean management operations advance sustainable and high-quality growth; (iii) we have a professional, dedicated and experienced management team; and (iv) our high-quality corporate value system fosters sustainable core competitiveness.

OUR STRATEGIES

We plan to pursue the following strategies: (i) expand our presence in the global acoustic enhancement materials market and become a comprehensive material solution provider; (ii) further strengthen and enrich our product portfolio in electronic ceramic materials sector; (iii) strengthen and upgrade our market position in electronic adhesives sector; (iv) increase research and development investment to enhance diverse technology platforms and innovation capabilities; (v) enhance collaboration with major downstream players; (vi) conduct strategic mergers and acquisitions to enhance our competitiveness; and (vii) continuously improve operational efficiency and profitability through lean operation management system.

RESEARCH AND DEVELOPMENT

Continuous research and development are the foundations of our business operation. We are committed to develop new technologies, design new products and upgrade existing product offerings to enhance our market position. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses amounted to RMB37.6 million, RMB39.4 million, RMB45.2 million, RMB21.1 million and RMB20.5 million, representing 11.7%, 11.1%, 7.2%, 7.5% and 5.6% of our total revenue in the respective years/periods. Our research and development expense decreased by 3.1% from RMB21.1 million for the six months ended June 30, 2025 to RMB20.5 million for the six months ended June 30, 2026, primarily due to a decrease of RMB1.8 million in amortization and depreciation, mainly attributable to the decreased patent amortization allocated to research and development activities. Our patents are shared between research and production functions, and related amortization is allocated based on the working hours of research and development and production personnel. The increase in production working hours during the six months ended June 30, 2026, as compared with the corresponding period in 2025, resulted in a smaller portion of patent amortization being charged to research and development expenses. As of June 30, 2026, we have established an in-house research and development team comprising 68 professionals. The team is led by two senior personnel holding doctoral degrees with extensive academic and industrial expertise, and approximately 51.5% of our research and development personnel hold a master's degree or above. During the Track Record Period and up to the Latest Practicable Date, all of our principal research and development activities had been conducted in-house without any outsourcing arrangements. Meanwhile, we have established collaborative research and development partnerships with leading

domestic universities and research institutions that possess distinctive advantages in ceramic powder and electronic adhesives sectors. For example, we have co-founded a Joint Laboratory for Carbon-Neutral Advanced Materials with a leading science and engineering university in Shanghai, China.

OUR PRODUCTION

As of June 30, 2026, we had three production bases in Zhenjiang, Ningbo and Suzhou in China. We have implemented a comprehensive production planning management system to ensure efficient utilization of our manufacturing resources and to align production volume with market demand and customer orders. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, utilization rates for (i) our acoustic enhancement materials were 52.5%, 96.3%, 95.0% and 90.7%, respectively; (ii) our electronic ceramic materials were nil, nil, 80.9% and 74.2%; (iii) our electronic adhesives were 52.5%, 32.0%, 90.0% and 80.8%, respectively; and (iv) our energy enhancement materials were 26.0%, 57.0%, 62.5% and 93.9%, respectively. For details, please refer to "Business — Our Production — Production Capabilities" for further information in this prospectus.

SALES AND MARKETING

We primarily adopt the direct sales model. Through direct sales, we have established a close and direct connection with our customers. Our customer base primarily comprises component manufacturers in the consumer electronics and new energy sectors. During the Track Record Period, we generated a large proportion of revenue from a group of major customers. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, sales to our five largest customers in each year/period amounted to RMB282.6 million, RMB292.1 million, RMB489.6 million and RMB276.2 million, respectively, accounting for 88.2%, 82.3%, 78.4% and 75.7% of our total revenue for the respective years/periods. In addition, sales to our largest customer in each respective year/period, amounted to RMB91.0 million, RMB74.3 million, RMB139.3 million and RMB121.4 million, accounting for 28.4%, 20.9%, 22.3% and 33.3% of our total revenue for the same years/periods, respectively. Our Directors are of the view that, as advised by Frost & Sullivan, customer concentration is an industry norm in the electronic functional enhancement materials industry, primarily due to concentrated nature of downstream markets, including both component manufacturers and brand owners in the consumer electronics and new energy sectors. For detailed analysis on customer concentration, please refer to "Business – Sales, Marketing and Customers – Customer Concentration" in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we primarily sold our products to customers in China. The following table sets forth the breakdown of our revenue by geographical location (based on the places of registration of our direct customers) for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Chinese Mainland	289,628	90.4	289,040	81.4	518,483	82.9	235,723	83.2	308,449	84.5
Outside of Chinese Mainland	30,835	9.6	66,022	18.6	106,613	17.1	47,675	16.8	56,510	15.5
– Vietnam	520	0.2	20,433	5.8	54,713	8.8	25,938	9.1	32,880	9.0
– South Korea	30,315	9.4	45,589	12.8	51,900	8.3	21,737	7.7	20,166	5.5
– Malaysia	–	–	–	–	–	–	–	–	3,464	1.0
Total	**320,463**	**100.0**	**355,062**	**100.0**	**625,096**	**100.0**	**283,398**	**100.0**	**364,959**	**100.0**

The table below sets forth the breakdown of our gross profit and gross profit margin by geographical location for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Chinese Mainland	147,382	50.9	142,854	49.4	205,222	39.6	97,304	41.3	91,000	29.5
Outside of Chinese Mainland	25,785	83.6	56,429	85.5	85,911	80.6	39,161	82.1	40,858	72.3
– Vietnam	273	52.5	16,027	78.4	43,931	80.3	20,522	79.1	27,439	83.5
– South Korea	25,512	84.2	40,402	88.6	41,980	80.9	18,639	85.7	14,206	70.4
– Malaysia	–	0.0	–	0.0	–	0.0	–	0.0	(787)	(22.7)
Total	**173,167**	**54.0**	**199,283**	**56.1**	**291,133**	**46.6**	**136,465**	**48.2**	**131,858**	**36.1**

RAW MATERIALS, PROCUREMENT AND SUPPLIERS

During the Track Record Period and up to the Latest Practicable Date, with respect to our core product N'BASS Materials, we primarily procured raw materials including various basic inorganic materials, catalysts and granule-forming additives for in-house production following our proprietary formulations and processes. Key raw materials for our other products are set forth as follows: (i) for electronic ceramic powders: alumina powder; (ii) for electronic adhesives: resins (mainly including acrylic resin, epoxy resin, silicone resin and polyurethane resin), as well as thixotropic agents and diluents; and (iii) for energy enhancement materials: silver powder (exclusively used in the production of PV conductive pastes products), resin, glass frit and electronic chemicals. During the Track Record Period and up to the Latest Practicable Date, all of our purchases of raw materials had been sourced from domestic suppliers, who engaged in providing various inorganic materials and basic chemicals. We also procured all PV cell additives and a portion of PV conductive pastes from domestic suppliers, which was sold to our customers.

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, our purchases from our five largest suppliers in each year/period amounted to RMB124.3 million, RMB97.4 million, RMB184.3 million and RMB127.6 million, respectively, representing 91.3%, 76.8%, 67.0% and 65.3% of our total purchase amounts for the respective years/periods; our purchases from our largest supplier amounted to RMB56.3 million, RMB45.5 million, RMB84.4 million and RMB72.6 million, respectively, representing 41.3%, 35.9%, 30.7% and 37.1% of our total purchase amounts for the same years/periods, respectively. Our Directors are of the view that, as advised by Frost & Sullivan, the relatively high supplier concentration during the Track Record Period aligns with industry norms, mainly because silver powder, the core raw material for PV conductive paste, carries a high unit cost as a precious metal and accounts for a substantial share of total purchases. For detailed analysis on supplier concentration, please refer to "Business – Raw Materials, Procurement and Suppliers – Supplier Concentration" in this prospectus.

COMPETITIVE LANDSCAPE

We primarily operate in the electronic functional enhancement materials industry, with our products mainly applied downstream in the consumer electronics and new energy sectors. The industry's dynamic and competitive landscape varies by segment and application. According to Frost & Sullivan, in terms of revenue in 2025, we ranked first in both the global and PRC acoustic enhancement materials markets, with market shares of approximately 20.0% and 34.7%, respectively. For the electronic functional enhancement materials industry in 2025, (i) acoustic enhancement materials market was relatively concentrated, with over 50 market participants

globally and over 20 in the PRC, and the top five suppliers collectively accounted for 69.1% of the global market and 81.9% of the PRC market; (ii) the electronic ceramic powders market was relatively fragmented, with over 500 market participants globally and over 200 in the PRC, and the top five suppliers collectively accounted for approximately 15.1% of the global market and 13.5% of the PRC market; (iii) the electronic adhesives market comprised over 300 market participants globally and over 150 in the PRC, with the top five suppliers collectively accounting for approximately 45.1% of the global market and 39.7% of the PRC market; and (iv) the energy enhancement materials market was relatively concentrated, with over 100 market participants globally and over 50 in the PRC, and the top five suppliers collectively accounted for approximately 37.1% of the global market and 44.2% of the PRC market.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The table below summarizes our results of operations in absolute amounts and as percentages of our total revenue for the years/periods indicated, which are derived from our consolidated statements of profit or loss and other comprehensive income included in the Accountants' Report as set out in Appendix I to this prospectus.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Revenue	**320,463**	**100.0**	**355,062**	**100.0**	**625,096**	**100.0**	**283,398**	**100.0**	**364,959**	**100.0**
Cost of sales	(147,296)	(46.0)	(155,779)	(43.9)	(333,963)	(53.4)	(146,933)	(51.8)	(233,101)	(63.9)
Gross profit	**173,167**	**54.0**	**199,283**	**56.1**	**291,133**	**46.6**	**136,465**	**48.2**	**131,858**	**36.1**
Other income	11,999	3.7	5,968	1.7	11,616	1.9	4,400	1.6	6,304	1.7
Other gains and losses	(94)	(0.0)	1,998	0.6	344	0.1	1,556	0.5	(2,053)	(0.6)
Selling and marketing expenses	(9,254)	(2.9)	(10,500)	(3.0)	(16,812)	(2.7)	(9,365)	(3.3)	(6,474)	(1.8)
Administrative expenses	(27,125)	(8.5)	(29,464)	(8.3)	(47,950)	(7.7)	(25,788)	(9.1)	(24,757)	(6.8)
Research and development expenses	(37,629)	(11.7)	(39,441)	(11.1)	(45,163)	(7.2)	(21,138)	(7.5)	(20,483)	(5.6)
Listing expenses	–	–	–	–	(10,245)	(1.6)	–	–	(5,816)	(1.6)
Net impairment (losses) reversal under expected credit loss ("ECL") model	(1,791)	(0.6)	256	0.1	(1,153)	(0.2)	(562)	(0.2)	564	0.2
Finance cost	(207)	(0.1)	(261)	(0.1)	(1,952)	(0.3)	(404)	(0.1)	(565)	(0.2)
Profit before tax	**109,066**	**34.0**	**127,839**	**36.0**	**179,818**	**28.8**	**85,164**	**30.1**	**78,578**	**21.5**
Income tax expenses	(12,910)	(4.0)	(15,308)	(4.3)	(24,510)	(3.9)	(10,643)	(3.8)	(8,977)	(2.5)
Profit for the year/period	**96,156**	**30.0**	**112,531**	**31.7**	**155,308**	**24.8**	**74,521**	**26.3**	**69,601**	**19.1**
Profit (loss) attributable to:										
Owners of our Company	97,321	30.4	114,090	32.1	152,462	24.4	73,409	25.9	66,022	18.1
Non-controlling interests	(1,165)	(0.4)	(1,559)	(0.4)	2,846	0.5	1,112	0.4	3,579	1.0

For detailed analysis, please refer to the section headed "Financial Information — Results of Operations" in this prospectus.

Summary of Consolidated Statements of Financial Position

The table below sets forth a summary of our consolidated statement 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*
Total non-current assets	253,059	270,421	231,553	263,010
Total current assets	505,695	689,617	679,601	637,777
Total assets	758,754	960,038	911,154	900,787
Total non-current liabilities	24,696	27,497	4,836	9,393
Total current liabilities	108,918	208,346	292,702	199,976
Total liabilities	133,614	235,843	297,538	209,369
Net current assets	396,777	481,271	386,899	437,801
Total equity/Net assets	625,140	724,195	613,616	691,418
Non-controlling interests	1,172	28,669	27,176	35,742

Our net current assets increased from RMB386.9 million as of December 31, 2025 to RMB437.8 million as of June 30, 2026. This was primarily attributable to (i) a decrease in trade, bills and other payables of RMB76.9 million, primarily due to the payment of a dividend of RMB77.0 million in March 2026; and (ii) an increase in receivables at FVTOCI of RMB35.2 million. The increase was partially offset by (i) the decrease of RMB51.6 million in cash and cash equivalents; and (ii) the decrease of RMB30.5 million in trade, bills and other receivables, mainly attributable to a more proactive collection strategy and shorter credit terms granted to certain customers.

Our net current assets decreased from RMB481.3 million as of December 31, 2024 to RMB386.9 million as of December 31, 2025. This was primarily attributable to (i) a decrease in financial assets at FVTPL of RMB152.2 million, primarily due to increased cash outflows during the year; and (ii) an increase in trade, bills and other payables of RMB59.3 million, primarily due to an addition of RMB77.0 million in dividend payable resulting from our shareholders' resolution to distribute retained profit as of November 30, 2025 and an addition of RMB6.3 million in accrued listing expenses. This overall decrease was partially offset by an increase in cash and cash equivalents of RMB77.8 million, primarily due to an increase in bank balances.

Our net current assets increased from RMB396.8 million as of December 31, 2023 to RMB481.3 million as of December 31, 2024. This was primarily attributable to (i) an increase of RMB238.5 million in financial assets at FVTPL, primarily as a result of our investment in certain wealth management products; and (ii) an increase of RMB35.5 million in our trade, bills, other receivables, mainly due to the recognition of trade, bills and other receivables of Zhejiang AITEK upon the completion of our acquisition of such company on December 31, 2024. This overall increase was partially offset by (i) a decrease in cash and cash equivalents of RMB161.4 million mainly as a result of our investment in wealth management products; and (ii) an increase in trade, bills and other payables of RMB54.5 million, mainly due to the recognition of trade, bills and other payables of Zhejiang AITEK upon the completion of our acquisition of such company on December 31, 2024.

Our net assets increased from RMB625.1 million as of December 31, 2023 to RMB724.2 million as of December 31, 2024, primarily attributable to (i) profit for the year of RMB112.5 million, and (ii) non-controlling interests of RMB29.1 million as a result of acquisition of Zhejiang AITEK, which was partially offset by dividends recognized as distribution of RMB40.8 million. Our net assets decreased from RMB724.2 million as of December 31, 2024 to RMB613.6 million as of December 31, 2025, primarily attributable to dividends recognized as distribution of

RMB317.8 million, which were partially offset by (i) profit for the year of RMB155.3 million; and (ii) issue of shares of RMB31.5 million. Our net assets increased from RMB613.6 million as of December 31, 2025 to RMB691.4 million as of June 30, 2026, primarily attributable to (i) profit for the period of RMB69.6 million and (ii) recognition of equity-settled share-based payment expense of RMB4.0 million.

For detailed analysis, please refer to the section headed "Financial Information — Discussion of Certain Selected Items of Consolidated Statements of Financial Positions" in this prospectus.

Summary of Consolidated Cash Flow Statements

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

	For the year ended December 31,			For the six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Net cash from operating activities	28,738	143,681	108,184	71,129	91,124
Net cash from (used in) investing activities	70,299	(260,411)	168,925	44,505	(51,975)
Net cash used in financing activities	(33,134)	(44,626)	(199,342)	(46,674)	(90,743)
Net increase/(decrease) in cash and cash equivalents	65,903	(161,356)	77,767	68,960	(51,594)
Cash and cash equivalents at beginning of the year/period	200,359	266,262	104,906	104,906	182,673
Cash and cash equivalents at end of the year/period	266,262	104,906	182,673	173,866	131,079

Our cash and cash equivalents decreased from RMB266.3 million as of December 31, 2023 to RMB104.9 million as of December 31, 2024, mainly due to the reallocation of our cash holdings to increase investment in wealth management products in 2024. Our cash and cash equivalents increased to RMB182.7 million as of December 31, 2025, due to increased deposits resulting from our increased revenue. Our cash and cash equivalents decreased to RMB131.1 million as of June 30, 2026, primarily attributable to the payment of a dividend of RMB77.0 million in March 2026. For detailed analysis on our cash flow, please refer to the section headed "Financial Information — Liquidity and Capital Resources" in this prospectus.

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,			As of/For the six months ended June 30,
	2023	2024	2025	2026
Current ratio[(1)]	4.64	3.31	2.32	3.19
Quick ratio[(2)]	4.39	3.12	2.12	2.88
Gearing ratio[(3)]	1.11%	7.57%	12.26%	9.53%
Return on equity[(4)]	16.3%	17.1%	23.2%	10.7%
Return on total assets[(5)]	13.5%	13.1%	16.6%	7.7%
Net debt to equity ratio[(6)]	(42.4)%	(8.3)%	(18.5)%	(10.3)%

Notes:

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. Gearing ratio is calculated based on derivative financial instruments, borrowings and lease liabilities divided by the ending balance of total equity and multiplied by 100%.
4. Return on equity equals profit for the year/period divided by total average of the opening and closing balances of total equity of the respective year/period, multiplied by 100%.
5. Return on assets equals profit for the year/period divided by total average of the opening and closing balances of total assets of the respective year/period, multiplied by 100%.
6. Net debt to equity ratio was calculated based on net debts (being total loans and borrowings net of cash and cash equivalents) as at the respective date divided by total equity as at the respective date.

RISK FACTORS

Our operations involve certain risks and uncertainties. A key risk is that our business is exposed to the supply-demand dynamics of the end markets in which our products are applied, including consumer electronics and new energy. Notably, the global Android smartphone market may not recover from 2027 as expected. A prolonged slowdown or delayed recovery could reduce demand for our higher-margin acoustic enhancement materials and accelerate a shift in our product mix towards lower-margin segments, adversely affecting our overall gross profit margin and financial performance. Other significant risks relating to our business and industry include: (i) we may fail to continuously expand our existing product lines or develop new products or our new products may not be successful, which could adversely affect our business, results of operations, and financial condition; (ii) a substantial portion of our revenue has been derived from a small number of customers. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, financial condition and results of operations; (iii) we may fail to keep pace with the continuous technological advancements in our industry, and our research and development initiatives may not deliver commercially viable or otherwise positive outcomes; (iv) any failure to protect our intellectual property rights could undermine our competitive position and adversely affect our business prospects; and (v) new market opportunities may not develop as quickly as we expect, or at all, which may limit our ability to successfully sell our products. For further details, please refer to the section headed "Risk Factors" in this prospectus.

USE OF PROCEEDS

Assuming an Offer Price of HK$6.50 per Share (being the mid-point of the indicative Offer Price range), we estimate that we will receive net proceeds of approximately HK$211.9 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering. In alignment with our strategy and development plans, we intend to allocate the net proceeds for the following purposes:

- approximately 43.2% of the net proceeds (equivalent to HK$91.5 million) will be used to expand the production capacity of our current products and facilitate the development and commercialization of our new products.

- approximately 37.4% of the net proceeds (equivalent to HK$79.3 million) will be used to establish our research and development centers. We plan to further expand the diversified application scenarios of our products in consumer electronics sector, strengthen the development and application of functional enhancement materials in high-growth industries including advanced packaging, computing power, and other semiconductor-related fields, and advance the development of our information systems.

- approximately 8.1% of the net proceeds (equivalent to HK$17.2 million) will be used to conduct potential mergers and acquisitions in the future.

- approximately 4.1% of the net proceeds (equivalent to HK$8.7 million) will be used to develop our sales and service network, primarily for recruiting sales staff with specialized technology backgrounds; and

- approximately 7.2% of the net proceeds (equivalent to HK$15.3 million) will be used for working capital and general corporate purposes.

For details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) 39,999,000 H Shares are issued pursuant to the Global Offering, (ii) 357,755,600 Domestic Unlisted Shares shall be converted to H Shares upon completion of the Global Offering, and (iii) 398,190,820 Shares (excluding treasury shares) are issued and outstanding following the completion of the Global Offering.

	Based on an Offer Price of HK$7.00 per H Share	Based on an Offer Price of HK$6.00 per H Share
Market Capitalization of our H Shares[1]	HK$2,771.7 million	HK$2,375.7 million
Market Capitalization of our Shares[2]	HK$2,787.3 million	HK$2,389.1 million
Unaudited pro forma adjusted net tangible asset per Share[3]	HK$2.28	HK$2.18

Notes:

1. The market capitalization of our H Shares is calculated based on 395,954,640 H Shares in issue immediately upon completion of the Global Offering, being 397,754,600 H Shares less 1,799,960 treasury shares.

2. The calculation of market capitalization our Shares is based on 398,190,820 Shares expected to be in issue upon the Completion of the Global Offering, excluding 1,799,960 treasury shares.

3. Unaudited pro forma adjusted consolidated net tangible assets per Share is calculated after making adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information" in this prospectus.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and fees incurred in connection with the Listing and the Global Offering. As of June 30, 2026, we incurred listing expenses of RMB20.0 million (or approximately HK$23.4 million), of which (i) RMB16.1 million (or approximately HK$18.8 million) was charged to the consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2025 and the six months ended June 30, 2026, and (ii) RMB3.9 million (or approximately HK$4.6 million) was directly attributable to the issuance of our Offer Shares and will be deducted from equity upon the Listing. Our total listing expenses are estimated to be approximately HK$48.09 million (including underwriting commission), accounting for 18.50% of the gross proceeds of the Global Offering (based on the Offer Price of HK$6.50 per H Share). Among our total listing expenses, approximately HK$13.56 million is directly attributable to the issuance of H Shares and will be charged to equity upon completion of the Listing, and approximately HK$34.53 million was and will be charged to our consolidated statements of profit or loss and other comprehensive income. Our total listing expenses would consist of (i) approximately HK$10.42 million underwriting related expenses and fees (including commissions and fees), (ii) approximately HK$26.28 million non-underwriting-related expenses and fees of the Sole Sponsor, legal advisers and reporting accountant, and (iii) approximately HK$11.39 million for other non-underwriting-related fees and expenses.

DIVIDENDS

In 2023, a dividend of RMB34.6 million was declared by our Company to our equity shareholders, of which RMB34.6 million was paid in the same year. In 2024, a dividend of RMB40.8 million was declared by our Company to our equity shareholders, of which RMB40.8 million was paid in the same year. In April 2025, we declared and paid a dividend of RMB40.8 million. During the same year, we declared a special dividend of RMB 277.0 million to our equity shareholders, of which RMB 200.0 million was paid in the same year. In March 2026, we paid a dividend of RMB77.0 million, and no further dividend was declared during the six months ended June 30, 2026. For details, please refer to Note 13 to the Accountants' Report as set out in Appendix I to this prospectus.

Currently, we do not have a formal dividend policy nor a fixed payout ratio. Any future declarations and payments of dividends will be at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. Any future net profit that we make may be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, according to applicable PRC Laws and regulations, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

PREVIOUS SZE LISTING ATTEMPT

Our Company previously considered the possibility of seeking an initial public offering on the Shenzhen Stock Exchange in the PRC ("**SZE Listing Attempt**") and engaged Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) to provide guidance and preliminary compliance advice regarding the requirements of the CSRC on October 28, 2021; and subsequently received the Letter Regarding the Completion of Inspection and Acceptance Work for Tutoring Work from Jiangsu Bureau of the CSRC (中國證券監督管理委員會江蘇監管局) on June 23, 2022, pursuant to which, Jiangsu Bureau of the CSRC confirmed that it finished the inspection and acceptance of the tutoring work in relation to the SZE Listing Attempt. No formal listing application in relation to the SZE Listing Attempt has been filed by us, as we re-assessed our A-share listing preparation during the period from the second half of 2022 to the first half of 2023, taking into account then market

conditions and our strategic considerations, as well as the uncertainties regarding the timetable of our Company's A-share listing application process in light of the then new listing standards of the ChiNext market of the Shenzhen Stock Exchange put into effect in the end of 2022, and decided not to proceed with the SZE Listing Attempt. Pursuant to the aforementioned new listing standards of the ChiNext market, companies (a) with revenue of less than RMB300 million in the most recent financial year and (b) not falling within the fields of modern industrial systems such as manufacturing optimization and upgrading, modern services, or the digital economy, are required to have a compound annual growth rate of no less than 20% in revenue for the preceding three financial years. It was contemplated that our Company may not have been able to satisfy such requirements with its financial positions in 2022. See "History, Development and Corporate Structure – Previous SZE Listing Attempt" for details. To the best knowledge and belief of our Directors, they are not aware of any other matters relating to the SZE Listing Attempt that need to be brought to the attention of the Stock Exchange and prospective investors.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, our Controlling Shareholders, comprising Zhengxin Dexu, Shanghai Lejin, Shanghai Zhengxingu and Mr. Lin Lijun, collectively controlled approximately 37.72% of the total issued share capital of our Company. Immediately after the completion of the Global Offering, our Controlling Shareholders will control approximately 33.95% of the enlarged total issued share capital of our Company. See "History, Development and Corporate Structure" and "Relationship with Our Controlling Shareholders" for details.

PRE-IPO INVESTMENTS

We have completed pre-IPO equity financings to fund our business expansion. See "History, Development and Corporate Structure — Pre-IPO Investments" for details.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Silver powder is a key raw material for production of our PV conductive paste. Since 2026, prices of silver powder are expected to remain relatively volatile following a massive surge in the broader silver market from 2023 to 2025, driven by persistent industrial demand. The volatility in silver prices in 2026 did not and will not materially and adversely affect our business operations based on the following factors. PV conductive paste serves as a core process material in the production activities of downstream customers in PV industry. As long as downstream customers maintain continuous production, our business is expected to remain stable and sustainable. Meanwhile, despite fluctuations in silver powder prices, the gross margin of our PV conductive paste has remained positive. In addition, the PV conductive paste contributes only a small portion to our overall gross profit, and our overall gross profit has been relatively stable. Accordingly, volatility in silver powder prices did not have a material adverse effect on our financial performance.

Our Directors confirmed that, save as disclosed below, as of the date of this prospectus, there has been no material adverse change in our financial position since June 30, 2026, and there has been no event since June 30, 2026 that would materially affect the information as set out in the Accountants' Report as set out in Appendix I to this prospectus.

We anticipate that our net profit would decline for the year ending December 31, 2026 compared with 2025, primarily attributable to an expected decrease in revenue contribution from our acoustic enhancement materials as well as an expected increase in share-based payments and listing expenses, partially offset by growth in other product categories. We primarily provide acoustic enhancement materials to component manufacturers for Android smartphone brands. We expect this customer profile to continue for the foreseeable future, and Android-related demand will remain a core focus of our acoustic enhancement materials business. According to Frost & Sullivan, higher memory product costs and a slower replacement cycle are expected to reduce Android

smartphone shipments in 2026. Lower handset production may reduce demand for components and, in turn, our customers' procurement of acoustic enhancement materials. According to Frost & Sullivan, the decline reflected a broader industry trend rather than a contraction limited to individual smartphone brand. According to Frost & Sullivan, global Android smartphone shipments are forecast to decline in 2026 and recover gradually over the medium term, underpinned by the following key factors: easing memory supply constraints, brand-level product and cost adjustments, and the release of deferred replacement demand from an ageing installed base. For details, please refer to "Industry Overview — Overview of Global and China Acoustic Enhancement Materials Industry — Market Size Analysis of Global and China Acoustic Enhancement Materials Industry" in this prospectus. The recovery may support demand for our acoustic enhancement materials. However, the global Android smartphone market may not recover from 2027 as expected. A delayed recovery could reduce demand for our higher-margin acoustic enhancement materials and accelerate a shift in our product mix towards lower-margin segments, adversely affecting our overall gross profit margin and financial performance. For details, please refer to "Risk Factors — Risks Relating to Our Industry and Business — Our business is exposed to the supply-demand dynamics of the end markets in which our products are applied, including consumer electronics and new energy" in this prospectus. After excluding share-based payments and listing expenses for both years, we still expect our adjusted net profit for 2026 to be lower than that for 2025. As of the Latest Practicable Date, we had one ongoing proceeding relating to the invalidation of a patent for our N'BASS Materials. No judgment had been rendered, and the patent remained valid and in force. The anticipated decline in net profit is not related to such pending patent invalidation proceedings, which are disclosed in "Business — Intellectual Property" in this prospectus.

In this prospectus, 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" in this prospectus.

"Accountants' Report"	the accountants' report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus
"affiliate(s)"	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
"Approved Securities Registrar" or "ASR"	Tricor Investor Services Limited, an approved securities registrar, i.e., a person approved by the SFC to provide securities registrar services under new section 101AAG of the SFO introduced under section 7 of the USM Amendment Ordinance
"Articles" or "Articles of Association"	the articles of association of the Company, which shall become effective on Listing Date, as amended from time to time, a summary of which is set out in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
"Capital Market Intermediaries" or "capital market intermediary(ies)" or "CMI(s)"	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
"CCASS"	the Central Clearing and Settlement System operated by HKSCC
"close associates"	has the meaning ascribed thereto under the Listing Rules
"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" or "our Company"	SSI New Material (Zhenjiang) Co., Ltd. (鎮江貝斯特新材料股份有限公司), formerly known successively as SSI New Material (Zhenjiang) Co., Ltd.* (奧音新材料(鎮江)有限公司) and SSI New Material (Zhenjiang) Co., Ltd.* (鎮江貝斯特新材料有限公司), a limited liability company established in the PRC on March 14, 2017 and converted into a joint stock company with limited liability on October 14, 2021
"Company Law" or "PRC Company Law"	Company Law of the PRC (中華人民共和國公司法) as amended and supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	refers to collectively Zhengxin Dexu, Shanghai Lejin, Shanghai Zhengxingu and Mr. Lin Lijun (林利軍)
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"CSDCC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Data Legal Advisers"	Beijing DeHeng Law Offices
"Director(s)"	the director(s) of our Company
"Domestic Unlisted Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB0.10 each, which are subscribed for and paid up in Renminbi and are not listed on any stock exchange
"EIT"	enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法), as amended, supplemented or otherwise modified from time to time
"ESG"	environmental, social and governance

"Extreme Conditions"	extreme conditions caused by a super typhoon or other natural disaster of a substantial scale that seriously affects the working public's ability to resume work or brings safety concerns as announced by the Government of Hong Kong
"F&S" or "Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, which is an independent market research and consulting company
"FINI" or "Fast Interface for New Issuance"	an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information or subscription in and settlement for all new listings
"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by F&S, a summary of which is set forth in the section headed "Industry Overview" of this prospectus
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group," "the Group," "our Group," "we," "our" or "us"	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange and as amended, supplemented or otherwise modified from time to time
"H Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB0.10 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for the granting of listing, and permission to deal in, on the Main Board of the Stock Exchange
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by the Company as specified on the designated website at **www.hkeipo.hk**

"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**HKSCC EIPO**"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Share(s)"	the H Shares (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus) initially offered by our Company for subscription under the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), on the terms and subject to the conditions described in this prospectus
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated November 26, 2026 relating to the Hong Kong Public Offering entered into by, among others, our Company, Zhengxin Dexu, Shanghai Zhengxingu, the Sole Sponsor, the Sponsor-Overall Coordinator and the Hong Kong Underwriters as further described in the section headed "Underwriting" in this prospectus

"IFRS Accounting Standards"	the International Financial Reporting Standards, which as collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB
"independent third party(ies)"	any entity(ies) or person(s) who or which is/are not our connected person(s) within the meaning under the Listing Rules
"International Offer Shares"	the H Shares to be offered by our Company (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)
"International Offering"	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, as further described in "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering which is expected to be entered into by our Company, Zhengxin Dexu, Shanghai Zhengxingu, the Sole Sponsor, the Sponsor-Overall Coordinator and the International Underwriters on or around December 3, 2026, as further described in "Underwriting"
"IT"	information technology
"Joint Bookrunners"	the joint bookrunners as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Joint Global Coordinators"	the joint global coordinators as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Joint Lead Managers"	the joint lead managers as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Latest Practicable Date"	November 17, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of our H Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange

"Listing Date"	the date expected to be on or around Monday, December 7, 2026, on which our H Shares are first listed and from which dealings therein are permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of our Company
"Offer Price"	the final offer price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed or purchased under the Hong Kong Public Offering and the International Offering, to be determined in the manner further described in the section headed "Structure of the Global Offering – Pricing and Allocation" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares
"Participating Securities"	has the meaning ascribed to it under Rule 4 of the USM Rules
"PRC" or "China" or "Chinese Mainland"	the People's Republic of China, excluding for the purposes of this prospectus only, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"PRC government" or "State"	the Central People's Government of the People's Republic of China, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
"PRC Legal Advisers"	Beijing DeHeng Law Offices, the Legal Advisers to our Company as to PRC laws
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended and supplemented from time to time

"Pre-IPO Investment(s)"	the investment(s) made by the Pre-IPO Investor(s) in our Company, details of which are set out in the section headed "History, Development and Corporate Structure – Pre-IPO Investments" in this prospectus
"Pre-IPO Investor(s)"	the pre-IPO investor(s) of our Company, details of which are set out in the section headed "History, Development and Corporate Structure – Pre-IPO Investments" in this prospectus
"Price Determination Date"	the date, expected to be on or around Thursday, December 3, 2026, but no later than 12:00 noon on Thursday, December 3, 2026, on which the Offer Price is fixed for the purpose of the Global Offering
"Provisional system-member"	a registered holder of prescribed securities in respect of whom an ASR has set up a temporary or provisional USI facility to enable such holder to hold (but not otherwise manage) the securities electronically through a UNSRT system operated by that ASR
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Company
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), a PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SCNPC"	the Standing Committee of the National People's Congress (全國人民代表大會常務委員會)
"Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time

"Shanghai Demao"	Shanghai Demao Juzhi Enterprise Management Consulting Partnership (Limited Partnership)* (上海德茂聚智企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on December 11, 2025 and one of our employee share incentive platforms
"Shanghai Lejin"	Shanghai Lejin Investment Partnership Enterprise (Limited Partnership)* (上海樂進投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on July 9, 2015 and a member of the Controlling Shareholders
"Shanghai Zhengxingu"	Shanghai Zhengxingu Investment Management Co., Ltd.* (上海正心谷投資管理有限公司), a company established in the PRC on June 3, 2015 and a member of the Controlling Shareholders
"Share(s)"	the ordinary share(s) in the share capital of our Company with a nominal value of RMB0.10 each, including our Domestic Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Shares
"Sole Sponsor" and "Sponsor-Overall Coordinator"	the sole sponsor and the sponsor-overall coordinator as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Suzhou Routao"	Suzhou Advanced Flexible Ceramics Co., Ltd.* (蘇州柔陶新材料有限公司), a limited liability company established in the PRC on December 23, 2019, a non wholly-owned subsidiary of our 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
"Track Record Period"	the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026
"Transfer Pricing Tax Consultant"	Shanghai Deloitte Tax Ltd., Suzhou Branch
"Uncertificated Form"	has the meaning given to it in section 1AB(a) of Part 1 of Schedule 1 to the Securities and Futures Ordinance

"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States," "US" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"UNSRT system"	an uncertificated securities registration and transfer system (UNSRT system), in relation to any prescribed securities, is a computer-based system, together with procedures and other facilities, that – (a) enables title to the securities to be evidenced and transferred without an instrument; and (b) facilitates supplementary and incidental matters
"U.S. dollars", "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"USI Facility"	an electronic facility set up with an ASR for the purposes of holding legal title to prescribed securities without title instruments, effecting transfers of legal title to prescribed securities without instruments of transfer, and effecting other transactions and communications relating to prescribed securities electronically
"USM Amendment Ordinance"	the Securities and Futures and Companies Legislation (Amendment) Ordinance 2021 (Ord. No. 17 of 2021) as amended by the Stamp Duty Legislation (Miscellaneous Amendments) Ordinance 2024 (Ord. No. 33 of 2024)
"USM Rules"	the Securities and Futures (Uncertificated Securities Market) Rules (Cap.571AS of the Laws of Hong Kong) made under the SFO, as in force from time to time and any amendments thereto or re-enactments thereof for the time being in force and include every other rules or subsidiary legislation incorporated therewith or substituted therefor
"Zhejiang AITEK"	Zhejiang AITEK New Material Co., Ltd.* (浙江愛科新材料有限公司), a limited liability company established in the PRC on August 6, 2018, a non wholly-owned subsidiary of our Company
"Zhenjiang Demao"	Zhenjiang Demao Enterprise Management Consulting Partnership (Limited Partnership)* (鎮江德茂企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on November 9, 2020 and one of our employee share incentive platforms

"Zhengxin Dexu"	Shanghai Zhengxin Dexu Technology Co., Ltd.* (上海正心德蓄科技有限公司), previously known as Shanghai Dexu Investment Management Co., Ltd.* (上海德蓄投資管理有限公司), a company established in the PRC on November 2, 2015 and a member of the Controlling Shareholders
"%"	per cent

Certain amounts and percentage figures included in this prospectus 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 governmental authorities, institutions, facilities, certificates, titles, nationals, individuals, companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages and, in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are marked with "" and are provided for identification purposes only.*

This glossary contains explanations of certain technical terms used in this prospectus in connection with us and our business. As such, some of these terms and their meanings may not correspond to standard industry definitions or usage of these terms and may not be comparable to similar terms adopted by other companies.

"acrylate"	the esters, salts and conjugate bases of acrylic acid with its derivatives
"acoustic enhancement materials"	specialized materials specifically applied to consumer electronic smart terminals such as smartphones, tablets, laptops, smart wearables and AI glasses/XR devices, designed to enhance, control, or achieve better acoustic performance
"advanced packaging"	advanced processes that integrate multiple chips and components into a single unit, overcoming limitations of traditional packaging to lower power consumption and smaller sizes
"AI"	artificial intelligence
"AI glasses"	wearable devices that incorporate advanced computer vision, augmented reality and artificial intelligence technologies to enhance the user's visual experience, providing real-time information, interactive overlays and intelligent assistance for a wide range of applications, from navigation and visualization to accessibility and entertainment
"alumina powder"	an aluminum oxide powder material produced through multiple processes such as grinding, precision classification, and impurity removal
"CCL"	copper clad laminate, the fundamental material for making Printed Circuit Boards (PCBs), consisting of thin copper foil bonded to a non-conductive substrate like fiberglass, soaked in resin (like epoxy), forming a rigid board used to create electronic circuits and offering electrical insulation with conductive copper pathways
"cell"	the smallest battery unit
"CMP"	chemical mechanical polishing, an advanced semiconductor manufacturing process that combines chemical reactions and mechanical abrasion to planarize and smooth the surface of wafers

"CMP powder"	chemical mechanical polishing powder, refers to the nano-sized abrasive particles (such as silica, alumina or ceria) suspended in a liquid slurry, used with chemicals to achieve smooth, flat surfaces on materials like silicon wafers by combining chemical softening and mechanical abrasion
"coating"	a method for preparing composite films by coating polymer paste, molten polymer, or polymer solution incorporated with ceramic powder onto a film substrate
"computing power"	the overall capacity of a system to process data and execute complex calculations, fundamental to running advanced applications in AI, data analytics, and immersive technologies
"electronic adhesives"	precision adhesives specifically applied to electronic and electrical products, which can achieve specific functions such as bonding, sealing, securing, thermal conduction, electrical conduction, insulation and protection
"electronic ceramic materials"	functional inorganic ceramics with tailored dielectric, insulating, piezoelectric and thermal properties, primarily used for manufacturing electronic ceramic components, precision ceramic structural parts, semiconductor packaging products, lithium-ion battery separator coating, etc.
"electronic ceramic powder"	specially formulated and processed inorganic non-metallic fine powder, being a form of electronic ceramic materials, used for manufacturing electronic ceramic components, precision ceramic structural parts, cathode material additives, lithium-ion battery separator coating, etc.
"electronic functional enhancement materials"	materials designed to enhance the specific physical (including acoustics, heat dissipation/thermal conductivity, optics, electrical conductivity, electromagnetism, and other) or chemical properties of electronic devices, components, and electrical systems
"DRAM"	Dynamic Random-Access Memory, a core volatile semiconductor memory component widely adopted in smartphones and consumer electronic devices
"EMC"	epoxy Molding Compound, a thermosetting composite material, typically a solid powder pellet, made of epoxy resins, hardeners, silica fillers, and additives, used to encapsulate and protect sensitive electronic components (like chips) during manufacturing, providing crucial resistance to moisture, heat, chemicals and mechanical shock

"energy enhancement materials"	a category of functional auxiliary materials designed to improve energy conversion efficiency and product performance, mainly comprising PV back-glass coating materials, PV conductive paste, PV cell additives, etc., which are widely applied in photovoltaic and other new energy sectors
"epoxy"	polymer oligomer whose molecular structure contains two or more epoxy groups, and its backbone is usually composed of organic compounds such as aliphatic, alicyclic or aromatic compounds. It undergoes cross-linking reactions with various curing agents through the epoxy groups to form useful thermosetting products
"high-purity nano-alumina"	aluminum oxide (Al_2O_3) powder of approximately 99.995% purity (4N+) with primary particles of 100 to 300 nm. Produced through wet-chemical routes, it combines controlled trace impurities with high sintering activity, enabling low-temperature densification for high-end ceramic substrates, semiconductor ceramic components and CMP slurries
"HJT"	heterojunction with intrinsic thin-layer, an n-type solar cell technology depositing intrinsic and doped amorphous silicon thin films on both sides of a crystalline silicon wafer
"inorganic non-metallic materials"	a class of materials composed of oxides, carbides, nitrides, halides, borides, as well as silicates, aluminates, phosphates, borates, and other substances, and it serves as the general term for all materials excluding organic polymer materials and metallic materials
"kg"	kilogram, the SI unit basis of mass, defined as one thousand grams
"LMC"	liquid molding compound, a flowable polymer resin mixed with fillers and curing agents, used to encapsulate and protect electronic components or form complex plastic parts by pouring into a mold where it cures into a solid, offering precise coverage, excellent insulation and enhanced device reliability
"lithium-ion battery" or "LIB"	batteries that utilize lithium-ions as conductive ions that move between the anode and cathode, and charge and discharge through the mutual conversion of chemical energy and electrical energy
"LIB separator coating materials"	functional materials coated on the surface of lithium-ion battery separators via precision coating technology

"microphone"	Electronic device that collects audio signals and transmits or converts them into digital signals for electronic products for the purposes of voice recording, voice recognition, amplifying or enabling voice command functions
"modules"	packaged components that are applied in optical, acoustic and photovoltaic fields, or serve as other electronic components, which are used to build larger systems or devices. They are essential for enhancing performance, efficiency, and scalability in electronic products
"N'BASS Materials"	N'BASS acoustic enhancement material, a type of powder designed to create a virtual back-cavity effect and improve low-frequency acoustic performance
"NPI"	new product introduction, a process which includes all activities undertaken within an organization to define, develop and market a new or improved product or solution
"PCB"	printed circuit board, a flat board made of insulating material, typically fiberglass or composite epoxy, with conductive pathways etched from copper sheets
"photovoltaic" or "PV"	the conversion of light into electricity using semiconducting materials that exhibit photovoltaic effect
"PV back-glass coating materials"	special coating materials applied to the surface of PV back glass to improve the power of photovoltaic modules
"R&D"	research and development
"ROIC"	return on invested capital, a key profitability metric showing how well a company generates profits from the capital invested in it
"separator"	a permeable membrane placed between a battery's anode and cathode, keeping the two electrodes apart to prevent electrical short circuits while also allowing the transport of ionic charge carriers needed to close the circuit during the passage of current in an electrochemical cell
"sound-adsorbing particles"	porous ceramic materials, primarily including N'BASS Materials, which are specially designed to form a virtual back cavity to improve acoustic performance
"PV conductive paste"	a viscous paste that is a mechanical mixture composed of high-purity (99%) metallic silver micro-particles, binders, solvents, and additives
"thermal conductivity"	the measure of a material's ability to conduct heat, or the rate at which heat is transferred through a material per unit area and temperature gradient

"TOPCon"	tunnel oxide passivated contact, a type of n-type crystalline silicon solar cell with an ultra-thin tunnelling oxide layer and doped polysilicon layer formed on the cell rear for passivation
"underfill"	underfill adhesives, mainly applied via non-contact jetting dispensing, can effectively reduce the impact between the silicon chip and the substrate during the underfill process of chip-scale packaging (CSP) and ball grid array (BGA), thereby effectively improving product durability
"UV"	ultraviolet light, an electromagnetic radiation with a wavelength ranging from 10 nm to 400 nm, shorter than visible light but longer than X-rays
"virtual expansion coefficient"	virtual rear cavity expansion coefficient, a core quantitative indicator for measuring the capability of N'BASS Materials to amplify the equivalent acoustic volume of the rear cavity of a microspeaker, without changing the physical size of the cavity. It equals to equivalent acoustic rear cavity volume divided by actual physical rear cavity volume
"VOC"	volatile organic compounds, refer to any organic liquids or solids that can volatilize and pose hazards under normal temperature and pressure
"wafer"	a thin slice of semiconductor material, typically crystalline silicon, which serves as a substrate to build electrical circuits through complicated wafer fabrication processes
"XR"	extended reality, encompassing immersive technologies, including virtual reality, augmented reality and mixed reality, that use computer-generated content to enhance, overlay or replace a user's perception of the physical world and/or enable interaction between digital content and the physical environment
"μm"	micrometer, a metric unit of linear measure that equals one-millionth of a meter

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus.

You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- changes in our customers' preferences, demands and business performance;
- changes in competitive conditions and our ability to compete under these conditions;
- the actions and development of our competitors;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- effects of the global financial markets and economic conditions;
- our future debt levels and capital needs;
- our financial conditions and performance;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These forward-looking statements are based on assumptions and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus 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 contained in this prospectus are qualified by reference to this cautionary statement.

An investment in our H Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition, and results of operations. The market price of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.

Other risks and uncertainties that we are not currently aware of or that are not disclosed or implied below may also be detrimental to our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including those discussed in this section. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this prospectus.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Our business is exposed to the supply-demand dynamics of the end markets in which our products are applied, including consumer electronics and new energy.

During the Track Record Period and up to the Latest Practicable Date, we have developed a comprehensive and diversified portfolio of electronic functional enhancement materials. Our electronic functional enhancement materials are primarily used to enhance acoustical, optical, thermal and electrical performance of components and devices in consumer electronics and new energy sectors. Demand for our products is closely correlated with the market growth of these sectors. In particular, demand for our acoustic enhancement materials is affected by the development of downstream consumer electronics smart terminals. For instance, certain downstream consumer electronics markets, in particular the Android smartphone market, are expected to experience short-term fluctuations in 2026, which may affect demand for our acoustic enhancement materials. According to Frost & Sullivan, global shipments of Android smartphones are forecast to decrease from 1,012.5 million units in 2025 to 830.3 million units in 2026, representing a year-on-year decrease of 18.0%. Such fluctuation is partially attributable to increased costs of memory products. Higher memory costs may prompt smartphone brands to raise retail prices, adjust memory specifications or reduce production and shipment plans. Additionally, higher retail prices may weaken consumer demand and delay replacement purchases. According to Frost & Sullivan, supply and demand of memory products are expected to gradually stabilize in 2027, which may support a recovery in the relevant downstream consumer electronics markets. In the long term, driven by the accelerated iteration of products such as smartphones, tablets, laptops, smart wearables, and AI glasses/XR devices, together with the expansion of AI functions, innovations in form factors and rising demand for multi-modal interaction, global shipments of consumer electronics smart terminals are projected to reach 2,692.6 million units by 2030, representing a CAGR of 3.9% from 2025 to 2030. However, the global Android smartphone market may not recover from 2027 as expected. The timing and extent of any recovery depend on factors including memory supply conditions and smartphone manufacturers' ability to adapt to higher component costs. A prolonged slowdown or delayed recovery could reduce our customers' purchases of acoustic enhancement materials and accelerate a shift in our product mix towards lower-margin business segments, adversely affecting our revenue growth, overall gross profit margin and financial performance.

The market growth and downstream demand of our customers' products are subject to a variety of factors beyond our control. These include macroeconomic conditions, rapid technological developments, evolving industry standards, shifting consumer preferences, regulatory requirements, policy support and supply chain constraints. Any delay or slowdown in technological

advancements, disruptions in supply chains, or failure to comply with regulatory policies may hinder the growth of downstream markets. Furthermore, we cannot assure you that technological innovation will result in increased customer demand or broader adoption of our products. Any delay in technological advancements or failure of emerging technologies to drive expected downstream market growth could materially and adversely affect our business, financial condition, and results of operations.

If downstream demand in consumer electronics and new energy sectors does not increase as we expect, it may lead to lower order volumes, inventory build-ups, and pricing pressures for our products. In addition, such a scenario may compel us to adjust our production plans, postpone capital expenditure projects or curtail research and development initiatives focused on new product innovation, which would further undermine our competitive position and long-term growth prospects. We cannot assure investors that the growth rate of these downstream industries will meet our expectations, and any unanticipated deceleration in such markets could have a material adverse impact on our business, financial condition and results of operations.

We may fail to continuously expand our existing product lines or develop new products or our new products may not be successful, which could adversely affect our business, results of operations and financial condition.

Our industry is characterized by innovative technological changes. Our competitiveness and future success depend on our ability to predict and adapt to the evolving market demand and to develop, introduce, market and sell novel electronic functional enhancement materials in a timely and cost-effective manner. This may include new product forms, advanced processing techniques, or the introduction of alternative raw materials and new product lines. Any failure to introduce these new products and technologies, or to otherwise achieve market acceptance in a timely manner and on commercially reasonable terms could harm our business, financial condition and results of operations.

There is no guarantee that our new products will attract sufficient customer demand or achieve profitability. Moreover, we cannot guarantee that our future products will continue to meet the high standards expected by customers or comply with industry regulations. If any new products fail to recoup the costs incurred in research and development, production, and marketing, or if we are unable to maintain the desired product quality, it could negatively impact our financial performance, operational results, and overall business operations.

Successful product development and technological enhancements depend on a number of factors, including:

- accurate prediction of market requirements and evolving technical standards;
- development of advanced technologies and capabilities;
- timely development completion and introduction of new products that satisfy our customers' and their end customers' requirements and specifications;
- development of products that maintain technological advantages over the products of our competitors; and
- market acceptance of our new products.

Accomplishing all of these factors is difficult, time-consuming and expensive. We may be unable to develop new products or technological enhancements in a timely manner to capture market opportunities, satisfy the requirements and specifications of our customers and their respective customers, or achieve significant or sustainable acceptance in new and existing markets. In addition, we cannot assure you that our existing or potential competitors will not develop

products which are similar or superior to our products or more competitively priced. Due to uncertainties in the time frame for developing new products and the duration of market window for our products, there is a substantial risk that we may have to abandon a product or a potential product that is no longer commercially viable, even after we have invested significant resources in the development of such product.

A substantial portion of our revenue has been derived from a small number of customers. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, financial condition and results of operations.

Historically, a relatively small number of customers accounted for a substantial portion of our revenue. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, sales to our five largest customers in each respective year/period amounted to RMB282.6 million, RMB292.1 million, RMB489.6 million and RMB276.2 million, accounting for 88.2%, 82.3%, 78.4% and 75.7% of our total revenue for the respective years/periods.

Business operation, results of operations and prospect of our major customers are beyond our control. We cannot assure that our major customers will be able to maintain their business scale and demand for our products. If there is any significant change in the business of our major customers or the industry in which our major customers operate, we cannot assure you that the demand of our major customers will necessarily meet our expectation. This in turn could have a material adverse effect on our business, financial condition and results of operations.

If our major customers cease to procure products from us, or fail to maintain and/or increase their current level of business with us, we may experience slow growth, no growth or negative growth. Any material delay, alteration, cancellation or reduction of purchase orders from or change in the purchasing patterns of such customers, which may in turn be attributable to changes in their respective customers' demand and purchasing patterns, could have a material and adverse impact on our business, financial condition and results of operations.

We may fail to keep pace with the continuous technological advancements in our industry, and our research and development initiatives may not deliver commercially viable or otherwise positive outcomes.

Technological innovation is critical to our success, and we have been investing in products research and development since our inception. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses amounted to RMB37.6 million, RMB39.4 million, RMB45.2 million, RMB21.1 million and RMB20.5 million representing 11.7%, 11.1%, 7.2%, 7.5% and 5.6% of our total revenue in the respective years/periods. Please refer to "Financial Information – Results of Operations – Research and Development Expenses" for details. In addition to our in-house research and development capabilities, we also engage in joint research and development collaboration with third parties to develop new technologies and products. See "Business – Research and Development" for details.

However, as research and development activities are inherently uncertain, we may not be able to keep up with rapid technological changes and evolving industry standards and derive the desired benefits from our research and development efforts, which may adversely affect our competitiveness and profitability. We cannot assure you that our research and development projects will be successful, completed within the anticipated time and budget, or that our newly developed products will achieve market acceptance or the competitive advantages we expect. Our industry is characterized by innovative technological changes. Our future success will depend on our ability to respond to fast-changing technologies, adapt our products to evolving industry standards and our customers' newly developed products, and improve the performance, functionality and reliability of our products. Failure to continue adapting to such changes could harm our business and cause a decline in our market share.

Any failure to protect our intellectual property rights could undermine our competitive position and adversely affect our business prospects.

We rely primarily on a combination of our patents, trade secrets, trademarks, and confidentiality agreements to protect our intellectual property rights. As of the Latest Practicable Date, we had (i) 309 patents, including 228 patents in Chinese Mainland and 81 patents overseas; and (ii) 199 patent applications, including 100 patent applications in Chinese Mainland and 99 patent applications overseas. Please see "Business – Intellectual Property" in this prospectus for more details.

There can be no assurance that our intellectual property rights applications will be approved, our intellectual property rights will adequately protect our intellectual property, we will be able to detect breaches of our intellectual property rights, our intellectual property rights will not be challenged by third parties or found to be invalid or unenforceable, or our intellectual property rights will be effective in preventing third parties from utilizing similar business models, processes or brand names to offer similar products. In August 2023, a third party filed an application for patent invalidation with the China National Intellectual Property Administration ("**CNIPA**") in respect of a patent relating to an improved acoustic speaker system (the "**Patent**"). For details, please refer to "Business — Intellectual Property" in this prospectus. As of the Latest Practicable Date, the Patent was in the trial proceedings before the Supreme People's Court, the highest judicial authority in the PRC and whose judgment shall be final as advised by the PRC Legal Advisers, and no judgment has been rendered, and the Patent was currently valid and in effect. Given the uncertainties regarding the legal procedures and outcomes related to intellectual property rights, we cannot guarantee that the Patent will remain valid in further legal proceedings. Any adverse outcome in relation to the validity of the Patent may adversely affect our market image to a certain extent.

In addition, our success is also subject to our ability to use, develop and protect our patents and trade secrets without infringing the intellectual property rights of third parties. Others may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our products and services. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. Companies holding patents or other intellectual property rights may bring proceedings alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. If we are found to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following: (i) cease to sell products that are involved in the challenged intellectual property rights owned by others; (ii) pay damages; (iii) redesign our products; or (iv) establish and maintain other branding for our products.

We may be a party to claims, litigations and other legal proceedings, either as a claimant in case of third-party infringement of our intellectual property rights or as a defendant facing third-party claims. Any of such proceedings may be time-consuming and costly to resolve and may divert our management's time and attention from our business. It could also result in a court or governmental agency invalidating, narrowing the scope of, or rendering our patents or other intellectual property rights involved in such proceedings unenforceable which may significantly harm our business.

We cannot guarantee that our employees will not breach their confidentiality obligations and leak our know-how, business secrets or any other commercially sensitive information to our competitors, which will have a material adverse effect on our business, financial condition and results of operations.

New market opportunities may not develop as quickly as we expect, or at all, which may limit our ability to successfully sell our products.

The industries in which our products are applied are continuously evolving, making it challenging to accurately forecast the market size for our existing and future product offerings. We capitalize on emerging market opportunities driven by technological advancements and shifting consumer preferences, such as the accelerated penetration of AI-enabled and foldable smartphones, the expansion of a broader range of consumer electronics smart terminals such as AI glasses/XR devices, as well as the growth of high-growth sectors like advanced packaging, computing power and other semiconductor-related segments.

However, our estimates of market for our current and future products are based on a number of internal and third-party estimates and assumptions. In addition, our growth strategy involves launching new products and expanding the sales of existing products into new markets in which we have limited or no experience. Sales of new or existing products in response to new market opportunities may take several years to develop and mature, and we cannot be certain that these market opportunities will develop as we expect.

In addition, new market opportunities may not materialize as quickly as we anticipate, or may not develop at all. The development of such opportunities is subject to various factors beyond our control, including slower-than-expected technological advancements, evolving regulatory frameworks, intense market competition, changing consumer demands and macroeconomic fluctuations. If new market opportunities fail to develop in line with our expectations, our ability to successfully commercialize and sell our products will be materially limited. This could result in lower-than-expected order volumes, underutilization of our production capacity, failure to achieve revenue growth targets, and erosion of our profit margins. In addition, we may have devoted significant financial, technical and human resources to research and development initiatives and market expansion efforts targeted at these emerging opportunities. If such opportunities do not materialize, these investments may not generate the expected returns, which could further adversely affect our business, financial condition and results of operations. We cannot assure investors that the new market opportunities we target will develop as expected, or that we will be able to successfully seize any such opportunities that do arise.

We face competition in our business.

We primarily operate in the electronic functional enhancement materials industry, which encompasses diversified application scenarios including consumer electronics, automotive electronics, new energy, advanced packaging, computing power and industrial and communications sectors. The industry's dynamic and competitive landscape varies by segment and application.

We compete with other market players from many perspectives, including technology innovation, product pricing, product quality and safety, customer acquisition and retention, branding, and talent acquisition. Some of our competitors may have advantages in obtaining financial, technical, and operational resources, which enable them to invest greater resources in research and development, manufacturing, sales and marketing, and customer support for their products and services than we do. Furthermore, they may have a larger customer base and more established market relationships than ours, which enables them to adapt to customers' demand more rapidly than we do.

The markets are also subject to constant changes, including technological evolution, launching new solutions and products, and continuous shifts in customer demands. In addition to the existing competitors, we may encounter challenges from new market entrants. These new competitors may enter the markets with aggressive pricing strategies and novel technologies that make their products achieve higher levels of customer acceptance than ours, which could significantly affect our market position and growth prospects.

In response to market competition, our existing competitors may seek to increase their market share through various measures, including continued research and development efforts, increased production capacity, optimized production processes, and aggressive marketing campaigns. Competitors may also engage in price reductions to capture a greater share of the market. There is no guarantee that we will always succeed in securing orders from customers over our competitors. If we fail to compete effectively, our market position, growth prospects and results of operations may be adversely affected.

Fluctuations in the prices of raw materials may materially and adversely affect our profitability and financial condition.

During the Track Record Period and up to the Latest Practicable Date, with respect to our core product N'BASS Materials, we primarily procured raw materials including various basic inorganic materials, catalysts and granule-forming additives for in-house production following our proprietary formulations and processes. Key raw materials for our other products primarily included silver powder, alumina powder, glass frits, resin and others.

For the years ended December 31, 2023, 2024, 2025, and the six months ended June 30, 2025 and 2026, our cost of raw materials accounted for 72.1%, 79.9%, 74.6%, 71.9% and 81.5% of the total cost of sales, respectively. See "Financial Information – Results of Operations – Cost of Sales" in this prospectus for details.

Fluctuation in raw material prices may negatively affect our financial performances. For example, silver powder is a major raw material for the production of our PV conductive pastes products. As a precious metal, silver powders are subject to inherent price volatility in the global market. The average selling price of silver powder increased from RMB5,855.2 per kg in 2023 to RMB7,521.0 per kg in 2024 and further increased to RMB10,016.6 per kg and RMB20,380.7 per kg in 2025 and for the six months ended June 30, 2026, respectively. The current or expected prices of our raw materials may fluctuate depending on a number of factors beyond our control, including macroeconomic conditions, the availability of resources in the raw materials market, market demand, potential speculation, market disruptions, natural disasters, and other factors. We may not be able to obtain stable, high-quality raw materials at reasonable prices at all times.

We cannot assure that we will not experience material fluctuation in prices for key raw materials in the future. If we fail to respond appropriately to increases in the prices of raw materials needed for our products, our business, financial condition, and results of operations may be materially and adversely affected.

Any changes to our business relationships with our major suppliers may adversely affect our business, results of operations, financial results and prospects.

During the Track Record Period and up to the Latest Practicable Date, we made substantial purchases from our major suppliers. For the years ended December 31, 2023, 2024, 2025, and six months ended June 30, 2026, purchases from our five largest suppliers in each year/period amounted to RMB124.3 million, RMB97.4 million, RMB184.3 million and RMB127.6 million, accounting for 91.3%, 76.8%, 67.0% and 65.3% of our total purchase amounts for the respective years/periods. For details on our major suppliers, please refer to "Business — Raw Materials, Procurement and Suppliers — Major Suppliers" in this prospectus. Given the high price of silver powder, the purchases from our major suppliers may still represent a relatively significant proportion of our total purchases in the near future.

Our suppliers may be affected by factors that are beyond our control, such as their business operation, results of operations and prospect, and the changes in the rules and regulations for the relevant industries. There is no assurance that we will be able to secure steady and adequate supplies from our major suppliers in the future. If we are unable to secure a steady and adequate supply, our business, financial performance and results of operations could be materially and adversely affected.

We may not be able to increase our production capacity as planned, and even if our production expansion projects proceed as planned, we may not be able to increase our production output in a timely manner or at all as envisaged.

As of June 30, 2026, we operated three production bases in China, and we maintained a relatively high utilization rates for our major products. For details, please refer to "Business — Our Production — Production Capabilities" in this prospectus.

We expect to further expand our production capacity to meet customers' increasing demands for our products. For details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus. Such expansion will require significant commitments from our financial and managerial resources, as well as time to identify, recruit, maintain, and integrate additional employees. Difficulties in managing the budgeting, financing, forecasting, and process control for such expansion could negatively affect our business, prospects, results of operations, and financial condition.

Our production expansion plans may expose us to material risks affecting our cost structure, profit margin, cash flow and overall risk profile. Expansion requires substantial capital and operational expenditure, which may increase fixed costs and unexpected expenses, disrupting our cost structure. New capacity may be underutilized initially, leading to higher unit costs and compressed margins, while aggressive pricing or additional expenses to absorb capacity may further pressure profitability. Significant cash outflows for capital expenditure and working capital may strain cash flow, potentially requiring external financing and increasing liquidity risk. Additionally, expansion increases operational, market, financial, compliance and management risks, elevating our overall risk profile. If any of these risks materialize, our business, financial condition and results of operations may be materially and adversely affected.

Such expansion also requires obtaining various approvals, permits, licenses, and certificates, and completing inspections by competent government authorities. There is no assurance that we will be able to execute our expansion plan as contemplated or at all. Any delay or failure to obtain required approvals or complete inspections may materially delay our production expansion or even result in the cancellation of such plans, adversely affecting our business, financial condition, and results of operations.

Even if we successfully expand our production capacity, there is no assurance that we will be able to increase our production output in a timely manner or as planned. Our ability to scale production is subject to constraints and uncertainties, including: (i) delays by suppliers and equipment vendors, cost overruns, and unforeseen increases in raw material prices; (ii) delays or denials in government approvals for production; (iii) challenges in configuring production lines for specific products; (iv) performance and reliability of newly procured manufacturing equipment; and (v) diversion of management attention and resources.

Additionally, our production and testing protocols require significant technological expertise. Any change in processes could lead to production errors, temporary suspensions, or delays, impacting our output. Failure to maintain proper quality assurance measures may lead to increased product failures, customer losses, warranty claims, higher logistics costs, and delivery delays. If we

are unable to increase our production output as expected due to these risks, we may be unable to fulfill customer orders or achieve projected growth, damaging our reputation and customer relationships, which could materially and adversely affect our business, financial condition, and results of operations.

Pricing pressures from market competition and fluctuating market conditions may negatively impact our revenue and gross profit margin.

We may face downward pressure on the prices of our products due to increasingly competitive conditions in certain markets in which we operate. For instance, the average selling prices of our acoustic enhancement materials decreased from RMB7,563 per kg in 2024 to RMB7,416 per kg in 2025, and decreased from RMB7,306 per kg for the six months ended June 30, 2025 to RMB7,155 per kg for the six months ended June 30, 2026. Additionally, the average selling prices of electronic adhesive materials decreased from RMB776 per kg in 2024 to RMB276 per kg in 2025, and decreased from RMB536 per kg for the six months ended June 30, 2025 to RMB137 per kg for the six months ended June 30, 2026. Average selling prices of our energy enhancement materials decreased from RMB22 per kg in 2023 to RMB20 per kg in 2024. Unless we can increase unit sales volume or successfully introduce higher-value offerings, our revenue derived from existing products may decline. If we are unable to do so in a timely manner, or if we are unable to successfully develop more cost-effective technologies, our financial results could be adversely affected. Sustained pricing pressure could adversely affect our gross profit margin. If we are unable to offset declining prices through cost reductions or product improvements, our profitability will be negatively impacted, which could materially affect our business, financial condition and results of operations.

If we are unable to retain existing customers and attract new customers, our business, financial conditions, and results of operations will be adversely affected.

Our continued success requires us to maintain our existing customers and develop new customers. Specifically, certain customers maintain a qualified supplier list, in which we enrolled during the Track Record Period and up to the Latest Practicable Date. Some of these customers review the qualified supplier list annually. There is no assurance we will continue to remain in the qualified supplier list of our customers due to the factors beyond our control, such as changes in customers' specific requirements and their evaluation method.

We may be unable to maintain or expand our relationships with existing customers or to obtain new customers on a profitable basis due to intense competition. Upon the expiration of our existing contracts, we cannot assure you that we will be able to renew the contracts with our customers on favorable terms, or if at all, or that we will be able to attract new customers. If we fail to retain our existing customers or attract new customers due to our products not meeting market requirements, lack of competitiveness in pricing, or other factors, our business, financial condition, and results of operations will be adversely affected. Sustained customer attrition or an inability to expand our customer base may lead to reduced revenue, market share erosion, and hinder our long-term growth prospects.

If we suffer substantial disruption to any of our production facilities, or encounter problems in manufacturing our products, our business and results of operations could be adversely affected.

As of June 30, 2026, we operated three production bases in China. Our production operations involve the coordination of raw materials, internal production processes and external sales and marketing processes. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any significant disruptions during our production operations, nor did we suffer material losses attributable to delayed production by our production facilities. However, we cannot guarantee that we will not encounter any such production disruptions in the future. Any delay or stoppage of production caused by adverse weather, natural disaster or other unanticipated

catastrophic event, including, without limitation, power interruptions, water shortage, storms, fires, earthquakes, terrorist attacks and wars, could significantly impair our ability to produce our products and operate our business. Our facilities and certain equipment located in these facilities would be difficult to replace and could require substantial replacement lead-time. Catastrophic events may also destroy any inventory located in our facilities. Any stoppage in production, even if temporary, or delay in delivery to our customers could adversely affect our business, results of operations, and financial condition.

Our future success depends on our ability to retain key management and research and development personnel and our ability to attract, train and retain talented personnel.

Our success remains dependent on the continued services of our key management and research and development personnel as they are in charge of the overall planning, execution of our business and operations and research and development of the new products. If any of our Directors, any members of senior management and/or any key members of our research and development department were to terminate their services or employment with us, we may not be able to find suitable replacements in a timely manner, at an acceptable cost or at all.

In addition, as a result of the highly specialized, technical nature of our business, we must attract, train and retain a sizable workforce comprising highly skilled employees and other key personnel. If one or more of our highly skilled employees or key personnel were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. Moreover, our industry is characterized by high demand and intense competition for talent, we may have to pay higher salaries and wages and provide greater benefits in order to attract and retain highly skilled employees or other key personnel that we will need to achieve our strategic objectives. Our ability to recruit, train and integrate new employees into our operations may not meet the growing demands of our business. Our failure to attract, train or retain highly skilled employees and other key personnel in numbers that are sufficient to satisfy our needs would materially and adversely affect our business and the results of operations. Staff that we are unable to retain also pose a risk, since they can inform competitors of our commercially sensitive information such as know-how and may lessen the technological advantages over our competitors that we have developed.

We may be unable to manage our growth or execute our strategies, such as expansion of production capacities of our existing products and industrialization capacities of our new products effectively.

Our business has continued to grow in recent years. In accordance with our business plans as set out in the section headed "Future Plans and Use of Proceeds" in this prospectus, we intend to expand production capacities of our major products and increase research and development investment to enhance diverse technology platforms. Our business plans are based on the assumptions of future events which are bound to entail certain risks and are inherently subject to uncertainties that are beyond our control. The successful implementation of our business plans may be affected by a number of factors, including the availability of sufficient funds, governmental policies and regulations relevant to our industry, the economic conditions, our ability to maintain our existing competitive advantages, our relationships with our customers, the threat of substitutes and new market entrants, as well as other risk factors disclosed elsewhere in this section. In addition, as we expand our business operations, we may encounter regulatory, cultural and other difficulties that may also increase our costs of operations. We need to enhance and upgrade our infrastructure, improve operational and financial controls, refine reporting systems, and expand and manage our workforce. These efforts require significant resources, and we cannot assure their success. As a result, there can be no assurance that we can effectively manage our growth or our business plan will be implemented successfully as scheduled in terms of, for instance, time and costs. As such, our financial condition, operating results, growth and prospects may be materially and adversely affected if our business plans fall short of our expectations.

We are exposed to various financial risks through our economic hedging activities.

Silver powder is a key raw material for our production of PV conductive pastes. We entered into futures contracts as derivative instruments. Our futures contracts are recognized in the financial statements as follows: (i) realized gains and losses on closed future positions and unrealized gains and losses on open futures positions are presented in other gains and losses; (ii) deposits related to futures are presented in trade, bills and other receivables; and (iii) open futures positions are presented as derivative financial instruments. In 2023, 2024 and 2025, our realized losses on closed futures positions amounted to RMB0.5 million, RMB3.2 million and RMB1.0 million, respectively. For the six months ended June 30, 2026, our realized gains on closed futures positions amounted to RMB0.2 million. In addition, we recorded unrealized losses on open futures positions of RMB0.3 million in 2023 and unrealized gains on open futures positions of RMB0.3 million, RMB0.0 million and RMB0.7 million in 2024, 2025 and for the six months ended June 30, 2026, respectively. For details, please refer to "Business – Internal Control and Risk Management — Economic Hedging Activities" in this prospectus. These economic hedging activities may expose us to additional financial risks. These include market risk where we may incur potential losses if market prices move against our positions, counterparty risk where we face exposure to losses if our trading partners default on their obligations, and liquidity risk where we may be unable to close out positions quickly enough to avoid losses. The effectiveness of our economic hedging strategy depends on various factors, including our ability to accurately forecast raw material needs and properly match hedging positions with actual requirements. There can be no assurance that our economic hedging activities will adequately protect us against raw material price fluctuations or that we will not incur significant losses from our hedging positions. Our business, financial condition and results of operations could be materially and adversely affected if we fail to effectively manage these risks related to our economic hedging activities.

Our business and reputation may be materially and adversely affected by product liability claims, litigation, administrative proceedings, customer complaints, quality control concerns or negative publicity in relation to our products or other similar products.

We rely on the strength of our reputation and brands in marketing and selling our products. Our products are used in third-party end products, which are designed, manufactured and sold by our customers or other downstream manufacturers. As we are not involved in the design, production or quality control of these end products, we cannot practically identify or eliminate all of the potential complexity or risk factors associated with the end-use environment. Therefore, even if our products meet the required specifications and pass all quality inspections at the time of delivery, we cannot assure that they will perform as expected under sophisticated, dynamic or unforeseen application scenarios. Any failure or malfunction of the end products in which our products are applied, whether or not attributable to our products, may expose us to product liability claims or reputational damage. Our business, financial condition and results of operations could be adversely affected by the occurrence of quality issues, which may result in customer complaints, adverse publicity or media reports, product liability claims, investigations and imposition of penalties by the relevant government authorities, suspension or revocation of our licenses, permits, certificate or qualifications necessary for the operation of our business and interruptions or suspensions of production.

We may also be involved from time to time in disputes with various parties involved in our business operations, including our customers, suppliers, employees, logistics service providers, insurers and banks. Adverse publicity about any regulatory or legal action against us could damage our reputation and brand image, undermine our customers' confidence in us and reduce demand for our products, even if the regulatory or legal action is unfounded or immaterial to our operations.

We may be exposed to credit risks arising from our trade and bills receivables. Failure to collect our trade and bills receivables in a timely manner or at all could have a material and adverse impact on our business, financial information, liquidity and prospects.

Our trade and bills receivables primarily include amounts due from our customers for products in the ordinary course of business. During the Track Record Period and up to the Latest Practicable Date, we generally provided our customers with a credit period ranging from 30 to 120 days. As of December 31, 2023, 2024, 2025 and June 30, 2026, our trade and bills receivables amounted to RMB166.6 million, RMB204.5 million, RMB260.8 million and RMB226.8 million, respectively. In addition, for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, our trade and bills receivables turnover days were 134 days, 188 days, 134 days and 120 days, respectively. For details, please refer to "Financial Information – Discussion of Certain Selected Items of Consolidated Statements of Financial Positions – Trade, Bills and Other Receivables" in this prospectus.

If our customers' creditworthiness declines or a substantial number fail to fully pay their trade and bills receivables for any reason, we could face impairment losses, materially and adversely affecting our business, financial condition and results of operations. Additionally, payment delays from customers beyond their credit terms may also lead to impairment loss provisions. There is no guarantee that we will fully recover our trade and bills receivables or that payments will be made promptly.

We may not be able to timely fulfill our obligations in respect of contract liabilities to our customers or at all.

As of December 31, 2023, 2024, 2025 and June 30, 2026, our contract liabilities amounted to RMB3.1 million, RMB3.8 million, RMB5.2 million and RMB2.4 million, respectively. If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the purchase price we have received, which may materially and adversely affect our cash flow and liquidity condition, our ability to meet our working capital requirements and our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, it may adversely affect our relationship with such customers, which may also materially and adversely affect our reputation, business and results of operations in the future.

The grant of share incentive awards may result in increased share-based payment expenses and may adversely affect our results of operations.

We have granted, and may continue to grant, share incentive awards to our employees, directors and other eligible persons as part of our incentive arrangements. Any such grants would result in the recognition of share-based payment expenses over the relevant vesting periods, which could increase our operating expenses and reduce our profit for the relevant periods. In 2023, 2024, 2025 and for the six months ended June 30, 2026, we recorded share-based payment expenses of RMB3.1 million, RMB4.3 million, RMB3.3 million and RMB4.0 million, respectively. If we grant additional share incentive awards in the future, or if the scale or timing of such grants differs from our current expectations, our share-based payment expenses may increase further, which may materially and adversely affect our financial condition and results of operations.

We are exposed to changes in the fair value of our financial assets at fair value through profit or loss (the "FVTPL"). Fluctuations in their values would affect our results of operations and financial condition.

During the Track Record Period and up to the Latest Practicable Date, we purchased certain wealth management products issued by commercial banks and wealth management companies in the PRC, which are recorded under financial assets measured at FVTPL. Our results of operations are affected by changes in the fair value of such financial assets at FVTPL. As of December 31, 2023, 2024, 2025 and June 30, 2026, our financial assets at FVTPL amounted to nil, RMB238.5 million, RMB86.3 million and RMB87.3 million, respectively.

Fair values of financial assets measured at FVTPL are determined based on quoted value provided by financial institutions. Factors beyond our control can significantly influence and cause adverse changes to these market-observable data we use and thereby affect the fair value of such financial assets. These factors include, but are not limited to, general economic condition, changes in market interest rates and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operations and financial condition.

Any impairment of intangible assets and goodwill could have a material adverse effect on our results of operations.

We are exposed to the risk of recognizing impairment losses on intangible assets and goodwill, which could materially and adversely affect our financial condition and results of operations. During the Track Record Period, we did not recognize any impairment loss on goodwill. As part of our business strategy, we have invested in intangible assets, including computer software and patents. As of December 31, 2023, 2024, 2025 and June 30, 2026, the value of our intangible assets amounted to RMB150.9 million, RMB131.1 million, RMB100.8 million and RMB86.8 million, respectively. Our goodwill arose from the acquisition of Zhejiang AITEK and Suzhou Routao. Our goodwill amounted to RMB0.9 million, RMB0.9 million and RMB9.8 million as of December 31, 2024, 2025 and June 30, 2026, respectively.

According to our accounting policies, intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each year/period, with the effect of any changes in estimate being accounted for on a prospective basis. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of our cash-generating units that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment. We cannot assure that future impairment losses will not occur, and any such losses could materially affect our financial performance.

Failure to maintain effective cash flow management may have an adverse effect on our business operation and financial condition.

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded net cash generated from operating activities of RMB28.7 million, RMB143.7 million, RMB108.2 million, RMB71.1 million and RMB91.1 million, respectively. However, we cannot assure you that we will not experience any reduction in our working capital in the future or that we will not experience net cash outflows in the future. If we fail to maintain effective working capital and cash flow management, we may face financial difficulties and our business operation and financial condition could be materially and adversely affected.

We depend on certain third parties for various services and products in connection with our business. Any failure on their part to fulfill obligations in contracts could materially and adversely affect our results of operations.

We rely on third-party suppliers for various products and services, including utilities, energy and logistics services, which are in line with industry practice. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material quality issues or material delivery delays in respect of the products or services provided by our third-party suppliers. However, the products and services provided by any of the third-party service providers may not be provided in a timely manner or of satisfactory quality in the future. If the third-party providers do not perform satisfactorily, substantially reduce the amount and scope of goods and services provided to us, increase their prices or terminate their business relationship with us, we may need to replace the third-party providers or take other remedial measures, which could increase our costs of operation. As we do not have direct control over the third-party providers, if they become involved in unauthorized provision of products or services not complying with our requirements or those of our customers, our reputation may be adversely affected. Any non-compliance with applicable laws and regulations by our third-party providers could also have an adverse impact on our reputation. These, in turn, may materially and adversely affect our business, reputation, financial condition and results of operations.

We may be unable to obtain financing on favorable terms, or at all, to fund our business operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements.

We operate in an industry that requires substantial capital and other long-term expenditures. To fund our continuing business operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements, we need sufficient internal sources of liquidity or access to additional financing from external sources. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including: (i) obtaining the necessary regulatory approvals to raise financing in the regions where we operate; (ii) our future financial condition, operating results and cash flow; (iii) the condition of the financial markets in regions where we operate; and (iv) changes in the monetary policy of the PRC government with respect to bank interest rates and lending practices and conditions.

If adequate funding is not available to us on favorable terms, or at all, it may materially and adversely affect our ability to fund our operations, or develop or expand our business. We cannot assure you that we will not experience any unforeseen circumstances that may adversely affect our working capital in the future. In addition, future capital raised through issue of our Shares or other securities may result in a substantial dilution of the interests of our Shareholders.

Acquisitions, investments or strategic alliances may fail and thus materially and adversely affect our reputation, business and results of operations. We may not be able to effectively integrate or manage our acquired business.

We may in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including: (i) disclosure or misappropriation of proprietary information; (ii) defaults including breach of covenants, non-performance by the counterparty; and (iii) negative publicity related to these third-parties or such strategic alliances.

In addition, we may acquire additional assets or businesses that may generate synergies when combined with our existing business. The cost of identifying and consummating acquisitions may be significant. We may also have to obtain shareholders' approvals, approvals and licenses from the government authorities for the acquisitions and comply with applicable laws and regulations.

Obtaining such approvals and licenses may delay, if not halt, our acquisition efforts. We acquired Zhejiang AITEK in 2024. See the paragraph headed "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of Zhejiang AITEK" for further details.

We face inherent valuation risk in connection with potential or completed acquisitions, as we may incorrectly assess the future performance, value or prospects of target businesses, which could result in overpayment, asset impairment charges or other adverse financial consequences. We also encounter significant integration risks relating to acquired businesses, brands, operations and personnel, including challenges in aligning corporate value systems, processes and management structures, which may disrupt our operations and increase operational complexity and costs. Such integration process may also divert our management's attention and any difficulties encountered during the process could have an adverse effect on our ability to manage our business.

Moreover, there can be no assurance that we will be able to achieve the anticipated benefits, synergies, cost savings or operational efficiencies expected from our acquisition initiatives. Actual post-acquisition performance may fall short of expectations due to market changes, competitive pressures, operational difficulties or unforeseen liabilities. If we fail to successfully integrate acquired businesses or realize expected synergies, our profitability, cash flow and overall risk profile may be materially adversely affected, which could in turn harm our reputation, business prospects and results of operations.

We are subject to environmental, hazardous substance handling, chemical manufacturing, health and safety laws and regulations, production standards and ESG requirements.

Our operations are subject to laws, regulations, administrative determinations, and court decisions, particularly those related to environmental protection, hazardous substance handling, chemical manufacturing, health and safety, and production standards in the countries and regions where we operate. With the global trend of low-carbon transition and the PRC's advancement towards carbon neutrality, some of these jurisdictions have increasingly stringent laws and regulations. For our ESG-related measures, see "Business — Internal Control and Risk Management" in this prospectus. We cannot assure you that we can effectively implement the ESG governance protocols, including identifying and mitigating our ESG-related risks effectively.

Meanwhile, to comply with extensive environmental laws and regulations in the PRC, including those related to air and water quality, sewage management, and public health and safety, we must obtain approval for environmental impact assessment reports and environmental acceptance of our facilities under construction. Additionally, we undergo annual inspections of our production facilities by relevant PRC authorities to ensure the safety of our equipment. Failure to obtain such environmental approvals or complete required inspections may result in the suspension of our facilities and potential fines imposed by authorities.

Furthermore, environmental and safety regulations in the PRC and other jurisdictions where we operate continue to evolve, often imposing stricter standards, heightened enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed facilities, and increased corporate and individual responsibility. Amendments to these laws and regulations may result in additional capital expenditures, costs that we may not be able to pass on to customers, or other compliance obligations that could impact our financial flexibility and expansion efforts.

We have incurred, and expect to continue incurring, expenditures to comply with these laws and regulations. Compliance requirements impose substantial costs and burdens, potentially leading to delays in obtaining, failure to obtain or renew, or cancellation of government permits and approvals, all of which could adversely impact our operations. Non-compliance may result in significant penalties or fines, license revocations, termination of government contracts, or suspension of operations. Any of these outcomes could adversely impact our results of operations,

financial condition, and reputation, limiting our ability to maintain profitability and attract new customers. Additionally, increased regulatory scrutiny on resource consumption, waste management, and environmental impact could further raise compliance and operational costs, negatively affecting our business performance and financial position.

Our results of operations may fluctuate due to seasonality.

The sales performance of our major products may be subject to the fluctuations of their respective downstream application markets. For instance, the current key end market for our acoustic materials and electronic adhesives is the global consumer electronics industry. As most major smartphone brands typically launch new models in August and September each year, downstream manufacturers usually ramp up procurement of components and raw materials in the second half of the year to support new product production and rollout. This leads to higher sales volume and revenue contribution from our acoustic materials and electronic adhesives business in the second half of the year compared to the first half. For details, please refer to "Business — Sales, Marketing and Customers — Seasonality" in this prospectus. During the Track Record Period and up to the Latest Practicable Date, our revenue did not exhibit any material seasonal fluctuations. However, we cannot assure you that changes in our product mix or other factors will not result in seasonal revenue fluctuations in the future. In addition, should our products or business be affected by unforeseen seasonal factors, our business and financial performance may be adversely affected.

We are exposed to operational, transportation-related, occupational and environmental related risks.

Our business and production are subject to various risks, including operational and transportation-related risks and occupational and environmental hazards. We must comply with the extensive environmental and health and safety laws and regulations promulgated by the government authorities in the PRC, such as the Work Safety Law of the PRC (《中華人民共和國安全生產法》). According to these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. Any accident could materially affect our production and may give rise to personal injuries and fatalities, damages to or destruction of properties or production facilities, and pollution and other environmental damages. Any of these consequences may result in business interruption, legal liability and damages to our reputation and corporate image. We cannot assure you that we will not experience any major accidents or work-related injuries in our future production processes. Additionally, there is no assurance that our safety measures and procedures are strictly followed by our employees.

Our operations may also be subject to challenges related to the manufacturing such as capacity constraints, mechanical and systems failures, construction and upgrade delays and equipment delivery delays, any of which could cause suspension of production and reduced output. Scheduled and unscheduled maintenance programs may also affect our manufacturing output. Any significant production suspension or reduction could adversely affect our ability to produce and sell our products, which could have a material adverse effect on our business, financial condition and results of operations.

Our insurance coverage may be insufficient to cover the risks or losses related to our business and operations.

Our business is subject to a variety of operational risks, including production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents, and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. In addition, as we may further expand our operations in overseas markets in the future, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, including but not limited to, damage to or destruction of production facilities,

personal injury or casualties, environmental damage, monetary loss, and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities.

We have purchased and maintained insurance policies that are in line with the industry practice and as required by the relevant laws and regulations. We maintain personal accident insurance and property insurance. See "Business – Insurance" in this prospectus for further information. However, there is no assurance that our insurance will be adequate to cover our exposure to the foregoing risks. Any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

Any catastrophes, including natural disasters, outbreaks of health epidemics and other extraordinary events, could disrupt our business operations.

Our business could be materially and adversely affected by catastrophes, including natural disasters, such as snowstorms, earthquakes, fires or floods, outbreaks of a widespread health epidemic or pandemic, or other extraordinary events such as wars, acts of terrorism, environmental accidents, power outages or communication interruptions. Such events may also significantly affect our industry and may even cause a temporary closure of the facilities we or our business partners use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global economy in general.

Any government grants and industry subsidies, to which we, our industry, the major downstream industries or our end-users are entitled, may be changed, suspended or terminated.

During the Track Record Period, our government grants amounted to RMB5.1 million, RMB2.1 million, RMB4.8 million, RMB0.8 million and RMB3.5 million for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Any government grants and industry subsidies to which we, our industry, the major downstream industries of our business and our end-users are entitled may be adjusted, suspended or terminated at any time. Such adjustments, suspension or termination may arise from changes in national or local industrial policies, budgetary allocations, regulatory requirements or other macroeconomic factors beyond our control.

If the government grants and industry subsidies received by us are reduced or withdrawn, our operating results, financial condition and cash flow may be adversely affected. In addition, any reduction, suspension or termination of such grants and subsidies available to our industry, major downstream industries or end-users may disrupt the overall supply chain and demand dynamics of the markets in which we operate. This could in turn lead to decreased demand for our products, lower product prices or increased operational costs, all of which may have a material adverse impact on our business, financial condition and results of operations.

Any preferential tax treatment that we enjoy may be altered or terminated.

We cannot assure you that the policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or will be entitled to enjoy will not be terminated. During the Track Record Period, certain entities within our Group accredited as High and New Technology Enterprise were eligible for a preferential income tax rate of 15%. In addition, pursuant to relevant laws and regulations in the PRC, some of our subsidiaries are eligible as Small Low-profit

Enterprise (小型微利企業) and are subject to preferential tax treatments during the Track Record Period. For Small Low-profit Enterprises, the annual taxable income not exceeding RMB3.0 million was reduced to 25% and taxed at a rate of 20%. Our Group is entitled to an additional deduction of 100% on qualified research and development expenditures during the Track Record Period. For details, please refer to "Financial Information – Results of Operations — Income Tax Expenses" for further information. If any preferential tax incentives currently enjoyed by us are changed, terminated, suspended or no longer applicable, or if the PRC tax authorities successfully dispute the tax calculation methods adopted by us, we will no longer be eligible to enjoy relevant preferential tax treatment. The loss of such favorable tax policies will lead to an increase in our overall tax burden and effective tax rate, which may materially raise our operating costs and reduce net profit accordingly. As a result, our business operations, financial position and profitability may be adversely affected.

Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming to defend or settle, and could result in negative publicity.

We may become a party to various litigation, legal disputes, claims, administrative proceedings or other administrative measures arising in the ordinary course of our business. Any litigation, legal disputes, claims, administrative proceedings or other administrative measures may divert our management's attention and consume their time and our other resources. We cannot assure you that the outcome of such legal proceedings will not adversely affect our business, financial condition and results of operations.

Furthermore, any litigation, legal disputes, claims, administrative proceedings or other administrative measures which are initially not of material importance may escalate and become important to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. Negative publicity arising from litigation, legal disputes, claims, administrative proceedings or other administrative measures may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us, or we are imposed any fines or penalties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, among the properties leased by us in the PRC which have a gross floor area of approximately 20,929 sq.m., there were 37 lease agreements which had not yet been registered with the relevant PRC authorities. See "Business – Properties – Lease Properties" in this prospectus for more information. We cannot assure that we will not be subject to any penalties arising from the non-registration of lease agreements in the future. As advised by our PRC Legal Advisers, according to applicable PRC administrative regulations, the lessor and the lessee of a property lease agreement are required to file the property lease agreement with relevant governmental authorities within 30 days after the execution of the property lease agreement. Notwithstanding that failure to complete such lease registration would not affect the validity and enforceability of such lease agreements, the relevant government authorities may require that the filing be made within a stated period of time, failing which, they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed. As advised by the PRC Legal Advisers, we may be subject to a maximum penalty of approximately RMB0.4 million for failure to complete such lease registration.

Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations can result in penalties.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments, and contribute for each of our employees under such plan should be calculated based on a specified percentage of the employee's salary level. According to the relevant laws and regulations, it is imperative to properly handle the historical arrears of enterprises, and in the reform of the collection system, it is not allowed to integrate collection the historical arrears of enterprises without authorization. In addition, due to the different levels of economic development in different regions, there are no uniform requirements for the implementation of employee benefit plans by local governments. As such, there can be no assurance that any new laws and regulations or changes in the enforcement of existing laws and regulations will not cause us to retroactively make up any historical shortfall in social insurance and housing provident fund contributions.

During the Track Record Period and up to the Latest Practicable Date, we had not made adequate contributions to the social insurance and housing provident funds for certain of our employees as required by the relevant PRC laws and regulations. For details, please refer to "Business – Employees – Social Insurance and Housing Provident Funds" for further details in this prospectus. As advised by our PRC Legal Advisers, pursuant to the applicable PRC laws and regulations, if an employer fails to make full social insurance and housing provident funds contributions, the relevant authorities may (i) order the employer to pay the outstanding social insurance amount within a prescribed time limit, together with an additional overdue fine calculated at a daily rate of 0.05%. If the employer still fails to pay the overdue contributions within such time limit, a fine of one to three times the outstanding amount may be imposed on the employer; and (ii) order the employer to pay the outstanding housing provident fund contributions within a prescribed time period, failing which the relevant PRC authorities may apply to the People's Court for compulsory enforcement. Therefore, we could be subject to fines of up to one to three times the total amount of the social insurance contribution shortfall during the Track Record Period and up to the Latest Practicable Date, and a late fee of 0.05% of the outstanding amount for each day of delay. As advised by the PRC Legal Advisers, we may be subject to a maximum penalty of RMB14.5 million for the shortfall in our social insurance and housing provident funds during the Track Record Period and up to the Latest Practicable Date.

We are exposed to risks in relation to workplace safety and the occurrence of accident during the production process in our production facilities.

Our operations are subject to risks related to workplace safety, including damage to, or destruction of, production equipment and facilities, or operational accidents, and could also result in personal injury, death, performance delays, monetary losses and legal liability. There can be no assurance that serious accidents or fatalities will not occur in the future. If we fail to prevent serious accidents or fatalities, we will be held liable for damages arising out of or in connection with such incidents or facilities, which could have a material adverse effect on our results of operations, business, financial condition and prospects.

Any negative publicity with respect to us, the industry in which we operate or our business partners may materially and adversely affect our reputation, business, financial condition and results of operations.

We, our shareholders, Directors, senior management, employees and business partners may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our employees and business partners were non-compliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to resolve them to the satisfaction of our investors and customers.

The legal system for certain geographic markets is developing with uncertainties in interpretation and enforcement. The legal protections available to you and us may be limited.

Our sales span across various geographic markets, each with its unique legal system. These legal systems can be broadly categorized into civil law systems based on written statutes, and common law systems. It is noteworthy that in civil law jurisdictions, prior court decisions, while used as references, carry limited precedential value, unlike in common law systems.

We acknowledge the inherent uncertainties within the legal frameworks of some of the markets we sell products to. Newly enacted laws and regulations may not comprehensively address all facets of economic activities in these markets. The interpretation and enforcement of such laws and regulations are often subject to future implementations, and their applicability to our business operations remains unsettled. Given that local administrative and court authorities are empowered to interpret and implement statutory provisions and contractual terms, it can be challenging to predict the outcomes of administrative and court proceedings, and to ascertain the extent of legal protection we possess in these markets. It is also worth noting that local courts may exercise discretion in refusing to enforce foreign or arbitration awards. These uncertainties could potentially impact our understanding of legal requirements and our capacity to enforce our contractual rights or claims. Moreover, these regulatory uncertainties may be leveraged through unmerited or frivolous legal actions, claims concerning third-party conduct, or threats aimed at extracting payments or benefits from us.

Additionally, many of the legal systems in our sales markets are influenced by their respective government policies and internal rules. Some of these policies and rules may not be published promptly or at all, and could have retroactive effects. There are instances where key regulatory definitions are ambiguous, imprecise, or absent, or where regulatory interpretations diverge from court interpretations in analogous cases. Consequently, we may inadvertently violate certain policies or rules, only becoming aware of such violations after the fact. Furthermore, administrative and court proceedings in some of our markets may be prolonged, leading to significant costs and diversion of resources and management attention.

We recognize the possibility of new laws and regulations being adopted or interpreted as applicable to us in geographic markets and elsewhere where we sell products, which could impact our businesses. The industries in which we export may face increased scrutiny and regulation, requiring the allocation of additional legal and other resources to comply with these regulations. Changes in existing laws or regulations, or the introduction of new laws and regulations in our markets, could potentially impede the growth of the whole industry and affect our business, financial condition, and results of operations.

You may experience difficulties in effecting service of legal process and enforcing foreign court judgments against us and our Directors and senior management.

We are a company incorporated under the laws of the PRC and a substantial portion of our business, assets and operations are located in the PRC. In addition, most of our Directors and officers reside in the PRC and have assets located in the PRC. As a result, it may be difficult, complicated and time-consuming for you to effect service of process upon those persons residing in China. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the PRC only if the jurisdiction has a treaty with the PRC or if the jurisdiction has been otherwise deemed by the courts of the PRC to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of certain other jurisdictions.

On July 14, 2006, the Supreme People's Court of China and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《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》) ("**2006 Arrangement**") which came into effect on August 1, 2008. Pursuant to the 2006 Arrangement, a party with an enforceable final court judgment rendered by any designated People's Court of Chinese Mainland or any designated Hong Kong Court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant People's Court of Chinese Mainland or Hong Kong Court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a court of Chinese Mainland or a Hong Kong court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in Chinese Mainland if the parties in the dispute did not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for you to effect service of process against us in order to seek recognition and enforcement of foreign judgments in Chinese Mainland.

On January 18, 2019, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments 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》) ("2019 Arrangement"). The 2019 Arrangement broadens the scope of judgments that may be enforced between Chinese Mainland and Hong Kong under the 2006 Arrangement. Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the 2006 Arrangement, the 2019 Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The 2019 Arrangement became effective on January 29, 2024, both in Chinese Mainland and in Hong Kong and replaced the 2006 Arrangement. Under the 2019 Arrangement, any party concerned may apply to the relevant court of Chinese Mainland or Hong Kong for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the 2019 Arrangement. Although the 2019 Arrangement has become effective for a period of time, the outcome and effectiveness of any action inspired under it may still be uncertain. We cannot assure you that an effective judgment that complies with the 2019 Arrangement can be recognized and enforced in a Chinese Mainland court.

The volatile nature of the global or regional economic, political, trade or other factors may adversely affect our business.

Our business operation is influenced by global and regional macroeconomic and political conditions, fluctuations in the levels of international and regional trade, changes in transportation patterns, and other factors. Any severe or prolonged downturn globally or regionally could materially and adversely affect our business, financial condition and results of operations. Political and trade disputes and trade protectionism may result in imposition of trade barriers or restrictions, sanctions, boycotts, or embargoes, new or increased tariffs and other factors such as acts of war, hostilities, epidemics or terrorism, could also adversely affect the international or regional trade volume and customers demand, which could also adversely affect our business and financial performance.

Additionally, the uncertainty in global economic conditions varies by geographic segment and can result in substantial volatility in global credit markets. Credit volatility could impact our working capital for manufacturing, or result in cost changes or supply interruptions to suppliers whose components we rely upon if we are unable to access the needed credit for our operations. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products or by reducing the demand for our products, which could in turn negatively impact our sales and result in a material adverse effect on our business, cash flow, results of operations and financial condition.

Changes in economic, regulatory, political and social conditions could materially and adversely affect our business and operations.

Our business, financial condition and results of operations may be influenced by the general political, economic and social conditions in the countries and regions in which we operate. Governments worldwide have implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. Our industry in general is affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, customer demand and discretionary spending. Any changes in these factors, including the frequent changes in US tariff policies recently, may have material and adverse effects on our business, financial condition and results of operations.

During the Track Record Period and up to the Latest Practicable Date, (i) all of our production activities were carried out in China; (ii) all of our purchases were sourced from domestic suppliers in China; and (iii) the majority of our revenue was generated from customers within China, with a small portion derived from customers in South Korea, Vietnam and Malaysia. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, revenue outside Chinese Mainland amounted to 9.6%, 18.6%, 17.1%, 16.8% and 15.5% of our total revenue, respectively. Changes in international trade and investment policies, escalating geopolitical tensions, particularly those involving China, evolving export control regulations, and increased scrutiny from customs and other authorities could adversely impact our business and operating results. We did not export products directly to the U.S., and our sales were not directly subject to U.S. import tariffs. However, our end markets cover consumer electronics and new energy, and end customers in these sectors that use our products may have a U.S. presence or conduct sales into the U.S. For example, within the consumer electronics sector, smartphone brands may sell their products into the U.S. If the U.S. imposes any additional tariffs or related policies in the future, such brands' sales in the U.S. may be adversely affected. This could lead them to reduce their shipment volumes and their purchases from component manufacturers, who are our direct customers. This may in turn reduce demand for our products from our direct customers and indirectly affect our business and financial performance. In addition, if we, our customers, suppliers or other counterparties are affected by future changes in international trade, tariff and other relevant regulations and policies, our business may be adversely affected.

We are a PRC enterprise and we are subject to PRC tax on our global income, and any gains on the sales of our H Shares. Investors of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

We are subject to periodic examinations on fulfillment of our tax obligations under the PRC tax laws and regulations by PRC tax authorities. We cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our business, results of operations, financial condition and prospects, as well as our reputation.

Individual holders of H Shares who are not residents of Chinese Mainland and whose names appear on the register of holders of H Shares ("non-Chinese Mainland resident individual holders") are subject to PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國税函[2011]348號), dated June 28, 2011, issued by the SAT, dividends paid to non-Chinese Mainland resident individual holder of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10.0%, dependent on whether there is any applicable tax treaty between Chinese Mainland and the jurisdiction in which the non-Chinese Mainland resident individual holder of H Shares resides as well as the tax arrangement between Chinese Mainland and Hong Kong. Non-Chinese Mainland resident individual holders who reside in jurisdictions that have not entered into tax treaties with Chinese Mainland are subject to a 20.0% withholding tax on dividends received from us. In addition, 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, non-Chinese Mainland resident individual holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) issued by the MOF and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares in enterprises may be exempt from individual income tax. As of the Latest Practicable Date, no aforesaid provisions have expressly provided that whether individual income tax shall be levied from non-Chinese Mainland resident individual holders on the transfer of shares in Chinese Mainland resident enterprises listed on overseas stock exchanges, and to our knowledge, in practice the Chinese Mainland tax authorities had not collected individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) ("EIT Law") and its implementation regulations, a non-Chinese Mainland resident enterprise is generally subject to enterprise income tax at a rate of 10.0% with respect to its Chinese Mainland-sourced income, including dividends received from a Chinese Mainland company and gains derived from the disposal of equity interests in a Chinese Mainland company, subject to reductions under any special arrangement or applicable treaty between Chinese Mainland and the jurisdiction in which the non-Chinese Mainland resident enterprise resides. The interpretation and implementation of the EIT Law and its implementation regulations by Chinese Mainland tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposal of H Shares will be collected from non-Chinese Mainland resident enterprise holders of H Shares, are to be determined in accordance with the relevant laws and regulations in effect at the time. If such tax is collected in the future, the value of such non-Chinese Mainland resident enterprise holders' investments in H Shares may be materially and adversely affected.

We are exposed to foreign exchange risk and regulatory requirements over foreign currency conversion and remittance.

We receive a majority of payments from our operations in the PRC in RMB and may need to convert certain Renminbi into other currencies for payment of dividends, if any, to holders of our Shares, and to fund our business activities outside of the PRC, among other things. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC are subject to related regulatory requirements. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise fulfill our foreign currency denominated obligations. In addition, we derive a portion of our revenue from overseas sales denominated in U.S. dollars, while our functional currency is RMB. As a result, we are exposed to foreign currency exchange risk as our results of operations and cash flows can be affected by fluctuations in foreign currency exchange rates. Our U.S. dollar-denominated monetary assets, primarily comprising cash and bank balances and trade receivables arising from overseas sales, are subject to exchange gains or losses upon settlement and revaluation. During the Track Record Period, we recorded net foreign exchange gain of RMB0.2 million and RMB1.2 million in 2023 and 2024, and recorded net foreign exchange loss of RMB3.2 million, RMB0.6 million and RMB4.2 million in 2025 and for the six months ended June 30, 2025 and 2026. The foreign exchange losses we recorded in 2025 and for the six months ended June 30, 2026 were mainly driven by the depreciation of the U.S. dollar against the RMB during the relevant periods, together with increased U.S. dollar-denominated cash and bank balances and trade receivables arising from overseas sales. We did not adopt any foreign exchange hedging measures during the Track Record Period and up to the Latest Practicable Date. Further depreciation of the U.S. dollar against the RMB could result in additional exchange losses. We cannot accurately predict the timing, magnitude or duration of foreign currency fluctuations. Any future adverse movements in exchange rates may adversely affect our financial condition, results of operations and cash flows.

Under current foreign exchange regulations of the PRC, payment of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. However, prior registration and other procedures with competent government authorities are required where Renminbi is to be converted into foreign currency and remitted out of Chinese Mainland to pay capital expenses. Further, there is no assurance that new regulations will not be promulgated in the future that would have further requirements on the remittance of Renminbi into or out of the PRC. Any existing and future requirements on currency exchange may limit our ability to purchase raw materials and components outside of the PRC or otherwise fund any future business activities that are conducted in foreign currencies.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares and the liquidity and market price of our Shares may be volatile.

Prior to the Global Offering, there has been no public market for our H Shares. The initial Offer Price for the H Shares was the result of negotiations between us and the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our H Shares following the Global Offering. We cannot assure you that an active trading market for our H Shares will develop or be sustained after the Global Offering or that the market price of our H Shares will not decline below the Offer Price. The market price for our H Shares may be highly volatile and subject to wide fluctuations in response to a number of factors, some of which are beyond our control.

The trading price of our H Shares may be volatile, which could result in substantial losses to you.

The trading price of our H Shares may be volatile and could fluctuate significantly due to factors beyond our control. Such factors include, but are not limited to, variations in our revenue, earnings and cash flow, changes in our operating results, changes in analysts' estimates, perceptions of our industry and regulatory developments in the PRC and elsewhere. The securities markets have from time-to-time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our H Shares.

Additionally, under PRC law, all existing Shareholders are restricted from disposing of any of their Shares within the first 12 months following the Listing Date. This lock-up period may affect the liquidity and trading volume of our H Shares shortly after the Global Offering. These factors, independent of our actual business performance, could contribute to substantial price volatility and potential losses for investors in our H Shares.

Purchasers of our H Shares in the Global Offering may experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of our H Shares in the Global Offering may be higher than the net tangible book value per H Share immediately prior to the Global Offering. As a result, purchasers of our H Shares in the Global Offering may experience immediate dilution in net tangible book value. In addition, we may need to raise additional funds in the future and may issue additional Shares or securities convertible into Shares. Purchasers of our H Shares may experience further dilution in the net tangible book value per Share if we issue additional Shares or securities in the future.

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

The market price of our H Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our 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 favorable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of the other Shareholders.

Prior to and immediately following the completion of the Global Offering, our Controlling Shareholders will retain substantial control over our Company. Subject to our Articles of Association and the PRC Company Law, the Controlling Shareholders will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of our Controlling Shareholders may differ from the interests of other Shareholders and they are free (other than on any matters that they are required to abstain from voting) to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

We may not be able to pay any dividends on our H Shares.

We cannot guarantee when and in what form dividends will be paid on our H Shares following the Global Offering. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements, and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See "Financial Information – Dividends."

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

The trading market for our H Shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our H Shares, the price of our H Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Certain facts, forecast and other statistics in this prospectus obtained from official government sources have not been independently verified and may not be reliable.

Certain facts, forecasts, and other statistics included in this prospectus are derived from various official government sources. We cannot guarantee the accuracy, quality, or reliability of the underlying source materials. The data derived from official government sources has not been independently verified by us or any other parties involved in the Global Offering and no representation is given as to their accuracy.

Additionally, we cannot assure our investors that this information has been compiled on a basis or with the same level of accuracy as similar data presented elsewhere. Therefore, prospective investors are advised to carefully consider the weight and importance they place on such facts and statistics when evaluating this prospectus.

Our forward-looking statements are subject to uncertainties, and future results could differ materially from those expressed or implied.

This prospectus contains forward-looking statements about our business based on management's current beliefs, assumptions, and information available at the time. Forward-looking statements are identified by terms such as "aim," "anticipate," "believe," "could," "expect," "intend," "may," "plan," "potential," "predict," "project," "seek," "will," and similar expressions. These statements reflect management's views on future events, operations, liquidity, and capital resources; however, they are inherently subject to risks, uncertainties, and assumptions.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results could differ significantly from those suggested by these forward-looking statements. Factors beyond our control and future business decisions could impact outcomes, many of which are discussed in the "Risk Factors" section of this prospectus.

In light of these uncertainties, forward-looking statements should not be considered assurances of specific plans or objectives, and prospective investors are cautioned not to place undue reliance on them. All forward-looking statements in this prospectus are qualified by these cautionary statements. Subject to ongoing disclosure obligations under the Listing Rules or Hong Kong Stock Exchange requirements, we do not intend to publicly update or revise forward-looking statements due to new information, future events, or other factors.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

The Global Offering is being made solely on the basis of the information and representations contained in this prospectus, which are true and accurate to the best of our knowledge and belief. Any information not contained in this prospectus should not be relied upon in making an investment decision with respect to the securities being offered.

Prior to the publication of this prospectus, there has been coverage in the media regarding us and the Global Offering, which may have contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. Investors should be aware that information and opinions published by third-party sources may have been based on outdated, incomplete, or inaccurate information. These sources may also have conflicts of interest, and their opinions may not be independent or objective. The media's coverage of our Company and the Global Offering may be influenced by a wide range of factors, including the bias of individual journalists, the preferences of media outlets and the demands of advertisers.

In preparation for the Global Offering, our Company has sought and has been granted the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

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

Our management, business operations and assets are primarily located outside Hong Kong. The principal management headquarters of our Group are primarily based in the PRC. Our Company considers that our Group's management is best able to attend to its functions by being based in the PRC. None of our executive Directors is or will be ordinarily resident in Hong Kong after the Listing of our Company. Our Directors consider that relocation of our executive Directors to Hong Kong will be burdensome and costly for our Company, and it may not be in the best interests of our Company and our Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong. As such, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(1) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives appointed are Mr. Li Chengbin (厲成賓), our chairman of the Board and executive Director, and Dr. Guo Mingbo (郭明波), our executive Director and chief executive officer of the Company. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;

(2) as and when the Stock Exchange wishes to contact our Directors on any matters, each of our authorized representatives has the means to contact all of our Directors (including the independent non-executive Directors) promptly at all times;

(3) although our executive Directors are not ordinary residents in Hong Kong, each of our Directors possesses or can apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period of time, when required;

(4) we have appointed Altus Capital Limited as our compliance adviser, pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us; and

(5) we have provided the Stock Exchange with the contact details of each Director.

Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives, the Directors and/or the compliance adviser in accordance with the Listing Rules.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our company secretary must be an individual who by virtue of his or her academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of Company Secretary. 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: (a) a member of The Hong Kong Chartered Governance Institute; (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Hong Kong Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

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

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

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

(d) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Dong Fangjie (董芳杰) ("**Ms. Dong**"), our vice president, chief financial officer and Board secretary, as one of our joint company secretaries, considering her past working experiences within our Group and her thorough understanding of our internal administration and business operations. As such, although Ms. Dong does not possess the specified qualifications strictly required by Rule 3.28 of the Listing Rules, our Directors believe that Ms. Dong is capable of discharging the functions of a joint company secretary with the assistance of Ms. Mak Sin Ki (麥善琪) ("**Ms. Mak**"), who meets the requirements under Rule 3.28 of the Listing Rules and has been appointed to act as the other joint company secretary and to assist Ms. Dong in the compliance matters for the Listing as well as other Hong Kong regulatory requirements for an initial period of three years from the Listing. Over such period, we will implement the following measures to assist Ms. Dong to satisfy the requisite qualifications as prescribed in Rules 3.28 and 8.17 of the Listing Rules:

(a) Ms. Mak will assist Ms. Dong so as to enable her to discharge her duties and responsibilities as a joint company secretary. Given Ms. Mak's relevant experiences, she will be able to advise both Ms. Dong and us on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong;

(b) Ms. Dong will be assisted by Ms. Mak for an initial period of three years commencing from the Listing, which should be sufficient for her to acquire the requisite knowledge and experience under Rule 3.28 of the Listing Rules;

(c) we will ensure that Ms. Dong has access to the relevant trainings and support to enable her to familiarize herself with the Listing Rules and the duties required of a company secretary of an issuer, and Ms. Dong has undertaken to attend such trainings;

(d) Ms. Mak will communicate with Ms. Dong on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Ms. Mak will

work closely with, and provide assistance to Ms. Dong with a view to discharging her duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders' meetings; and

(e) pursuant to Rule 3.29 of the Listing Rules, Ms. Mak and Ms. Dong will also attend relevant professional training courses to familiarize themselves with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong. Both Ms. Mak and Ms. Dong will be advised by our legal advisers as to Hong Kong laws and our compliance adviser as and when appropriate and required.

Accordingly, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the Listing (the "**Waiver Period**"). Pursuant to paragraph 11 under Chapter 3.10 of the Guide for New Listing Applicants, the waiver is granted on the conditions: (i) our Company appoints Ms. Mak, who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules, as a joint company secretary, to assist Ms. Dong in discharging her functions as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules; and (ii) the waiver will be revoked immediately if Ms. Mak, during the three-year period, ceases to provide assistance to Ms. Dong, or if there are material breaches of the Listing Rules by our Company. Before the end of the three-year period, we will conduct a further evaluation of the qualification and experience of Ms. Dong to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we must demonstrate to and seek the Stock Exchange's confirmation that Ms. Dong, having had the benefit of Ms. Mak's assistance for three years, has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver wouldn't be necessary. For more details of Ms. Mak and Ms. Dong's biographies, please see the section headed "Directors and Senior Management".

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information to the public with regard to the Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC FILINGS

We have filed the required documents with the CSRC, and we have received a filing notice from the CSRC dated June 22, 2026, confirming our completion of the filing procedures pursuant to the new filing regime introduced by the new regulations on filing for the Global Offering and the application for listing of the H Shares on the Stock Exchange and the conversion of some of Domestic Unlisted Shares into H Shares upon Listing. No other approvals from the CSRC are required to be obtained for the Listing.

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out in this prospectus. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their affiliates or any of their respective directors, officers, employees, partners, representatives, advisers or agents or any other persons or parties involved in the Global Offering.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Sponsor-Overall Coordinator, the Overall Coordinators and the Joint Global Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters on the terms and subject to the conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

Neither the delivery of this prospectus nor any subscription made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

See the section headed "Underwriting" in this prospectus for further information about the Underwriters and the underwriting arrangements.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

SELLING RESTRICTIONS ON OFFERS AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

UNDERWRITING

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Sponsor-Overall Coordinator. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters, subject to the agreement on the Offer Price between the Sponsor-Overall Coordinator (acting in such capacity and as Underwriter) and us. See section headed "Underwriting" for further details on the Underwriters and the underwriting arrangements.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering and the H Shares to be converted from Unlisted Shares. Dealings in the H Shares on the Stock Exchange are expected to commence on Monday, December 7, 2026. Except as otherwise disclosed in this prospectus, no part of our H Shares is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by or on behalf of the Stock Exchange.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional in Hong Kong at or before 8:00 a.m. in Hong Kong on Monday, December 7, 2026, it is expected that the dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. (Hong Kong time) on Monday, December 7, 2026. The H Shares will be traded in board lots of 500 H Shares each, and the stock code of the H Shares will be 3707.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made for the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

INFORMATION ON THE CONVERSION OF DOMESTIC UNLISTED SHARES INTO H SHARES

Our Company has applied for conversion of 357,755,600 Domestic Unlisted Shares (representing 89.44% of our issued share capital immediately upon completion of the Global Offering) held by certain existing Shareholders. See "History, Development and Corporate Structure" and "Share Capital" in this prospectus for details of the Shareholders and their interests in our Company and the relevant procedures for conversion of Domestic Unlisted Shares into H Shares.

Such H Shares to be converted from the Domestic Unlisted Shares are restricted from trading for a period of one year after the Listing. Our Company has received the filing notice from the CSRC dated June 22, 2026 in relation to the conversion of the Unlisted Shares.

REGISTER OF HOLDERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register of holders to be maintained in Hong Kong by our ASR, Tricor Investor Services Limited. Our principal register of members will be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered in our H Share register of holders will be subject to Hong Kong stamp duty. For further details on Hong Kong stamp duty, please seek professional tax advice.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders as recorded on the H Share register of the Company in Hong Kong and sent by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder of our Company. According to the Guide to the Program for "Full Circulation" of H shares promulgated by the CSDCC on February 7, 2020, cash dividends to domestic investors of H-share "full circulation" shall be distributed through CSDCC. An H-share

listed company shall transfer RMB cash dividends to the designated bank account of the Shenzhen subsidiary of CSDCC, who shall complete the clearing of cash dividends by distributing the cash dividends to investors through domestic securities companies.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in, the H Shares or exercising any rights attached to them. It is emphasised that none of us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their affiliates or any of our or their respective directors, officers, employees, partners, representatives, advisers or agents or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the H Shares resulting from the subscription, purchase, holding or disposal of or dealing in the H Shares or exercising any rights attached to them.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and its Chinese translation, the English version of this prospectus shall prevail. Notwithstanding the foregoing, for ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages. In the event of any inconsistency, the Chinese version shall prevail and the English version is for identification purpose only.

ROUNDING

Certain amounts and percentage figures, such as share ownership and operating data, included in this prospectus may have been subject to rounding adjustments or have been rounded to one or two decimal places. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

CURRENCY TRANSLATIONS

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars.

Unless otherwise specified, this prospectus contains certain translations for the convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HK$1.00 to RMB0.8556, Renminbi into U.S. dollars at the rate of US$1.00 to RMB6.7132 and Hong Kong dollars into U.S. dollars at the rate of US$1.00 to HK$7.8460.

No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rate or any other rates or at all.

H SHARES WILL BE PARTICIPATING SECURITIES ISSUED IN UNCERTIFICATED FORM

Our H Shares will, upon Listing, become participating securities (as defined under the USM Rules). All H Shares will be issued and held in uncertificated form only, recorded electronically on the H Share register of holders maintained by our ASR, Tricor Investor Services Limited. No physical share certificate(s) will be issued and despatched.

Pursuant to Rule 28(3) of the USM Rules, where our Company issues any subscription warrants or rights under a rights issue with regards the abovementioned H Shares, such warrants or rights will also be regarded as participating securities on or before the date of listing of such warrants or rights.

H Shareholders who wish to hold and manage their uncertificated holdings in their own names (rather through CCASS) will need to set up an uncertificated securities individual ("**USI**") profile with our ASR in order to view, manage, and initiate or affirm transfers of their holdings electronically. H Shareholders who hold H Shares directly in their own name and do not set up a USI profile will remain the registered holder of the H Shares and their rights will not be adversely affected solely by reason of inaction. However, without a USI profile, such H Shareholders will not be able to initiate or affirm transfers of their H Shares electronically through our ASR's system, and may face delays and practical difficulties in dealing with or managing their holdings. H Shareholders are therefore encouraged to set up a USI profile with our ASR as soon as practicable upon the Listing. Further information relating to the process of setting up a USI profile, contact points for handling any enquiries, and the consequences of failing to do so is available on our website at **www.n-bass.com/investor-relations/uncertificated-securities-market** and the website of our ASR at **https://eshareholder.hk**.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Li Chengbin (厲成賓)	Room 1901, No. 9 Lane 1399, Guangfu Road Jing'an District Shanghai, PRC	Chinese
Dr. Guo Mingbo (郭明波)	Room 101, Building 26 Lane 99, Erhai Road Minhang District Shanghai, PRC	Chinese
Non-executive Directors		
Mr. Chen Hu (陳虎)	No. 1299 Yecheng Road Jiading Industrial Area Jiading District Shanghai, PRC	Chinese
Ms. Yi Fan Sunny Ruan	Room 1101, Building 2 Lane 9, Maoming South Road Huangpu District Shanghai, PRC	Canadian
Independent non-executive Directors		
Dr. Huang Wei (黃衛)	Room 1704, No. 31 Lane 588, Cangyuan Road Minhang District Shanghai, PRC	Chinese
Mr. Liu Jidong (劉繼東)	Room 518, No. 660 Shangcheng Road Pudong New Area Shanghai, PRC	Chinese
Ms. Sit Ting Fong (薛定芳)	Unit B, 32/F, Block 8 Island Harbourview 11 Hoi Fai Road, Tai Kok Tsui Kowloon, Hong Kong	Chinese (Hong Kong)

For further details, please see the section headed "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Guotai Junan Capital Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Sponsor-Overall Coordinator	**Guotai Junan Securities (Hong Kong) Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Overall Coordinators	**Guotai Junan Securities (Hong Kong) Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong **CMB International Capital Limited** 45/F, Champion Tower 3 Garden Road Central Hong Kong **Futu Securities International (Hong Kong) Limited** 34/F, United Centre No. 95 Queensway Admiralty Hong Kong
Joint Global Coordinators	**Guotai Junan Securities (Hong Kong) Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong **CMB International Capital Limited** 45/F, Champion Tower 3 Garden Road Central Hong Kong **Futu Securities International (Hong Kong) Limited** 34/F, United Centre No. 95 Queensway Admiralty Hong Kong

Joint Bookrunners	**Guotai Junan Securities (Hong Kong) Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong
	Futu Securities International (Hong Kong) Limited 34/F, United Centre No. 95 Queensway Admiralty Hong Kong
	Tiger Brokers (HK) Global Limited 23/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	uSmart Securities Limited Unit 2606, 26/F 308 Des Voeux Road Central Hong Kong
	Orient Securities (Hong Kong) Limited 28th and 29th Floor 100 Queen's Road Central Hong Kong
Joint Lead Managers	**Guotai Junan Securities (Hong Kong) Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong
	Futu Securities International (Hong Kong) Limited 34/F, United Centre No. 95 Queensway Admiralty Hong Kong

Capital Market Intermediaries

Guotai Junan Securities (Hong Kong) Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway
Admiralty
Hong Kong

Tiger Brokers (HK) Global Limited
23/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

uSmart Securities Limited
Unit 2606, 26/F
308 Des Voeux Road Central
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Nomination Committee	Mr. Li Chengbin (厲成賓) *(Chairperson)* Dr. Huang Wei (黃衛) Ms. Sit Ting Fong (薛定芳)
Remuneration and Appraisal Committee	Ms. Sit Ting Fong (薛定芳) *(Chairperson)* Dr. Huang Wei (黃衛) Mr. Chen Hu (陳虎)
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Company's Website	**www.n-bass.com** *(the information contained on this website does not form part of this prospectus)*

The information and statistics set out in this section and other sections of this prospectus were extracted from the Frost & Sullivan Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on global electronic functional enhancement materials, acoustic enhancement materials, electronic ceramic powders, electronic adhesives, and energy enhancement materials industries and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB500,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables.

The Frost & Sullivan Report is compiled based on the following assumptions: (i) the social, economic and political environment of the globe and Chinese Mainland is likely to remain stable in the forecast period; and (ii) related industry key drivers are likely to drive the market in the forecast period.

OVERVIEW OF GLOBAL AND CHINA ELECTRONIC FUNCTIONAL ENHANCEMENT MATERIALS INDUSTRY

Overview of Electronic Functional Enhancement Materials

Electronic functional enhancement materials are primarily used to enhance acoustical, optical, thermal and electrical performance of components and devices. The specific application segments mainly served by electronic functional enhancement materials encompass diversified scenarios including consumer electronics, new energy, automotive electronics, semiconductors, computing power, and industrial and communications sectors. Electronic functional enhancement materials possess characteristics such as high growth potential, high performance, and high added value.

In 2025, the global electronic functional enhancement materials market reached RMB256.8 billion. By segment, acoustic enhancement materials represented less than 1% of the total market, and electronic ceramic powders, electronic adhesives and energy enhancement materials represented 11.7%, 16.0% and 41.3% of such market, respectively.

In 2025, the China's electronic functional enhancement materials market reached RMB136.6 billion. By segment, acoustic enhancement materials accounted for less than 1%, and electronic ceramic powders, electronic adhesives and energy enhancement materials represented 6.9%, 11.4% and 58.4% of the total market, respectively.

Market Driver and Development Trend Analysis of Global and China Electronic Functional Enhancement Materials Industry

AI Applications Driving the Advancement of Electronic Functional Enhancement Materials

Proliferation of AI is triggering the device upgrade and surging computing power demands. Consequently, consumer electronics and semiconductor industries are raising their standards for material properties, specifically requiring enhanced acoustical, optical, thermal, and electrical performance. The "Action Plan for Steady Growth of the Electronic Information Manufacturing Industry (2025-2026)" issued by the Ministry of Industry and Information Technology in 2025 proposes focusing on new electronic materials to strengthen intellectual property protection and promote sustainable innovation. It aims to accelerate the research and development process for electronic functional enhancement materials applied in high-performance smart terminals.

Brand Effects Propelling Cross-Sector Product Deployment

Leading enterprises possess in-depth technology platforms, continuously expanding electronic functional enhancement materials across multiple fields. Thus, these enterprises hold strong brand equity, catering to the needs of industry-leading clients and aligning with their diversified portfolio needs. Further, they achieve advancements in key application scenarios, such as AI smartphones, foldable smartphones, AI glasses/XR devices, as well as semiconductor and computing power materials.

Innovation by Chinese Enterprises Promoting Global Industrial Development

Leading Chinese enterprises are transforming the electronic functional enhancement materials industry by leveraging localized supply chain to secure upstream stability while precisely matching downstream needs. Evolving beyond traditional market dominated by overseas participants, these Chinese enterprises have established comprehensive ecosystems integrating material design, process optimization, and customized application verification, thereby driving global industrial advancement.

Threat and Challenge Analysis of Global and China Electronic Functional Enhancement Materials Industry

The global and China electronic functional enhancement materials industry faces challenges from increasingly stringent performance, reliability and process compatibility requirements as electronic devices become more integrated. Meanwhile, rapid iterations in advanced packaging, computing and other semiconductor applications require continuous material optimization and application validation, while fluctuations in downstream demand, competitive pricing and raw material costs may affect commercialization and margins.

Entry Barrier Analysis of Global and China Electronic Functional Enhancement Materials Industry

Entry barriers in the global and China electronic functional enhancement materials industry primarily arise from proprietary material technologies, stringent customer qualification and integrated R&D capabilities. Material composition, microstructural control and formulation design require accumulated process know-how and application experience, while customer qualification evaluates performance, process compatibility and long-term reliability. Once qualified and incorporated into production processes, requalification and switching costs further strengthen established supplier relationships, while integrated capabilities from material synthesis to application validation require sustained investment and interdisciplinary expertise.

OVERVIEW OF GLOBAL AND CHINA ACOUSTIC ENHANCEMENT MATERIALS INDUSTRY

Definition, Classification and Application Scenarios of Acoustic Enhancement Materials

Acoustic enhancement materials are key functional materials primarily applied in smart terminals including smartphones, tablets, laptops, smart wearables, and AI glasses/XR devices to improve, control, and enhance acoustic performance. These materials are currently used in speakers to accommodate the growing trend of smart terminals becoming thinner, lighter, and more miniaturized. Acoustic enhancement materials mainly fall into two categories: sound-adsorbing particles and other acoustic diaphragm functional enhancement materials. Both categories function within a limited space, allowing for large-amplitude designs that provide better sound quality. Sound-adsorbing particles, which mainly include N'BASS Materials, are classified as porous ceramic materials, specially designed to build a virtual back cavity for better acoustic performance. This fundamentally improves the issue of insufficient low-frequency output in micro-speakers within limited spaces, providing a brand-new pathway for enhancing the low-frequency performance of smart terminals. Acoustic diaphragm functional enhancement materials, on the other hand, improve the diaphragm's stiffness-to-mass ratio, structural stability, and dynamic response capabilities. Core functions of both sectors lie in achieving an overall improvement in sound quality, clarity, and acoustic stability.

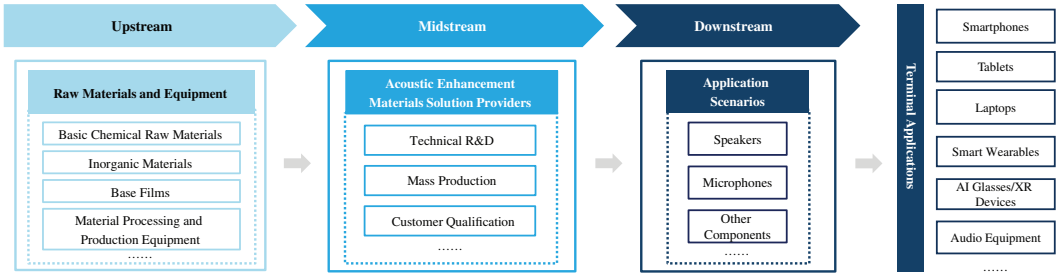
Within the sound-adsorbing particle segment, N'BASS Materials differentiate themselves from alternative materials in terms of material properties, product forms, and application adaptability. Featuring high sphericity and uniform intra-pore distribution, N'BASS Materials exhibit favorable packing characteristics and mechanical stability. In comparison, alternative materials with biconcave discoid geometries may exhibit lower packing density, which may result in lower filling efficiency and affect low-frequency acoustic enhancement performance. Moreover, while alternative materials are predominantly available in standard granular forms, N'BASS Materials cover a broader portfolio comprising granular particles, 2D sheets, and 3D blocks, enabling greater design flexibility for micro-speakers with complex or irregular three-dimensional back-cavity geometries. Supported by continuous formulation iterations, N'BASS Materials exhibit high resistance to structural fragmentation, supporting compatibility with rigid steel mesh configurations, while certain alternative materials may be more susceptible to fragmentation under such configurations.

In terms of application scenarios, driven by the sustained demand for sound quality improvement in consumer electronics for AI interaction under the AI wave, sound-adsorbing particles have taken the lead in large-scale application within high-end smartphones. With the accelerated penetration of AI smartphones and foldable smartphones, their applications are expected to expand, gradually penetrating to more upper mid-end smartphone models, and accelerating the expansion into a broader range of consumer electronics smart terminals such as AI glasses/XR devices, tablets, and laptops.

Value Chain Analysis of Acoustic Enhancement Materials Industry

The industrial chain structure of acoustic enhancement materials can be generally divided into three segments: upstream raw material and specialized equipment, midstream material preparation and technical services, and downstream terminal applications. The upstream segment is primarily composed of suppliers of key raw materials, such as basic chemicals, inorganic materials, base films, as well as providers of material processing and production equipment. The midstream segment consists of solution providers for acoustic enhancement materials, focusing on the industrialization of sound-adsorbing particles and other acoustic diaphragm functional enhancement materials; this covers core stages such as technical research and development, mass production, and customer qualification for acoustic enhancement materials and supporting products. The downstream segment is mainly comprised of electro-acoustic component manufacturers, with final products applied across various consumer electronics smart terminals' brands, ultimately realizing the final verification and market commercialization of products.

Value Chain Analysis of Acoustic Enhancement Materials Industry



Source: Acoustical Society of China, European Acoustics Association, Frost & Sullivan

Market Size Analysis of Global and China Acoustic Enhancement Materials Industry

The demand for acoustic enhancement materials is highly dependent on the shipments of consumer electronics smart terminals. With accelerated product iterations for smartphones, tablets, laptops, smart wearables, AI glasses/XR devices — as well as the expansion of AI functions, continuous product innovation, and growing demand for multi-modal interaction — global shipments of consumer electronic smart terminals are expected to increase to 2,692.6 million units by 2030, providing a market foundation for the market penetration and upgrading of acoustic enhancement materials.

The global smartphone market went through a phase of demand contraction followed by the gradual release of deferred replacement demand over 2021 to 2025. Global smartphone shipments reached approximately 1,354.8 million units in 2021, supported by 5G smartphone adoption and technological advances. Shipments then fell to approximately 1,205.9 million units in 2022 and declined further to approximately 1,164.1 million units in 2023, amid macroeconomic uncertainty and weaker consumer demand. Inflation and economic pressures squeezed household budgets. Meanwhile, limited advances in smartphone functionality and form factors left consumers with less incentive to upgrade during the periods. Deferred replacement demand arose in 2022 and 2023 as consumers delayed upgrading their devices even after reaching their typical replacement cycle. This demand was not eliminated; it was postponed to a later period. Global smartphone shipments recovered gradually in 2024 and 2025 as a portion of this deferred replacement demand was released, with consumers resuming upgrades as their existing devices aged. The recovery was also supported by promotional campaigns, trade-in programs and financing options offered by smartphone brands, sustained 5G smartphone demand in emerging markets and new product launches.

In 2026, global consumer electronics shipments are projected to decline, partially driven by substantial price increases in memory products. Global shipments of smartphones and Android smartphones are projected to decline from 1,260.3 million and 1,012.5 million units in 2025 to 1,079.5 million and 830.3 million units in 2026, representing a year-on-year decrease of 14.3% and 18.0%, respectively. The decline is primarily attributable to elevated memory prices and tight supply of certain memory products in 2026. In particular, the rapid expansion of AI-related data centre infrastructure has driven substantial demand for high-performance memory products, while memory manufacturers have allocated a greater proportion of their production capacity to these products and adjusted their product mix accordingly. This has constrained the availability of certain memory products used in smartphones, contributing to higher memory prices. As memory is a key component in smartphone manufacturing, the increase in memory costs has raised overall production costs and, in turn, put upward pressure on retail prices. In response, smartphone brands have adjusted their production and shipment plans, while manufacturers have also passed on part of the increased costs to consumers through higher retail prices, prompting certain consumers to postpone replacement purchases. As memory products are key components used across different smartphone brands and operating systems, the elevated memory costs and supply constraints have affected the smartphone industry more broadly, and the decline reflects a broader industry trend rather than a contraction limited to individual smartphone brand. The lower Android smartphone shipment volume in 2026 is therefore primarily a consequence of elevated memory costs and supply constraints. Reductions in Android smartphone brands' production plans may reduce their purchases of components from suppliers, including speaker module manufacturers. These component manufacturers are the Company's direct customers. Lower production requirements may, in turn, reduce their purchases of the Company's acoustic enhancement materials. The extent of the impact varies depending on individual brands' production adjustments and their component suppliers' procurement requirements. This decline is expected to represent a temporary contraction. Such postponement does not eliminate all underlying replacement needs, as existing devices continue to age.

China's national subsidy policy for smartphone purchases continued in 2026 and supports demand in China, whereas the shipment forecast above covers the global smartphone and Android smartphone market. Nevertheless, the effect of incremental stimulus may diminish, as some replacement demand may have been brought forward to 2025.

Global smartphone shipments and Android smartphone shipments are expected to recover gradually and return to a steady growth trend over the medium term through 2030. This outlook is based on the following assumptions: (i) mobile memory products' availability will gradually improve as planned capacity additions by memory manufacturers progressively ramp up and manufacturing-process upgrades increase output efficiency at existing facilities. These developments are expected to increase memory products' output and gradually ease component constraints on smartphone production. As memory supply improves and the supply-demand balance becomes more normalized, the upward pressure on memory prices is expected to moderate, supporting greater stability in smartphone manufacturing costs; (ii) Smartphone brands will adjust product configurations and portfolios to manage component costs and maintain offerings at affordable price points; and (iii) the ageing installed base will sustain replacement needs, supporting the gradual release of purchases deferred during the period of higher handset prices. In particular, leading memory product manufacturers have continued to invest in capacity expansion and advanced manufacturing processes, with certain newly constructed fabrication facilities expected to progressively commence production and ramp up output from 2027 onwards. For example, a leading global DRAM manufacturer completed the acquisition of an existing wafer fabrication facility in Taiwan in 2026, with product shipments from the facility expected to commence in mid-2027. In addition, a leading NAND Flash manufacturer is expected to commence initial operations at its new fabrication facility in Wuhan in late 2026, with annual NAND wafer output at that facility projected to increase from approximately 90,000 wafers in 2026 to approximately 575,000 wafers in 2027. The additional wafer capacity and higher production output are expected to increase overall memory supply, with the extent of improvement in smartphone memory availability depending on manufacturers' product allocation decisions. These

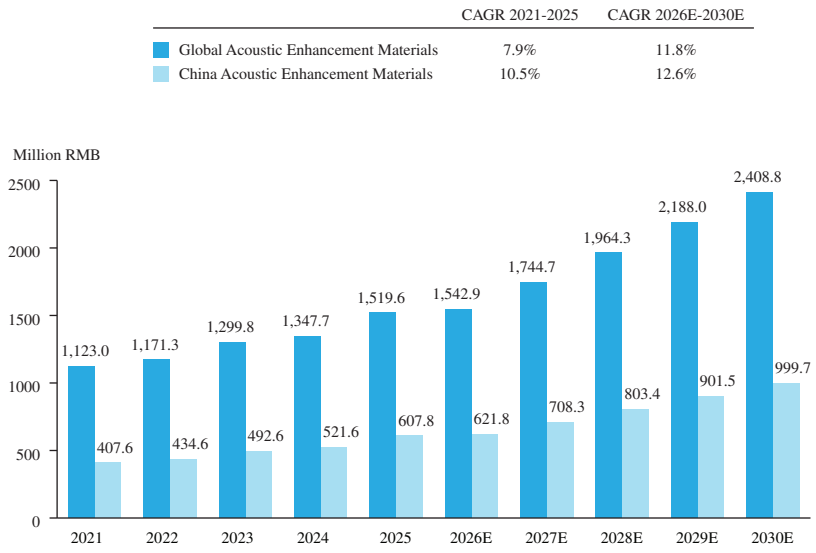
developments are expected to contribute to incremental memory product supply and gradually alleviate the supply constraints experienced in 2026. Besides, smartphone manufacturers have increasingly adopted measures to manage elevated memory costs, including optimizing memory configurations across different product tiers, streamlining product portfolios and adjusting the specifications of other components to control overall manufacturing costs. Together with selective pricing adjustments and improvements in memory availability, these measures are expected to help smartphone brands maintain product affordability and gradually stabilize their production and shipment plans. Accordingly, the recovery in smartphone shipments from 2027 onwards is expected to be gradual, supported by both improving memory supply conditions and smartphone manufacturers' continued adaptation to the higher component cost environment. Continued migration to 5G smartphones in emerging markets and improvements in on-device AI functionality are expected to provide additional incentives for consumers to upgrade. The timing and extent of the recovery will also depend on component availability and handset affordability.

In the high-end (retail price $\geq$ US$600) and upper mid-end (US$400 $\leq$ retail price < US$600) smartphone sectors, global shipments are showing steady growth trend, projected to reach 803.6 million units by 2030. By then, high-end and upper mid-end models are expected to account for 57.2% of total smartphone shipments. This growth is primarily driven by market trends such as AI feature upgrades and the optimization of imaging and audio experiences, which are propelling sustained consumer demand for high-performance smart devices. As a new product type, foldable smartphones are witnessing significant shipment growth, increasing from 7.1 million units in 2021 to 26.2 million units in 2025, and are projected to reach 73.2 million units by 2030.

Benefiting from the steady growth of end markets and the upgraded demand for high performance, acoustic technological development therefore places greater emphasis on precision, immersion, and dynamic balance. The global market size of the acoustic enhancement material industry grew from RMB1,123.0 million in 2021 to RMB1,519.6 million in 2025, with a CAGR of 7.9%. It is projected that by 2030, the market size will further grow to RMB2,408.8 million, achieving a CAGR of 11.8% from 2026 to 2030.

China's acoustic enhancement materials market grew from RMB407.6 million in 2021 to RMB607.8 million in 2025, representing a CAGR of 10.5%. This growth was primarily supported by the continuous upgrading of acoustic performance requirements in consumer electronics, including smartphones, wearable devices and other smart devices. Looking ahead, with the continued evolution of consumer electronics towards more sophisticated acoustic functions and the increasing integration of intelligent and immersive audio technologies across downstream applications, China's acoustic enhancement materials market is expected to reach RMB999.7 million by 2030, representing a CAGR of 12.6% from 2026 to 2030.

Market Size of Global and China Acoustic Enhancement Materials Industry, 2021-2030E



Source: Acoustical Society of China, European Acoustics Association, Frost & Sullivan interview with industry experts, Frost & Sullivan

Market Driver Analysis of Global and China Acoustic Enhancement Materials Industry

AI Wave Driving Increasing Demand for Audio Quality Across Diverse Smart Terminals

As AI technology reshapes the landscape of consumer electronics industry, product sound quality has evolved from a basic auxiliary feature to a core element that defines product differentiation and optimizes user experience. Notably, core applications like sound-adsorbing particles are gradually shifting from being exclusive to high-end smartphones to becoming universal in upper mid-end models; upper mid-end smartphone shipments reached 315.3 million units in 2025, accounting for 25.0% of the total, with this share projected to rise to 26.4% by 2030, thereby driving huge market potential. To meet these high-performance demands while aligning with industrial design trends favoring thinner devices and multi-speaker configurations, the utilization rate of acoustic enhancement materials continues to rise, directly determining the output efficiency, distortion levels, and frequency response range of speaker units. Thus, AI technology empowers the coverage of acoustic enhancement materials, enabling the expansion of diverse smart terminals.

Industry Standard Establishment and Policy Support Promoting Domestic Substitution

Driven by market demand and the strategic push for the localisation of supply chain by Chinese manufacturers and enterprises, industry-leading enterprises have spearheaded the formulation of industry technical standards, such as "Porous Sound-Adsorbing Particles for Micro-Speakers", thereby taking the lead in surpassing foreign products at the technical specification level. These enterprises have built comprehensive industrialization closed-loop covering basic research and development, process synergy, and rapid commercial product implementation, achieving a successful transformation of acoustic enhancement materials from research and development to final industrial application. Thus, by aligning with national industrial policy guidance in fields like advanced materials and intelligent manufacturing, domestic enterprises have realized localisation across all stages of the acoustic enhancement material sector.

Fundamental Materials Technology Platform Propelling Innovation and Application of Acoustic Enhancement Materials Technology

Relying on the application of diverse and high-quality materials, leading enterprises must possess capabilities in the precision design of fundamental materials, flexible formulation customization, and multi-functional material compositing, thereby enabling the development of targeted acoustic enhancement materials and ensuring customer stickiness. Specifically for sound-adsorbing particles, enterprises need not only to precisely control powder particle size, morphology, and pore structure to regulate sound wave transmission, absorption, and other properties, but also to rapidly formulate new product systems based on specific customer acoustic metrics, device structures, and cost requirements. This continuous effort pushes the performance boundaries and application scenarios of acoustic enhancement materials.

Development Trend Analysis of Global and China Acoustic Enhancement Materials Industry

AI Smart Terminals and Foldable Screens Enhancing Material Penetration

AI capabilities are currently driving the replacement of consumer electronics smart terminals. Specifically, as AI smartphones become increasingly thin and light, the physical space for the speaker rear cavity is severely squeezed, leading to compromised sound quality, particularly in low-frequency performance. It is expected that products with on-device AI capabilities will become the core category for future market growth. Global AI smartphone shipments are projected to grow from 550.3 million units in 2026 to 1,184.3 million units in 2030, with a CAGR of 21.1%. Global AI PC shipments are projected to grow from 83.3 million units in 2026 to 211.8 million units in 2030, with a CAGR of 26.3%. In addition, global foldable smartphone shipments are expected to increase from 30.7 million units in 2026 to 73.2 million units in 2030, with a CAGR of 24.3%. Within this sector, the increase in the number of micro-speakers per foldable smartphone drives up the usage of acoustic enhancement materials, creating incremental market growth. Typically, the usage volume of sound-adsorbing particles in a single foldable smartphone is significantly higher than that in a traditional smartphone. AI smartphones, AI PCs, and foldable smartphones are expected to lead a new growth cycle for acoustic enhancement materials.

Emerging Scenarios Expanding Acoustic Enhancement Materials Applications

In terms of vertical deepening, sound-adsorbing particles have been successfully applied to the vast majority of high-end smartphones. The future trend involves penetrating into more upper mid-end smartphones by launching products that balance performance and cost to meet the needs of different price segments. In terms of horizontal expansion, AI glasses/XR devices, tablets, and laptops have formed new growth opportunities. With AI glasses/XR devices pursuing immersive auditory interaction, tablets enhancing audio interactive entertainment attributes, and laptops advancing towards high-end and lightweight designs, these emerging smart terminal categories jointly build a new growth trend for industry development. Among these, core categories are in the early stages of their commercialization cycle; global shipments of AI glasses/XR devices are projected to grow from 32.5 million units in 2026 to 81.7 million units in 2030, with a CAGR of 25.9%. Leading enterprises are committed to providing comprehensive acoustic enhancement solutions in the future, including cavity design, driving capability upgrades and achieving full coverage across multiple categories in both vertical and horizontal markets.

Technological Innovation Formulating Integrated Acoustic Solutions

Sound-adsorbing particles will continue to advance in terms of elemental composition, particle size control, and reliability verification. Other acoustic diaphragm functional enhancement materials will continue to make improvements in diaphragm functionality and composite properties. In the future, advancements in acoustic enhancement material technology are expected to improve signal-to-noise ratio and sensitivity, achieving a wider frequency response, and enhancing product

reliability. Acoustic enhancement materials will transit from the role of providing a single function to becoming the core of building integrated and intelligent acoustic solutions, ultimately delivering an end-to-end, immersive, and high-quality audio experience for users.

Threat and Challenge Analysis of Global and China Acoustic Enhancement Materials Industry

The global and China acoustic enhancement materials industry faces challenges in improving sound quality within increasingly compact speaker cavities while ensuring material stability. Expansion beyond high-end smartphones requires adaptation to different device structures, while tighter cost budgets in upper mid-end models and uncertainty over the adoption of emerging terminals, such as AI glasses/XR devices, may constrain further market penetration.

Entry Barrier Analysis of Global and China Acoustic Enhancement Materials Industry

Technical and Process Engineering Barrier

The synthesis process of acoustic enhancement materials involves complex chemical processes, which significantly influence the design of the powder and membrane production workflow. Any minor deviation can affect the material's acoustic properties, thereby directly impacting the sound quality performance of the terminal speakers.

Customer Accessibility Barrier

Leading enterprises have established standards for long-term business partnerships and technical collaborations, creating stable framework for upstream and downstream of industry value chain, thus ensuring the performance stability and reliability of acoustic enhancement materials, empowering downstream partners and creating value for terminal integrators. They provide highly customized solutions tailored to the device structures and acoustic requirements of different clients, achieving a precise match between products and downstream customers.

Research and Development Barrier

Research and development teams of industry-leading enterprises typically possess interdisciplinary backgrounds spanning acoustics, electronics, and materials science, enabling them to precisely align microscopic material properties with the acoustic performance of end products. These teams possess extensive application experience and strong client communication capabilities, allowing them to rapidly adjust solutions during the design phase to meet end-product requirements.

Competitive Landscape Analysis of Global and China Acoustic Enhancement Materials Industry

The competitive landscape of the global and China acoustic enhancement material industry is relatively concentrated. In 2025, the global acoustic enhancement material market size reached RMB1,519.6 million in terms of revenue, with over 50 market participants. The top five largest acoustic enhancement material suppliers collectively accounted for 69.1% of the global market. Among them, the Company ranked first globally with a market share of approximately 20.0% in 2025.

In 2025, China acoustic enhancement material market reached RMB607.8 million in terms of revenue, with over 20 market participants. The top five largest acoustic enhancement material suppliers collectively accounted for 81.9% of the China market. Among them, the Company ranked first in China with a market share of 34.7% in 2025.

Top 5 Global Acoustic Enhancement Materials Providers by Revenue, 2025

Ranking	Company	Revenue (Million RMB)	Market share (%)
1	**The Company**	**303.5**	**20.0%**
2	Company A	226.8	14.9%
3	Company B	200.0	13.2%
4	Company C	170.0	11.2%
5	Company D	150.0	9.9%
Top 5		1,050.3	69.1%

Top 5 China Acoustic Enhancement Materials Providers by Revenue, 2025

Ranking	Company	Revenue (Million RMB)	Market share (%)
1	**The Company**	**210.9**	**34.7%**
2	Company A	205.0	33.7%
3	Company B	36.0	5.9%
4	Company C	31.0	5.1%
5	Company D	15.0	2.5%
Top 5		497.9	81.9%

Source: Disclosure from Annual Reports of Listed Enterprises, Frost & Sullivan interview with industry experts, Frost & Sullivan

Notes:

1. This ranking excludes acoustic enhancement materials produced in-house by consumer electronics smart terminals' brands.

2. Company A was established in 1995 and is headquartered in China. It is listed on the Shanghai Stock Exchange and is primarily engaged in the research, development, production, and sales of polymer microporous materials and functional venting components, with applications in automotive, consumer electronics, new energy, and industrial equipment.

3. Company B was established in 1993 and is headquartered in United Kingdom. It is listed on the London Stock Exchange and is primarily engaged in the research, development, production, and sales of high-performance thermoplastic polymers, including acoustic enhancement material with a core focus on polyether ether ketone and related material solutions.

4. Company C was established in 1926 and is headquartered in Japan. It is listed on the Tokyo Stock Exchange and is primarily engaged in the research, development, manufacturing, and sales of advanced materials, including fibers and textiles, performance chemicals, acoustic enhancement material, carbon fiber composite materials, and electronics-related materials.

5. Company D was established in 1931 and is headquartered in United States. It is listed on the New York Stock Exchange and is primarily engaged in the development, manufacturing, and distribution of advanced engineered materials, including beryllium-based materials for acoustic use, precision optics, specialty alloys, and advanced coatings.

OVERVIEW OF GLOBAL AND CHINA ELECTRONIC CERAMIC POWDERS INDUSTRY

Definition, Classification and Application Scenarios of Electronic Ceramic Powders

Electronic ceramic powders primarily refer to inorganic non-metallic fine powders that are precisely designed and prepared for the manufacturing of electronic ceramic components and parts. The Company's electronic ceramic materials are currently supplied in powder form. Accordingly, the industry analysis for this business focuses on electronic ceramic powders. Common types of electronic ceramic powders include aluminum oxide, zirconium oxide, silicon nitride, boron nitride, etc., among which core electronic ceramic powders can be widely applied in ceramic coating materials for lithium-ion battery (LIB) separators, cathode material additives, polishing powders for semiconductor manufacturing, precision electronic ceramic powders for semiconductor equipment,

fillers for epoxy molding compounds used in advanced packaging, fillers for M7 and above high-speed high-frequency CCLs, and other powders (including applications for solid oxide fuel cell (SOFC) and ceramic substrates), etc.

For electronic ceramic powders and sound-adsorbing particles, they are both classified as inorganic materials, exhibiting similarities in their manufacturing processes and micro-characters with shared underlying technology. Both types of materials involve certain inorganic powder processing capabilities, such as synthesis, milling, and classification. Such commonalities can provide a foundation for technical synergy. Thus, integrated technology platform enables leading participants among inorganic acoustic enhancement materials industry to understand electronic ceramic powders industry.

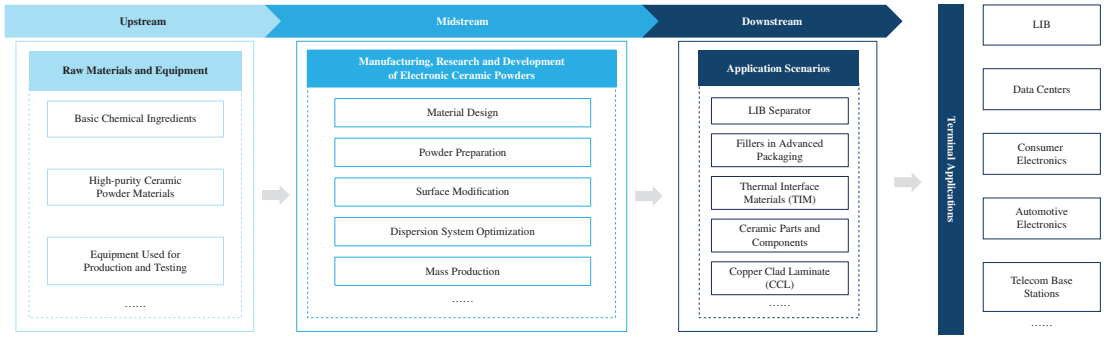
LIB separator ceramic coating materials refer to the slurry of functional materials, or the coating formed after drying, that is covered onto the surface of LIB separators through precision coating technology. Cathode material additives are functional auxiliary materials used to improve the interface properties and structural stability of LIB cathode materials.

Electronic ceramic powders have diversified value-added application scenarios, in advanced packaging, computing power materials and other semiconductor-related sectors. For the semiconductor industry, as semiconductor nodes advance, the number of polishing steps multiplies, requiring advanced powders for defect-free planarization. Simultaneously, the rigorous etching and deposition environments for these advanced chips boost the need for durable precision ceramic components in semiconductor equipment. For the advanced packaging and computing power materials sector, the shift to advanced packaging demands high-performance EMC fillers to manage thermal conductivity, while AI servers require M7+ grade CCL fillers to ensure low signal loss at ultra-high frequencies. Thus, high-end electronic ceramic powder materials such as alumina and silica hold immense growth potential in high-end product segments in the future.

Value Chain Analysis of Electronic Ceramic Powders Industry

The upstream sector of the electronic ceramic powders industry value chain consists of the supply of basic raw materials and equipment relied upon for production. Core raw material encompass different types of basic chemical ingredients and high-purity non-metal materials, as well as precision equipment used for powder preparation, dispersion, and testing. The midstream represents the core segment of the industry chain, mainly covering the manufacturing and research and development of electronic ceramic powders; this involves the entire process of material design, powder preparation, surface modification, dispersion system optimization, and mass production process development. Leading enterprises master the core preparation technologies for electronic ceramic powders, establishing significant advantages in stability and batch consistency. The Company is positioned in the midstream sector, leveraging its capabilities in electronic ceramic powder R&D and manufacturing to provide application-specific products for downstream applications, while continuously strengthening its product portfolio and production capabilities. The downstream sector comprises the products and application fields of electronic ceramic powders, primarily covering LIB separator, fillers in advanced packaging, thermal interface materials (TIM), ceramic parts and components, copper clad laminate (CCL), and other semiconductor-related application fields.

Value Chain Analysis of Electronic Ceramic Powders Industry



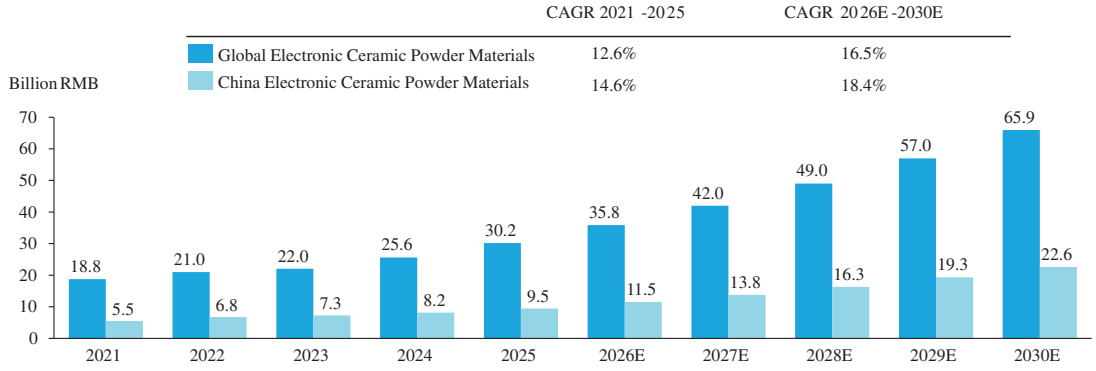
Source: China Electronic Components Association, Frost & Sullivan

Market Size Analysis of Global and China Electronic Ceramic Powders Industry

The global electronic ceramic powders market grew from RMB18.8 billion in 2021 to RMB30.2 billion in 2025, representing a CAGR of 12.6%. It is projected to increase from RMB35.8 billion in 2026 to RMB65.9 billion in 2030, achieving a CAGR of 16.5% from 2026 to 2030. The global core electronic ceramic powder market size grew from RMB11.9 billion in 2021 to RMB21.7 billion in 2025, achieving a CAGR of 16.2%. With the continuous penetration and surging demand in downstream sectors such as new energy, semiconductors, and data centers, the increasing demand for high-purity and high-performance powders will rapidly drive the expansion of the core electronic ceramic powder market. By 2030, the market size of global core electronic ceramic powder is projected to reach RMB53.5 billion, with a CAGR of 19.2% from 2026 to 2030.

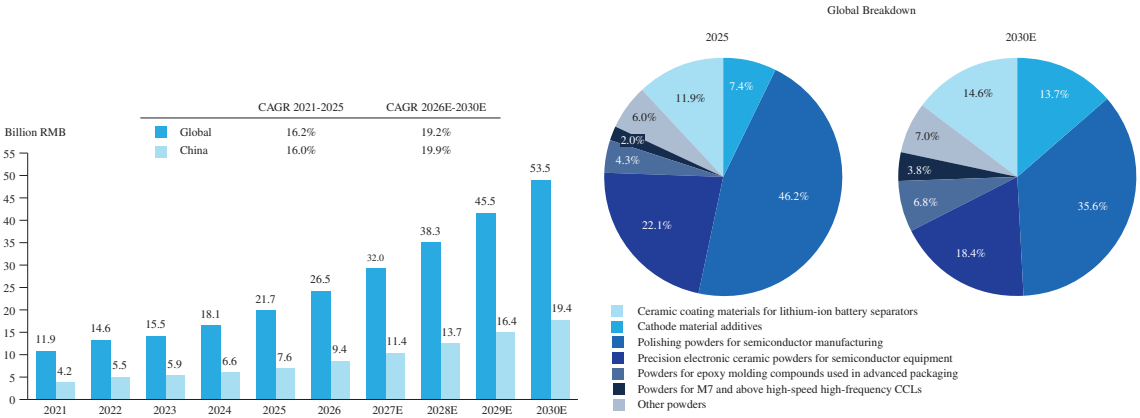
China's electronic ceramic powders market reached RMB9.5 billion in 2025 and is projected to grow from RMB11.5 billion in 2026 to RMB22.6 billion in 2030, representing a CAGR of 18.4% from 2026 to 2030. China's core electronic ceramic powder market grew from RMB4.2 billion in 2021 to RMB7.6 billion in 2025, representing a CAGR of 16.0%, primarily supported by the continued development of semiconductor manufacturing and increasing requirements for high-performance materials. Looking ahead, driven by the rapid development of advanced semiconductor packaging and high-speed and highfrequency copper-clad laminates applications, China's core electronic ceramic powder market is expected to reach RMB19.4 billion by 2030, representing a CAGR of 19.9% from 2026 to 2030.

Market Size of Global and China Electronic Ceramic Powder Materials Industry, 2021-2030E



Source: Frost & Sullivan interview with industry experts, Frost & Sullivan

Market Size of Global and China Core Electronic Ceramic Powder Materials Industry, Classified by Product Types, 2021-2030E

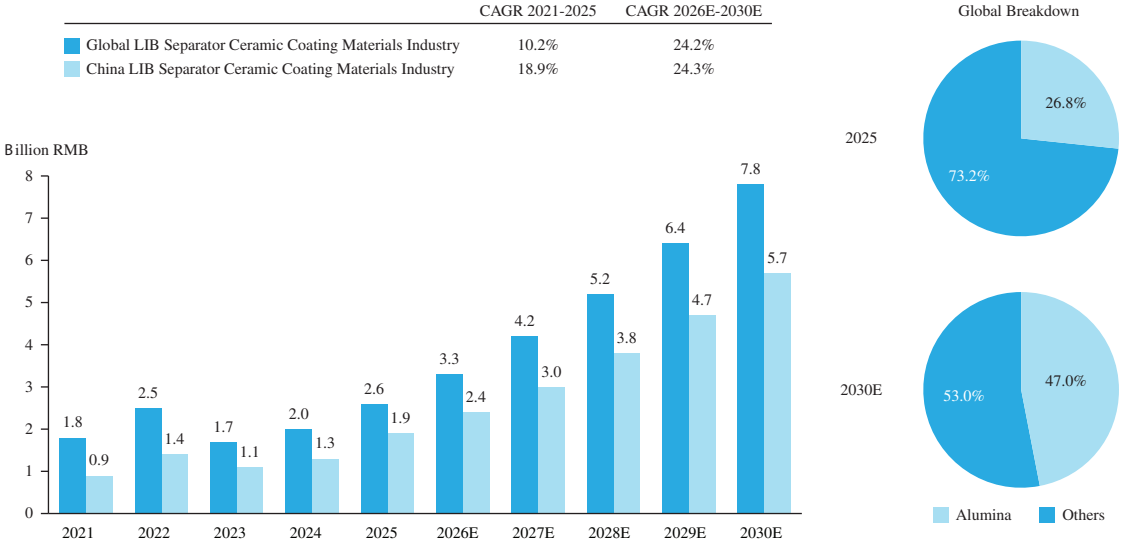


Source: China Electronic Components Association, Frost & Sullivan

The market size of global LIB separator ceramic coating materials grew from RMB1.8 billion in 2021 to RMB2.6 billion in 2025, with a CAGR of 10.2%. With the continuously increasing penetration of high-performance separators in NEVs and energy storage systems, the global market size is projected to reach RMB7.8 billion by 2030, reflecting a CAGR of 24.2% from 2026 to 2030. Notably, leveraging its high thermal stability and excellent particle conductivity, alumina will expand with its share increasing from 26.8% in 2025 to 47.0% in 2030.

China's LIB separator ceramic coating materials market grew from RMB0.9 billion in 2021 to RMB1.9 billion in 2025, representing a CAGR of 18.9%. As the world's major manufacturing base for lithium-ion batteries, China has benefited from the rapid expansion of domestic NEV and energy storage battery production, which has supported the growing demand for high-performance separators. With the continued upgrading of battery performance and safety requirements, demand for ceramic coating materials is expected to maintain robust growth. Accordingly, China's LIB separator ceramic coating materials market is projected to reach RMB5.7 billion by 2030, representing a CAGR of 24.3% from 2026 to 2030.

Market Size of Global and China LIB Separator Ceramic Coating Materials Industry, 2021-2030E



Source: Frost & Sullivan interview with industry experts, Frost & Sullivan

Market Driver Analysis of Global and China Electronic Ceramic Powders Industry

Domestic Substitution Broadening Value Chain of Electronic Ceramic Powders in China

As China accelerates the localization of electronic ceramic powders, competition is shifting to advanced technologies and vertical integration of industries, empowering enterprises to expand from single sector to diversified application scenarios. This macro trend is fundamentally underpinned by the localisation of supply chain by Chinese manufacturers and enterprises, which ensures greater resilience and cost-efficiency in sourcing critical upstream raw materials. In particular, the localization rate in sectors such as advanced packaging, computing power materials, and other semiconductor-related application fields is rising rapidly, enabling Chinese manufacturers to achieve domestic substitution in the field of high-end electronic ceramic powders. Furthermore, by establishing mature domestic production ecosystems, these enterprises are increasingly capable of meeting the stringent purity, nano-scale consistency, and formulation requirements. Such continuous technological advancements not only mitigate external supply risks but also solidify the material foundation for next-generation industrial use.

Higher LIB Safety Level Requirement Demanding Inorganic Material Coating

Pursuit of higher energy density and faster charging in LIB is creating a structural surge in demand for inorganic ceramic coatings, particularly alumina. By significantly enhancing thermal stability and puncture resistance, these coating materials mitigate critical risks such as shrinkage and internal short circuits. Therefore, alumina ceramic materials in the LIB separator coating sector satisfy the need for reaching higher LIB safety level, boosting the growth of electronic ceramic powders in this industry. This reliance is set to deepen with advancements in coating uniformity and the emergence of semi-solid and solid-state battery technologies.

High-Performance Scenarios Guiding the Integration of the Ceramic Material Supply Chain

The demand for high-performance electronic ceramics is driving a paradigm shift from transactional supply to collaborative research and development. In key sectors like LIBs and semiconductors, upstream powder suppliers are now integral to the design process, ensuring material consistency and rapid adaptation to evolving technologies. Through this model of vertical integration and embedded collaboration, market leaders have established an integrated supply chain that delivers precise, customized solutions for complex application scenarios.

Development Trend Analysis of Global and China Electronic Ceramic Powders Industry

Rapid Development Momentum in LIB and Semiconductor Industries Expanding Market Space

Global shipments of power (mainly NEV) and energy storage LIB are expected to surge from 1,779.1GWh and 607.7GWh in 2026 to 3,766.5GWh and 2,266.3GWh in 2030, with CAGR reaching 20.6% and 39.0% respectively. Continuous future requirements for higher energy density, safety, and cycle life are driving a sustained surge in the market for electronic ceramic powder materials. At the same time, the application of electronic ceramic powders in the pan-semiconductor field is witnessing explosive growth. For computing power specifically, by 2030, global AI computing power demand is projected to reach nearly 900 ZFLOPS, nearly 20 times that of 2025. As semiconductor manufacturing processes advance to higher levels, high-end electronic ceramic powders, relying on their excellent physicochemical performance indicators, will see rapid market penetration in the future.

Advanced Semiconductor Nodes Accelerating Penetration of Advanced Electronic Ceramic Powders

Advanced semiconductor nodes are driving the deeper integration of alumina and silicon-based ceramic powders into advanced semiconductor equipment. Characterized by high temperatures, intense plasma, and corrosive environments, extreme processing conditions necessitate superior material resilience, specifically regarding thermal shock, dielectric stability, and corrosion resistance. As technical specifications become increasingly stringent, supplier selection is pivoting toward those with deep technological expertise and process adaptability.

Closed-Loop Solutions Aligning with Downstream Customer Needs

As downstream markets prioritize performance and customization, electronic ceramic providers are evolving into closed-loop solution providers. To meet with customers' needs, companies must leverage comprehensive technology platforms to deliver tailored material solutions that precisely align with evolving client requirements through collaborative design and verification.

Threat and Challenge Analysis of Global and China Electronic Ceramic Powders Industry

Stringent requirements for purity, particle size distribution and dispersion make consistent mass production a key challenge for the global electronic ceramic powders industry. Different battery and semiconductor applications require dedicated development and extensive testing, while lengthy customer qualification processes and evolving material specifications may prolong commercialization, increase development costs and delay returns on investment.

Entry Barrier Analysis of Global and China Electronic Ceramic Powders Industry

Process Efficiency Barrier

The production of electronic ceramic powders spans the entire process from raw material selections, powder design and slurry dispersion to precision coating. As downstream applications demand greater coating thinness, uniformity, and reliability, the required process precision for electronic ceramic powders continues to rise, creating significant process barriers for new entrants.

Customer Qualification Barrier

Product introduction requires undergoing strict testing and multiple rounds of evaluation lasting several years to comprehensively verify the material's performance and reliability during long-term battery cycling before it can finally enter the core supply chain lists of top-tier manufacturers. Leading enterprises more easily secure recognition from core customers due to their long-term accumulation and stable quality.

Research and Development Platform Barrier

Electronic ceramic powder materials require the formation of an integrated research and development closed loop encompassing powder design, formulation synthesis, process implementation, and application testing. Enterprises possessing platform capabilities can rapidly verify new materials, shorten the path from laboratory to mass production, and continuously iterate product performance, thereby building a comprehensive technical moat.

Competitive Landscape Analysis of Global and China Electronic Ceramic Powders Industry

The global and China electronic ceramic powders markets comprise specialized powder suppliers and diversified chemical and advanced materials companies serving various applications, including MLCCs, semiconductor equipment and sensors. In 2025, the global electronic ceramic powders market reached RMB30.2 billion in terms of revenue, with over 500 market participants.

The top five largest electronic ceramic powder suppliers collectively accounted for approximately 15.1% of the global market, indicating a relatively fragmented competitive landscape. The Company's market share in the global electronic ceramic powders market was less than 1% in 2025.

In 2025, China electronic ceramic powders market reached RMB9.5 billion in terms of revenue, with over 200 market participants. The top five largest electronic ceramic powder suppliers collectively accounted for around 13.5% of the China market. The Company's market share in the China electronic ceramic powders market was less than 1.5% in 2025.

Top 5 Global Electronic Ceramic Powders Providers by Revenue, 2025

Ranking	Company	Revenue (Billion RMB)	Market share (%)
1	Company E	1.2	4.0%
2	Company F	1.1	3.6%
3	Company G	1.0	3.1%
4	Company H	0.8	2.7%
5	Company I	0.5	1.7%
Top 5		4.6	15.1%

Top 5 China Electronic Ceramic Powders Providers by Revenue, 2025

Ranking	Company	Revenue (Billion RMB)	Market share (%)
1	Company E	0.30	3.2%
2	Company F	0.28	3.0%
3	Company J	0.26	2.7%
4	Company G	0.24	2.5%
5	Company H	0.20	2.1%
Top 5		1.28	13.5%

Source: Disclosure from Annual Reports of Listed Enterprises, Frost & Sullivan interview with industry experts, Frost & Sullivan

Notes:

1. Company E was established in 1990 and is headquartered in Japan. It specializes in the development, production and sales of fine spherical oxide powders, including silica and alumina, as well as surface-treated powders and dispersions.

2. Company F was established in 1915 and is headquartered in Japan. It is listed on the Tokyo Stock Exchange and is primarily engaged in the research, development, production and sales of electronic materials and functional ceramics, with powder products including spherical silica, spherical alumina, silicon nitride and boron nitride.

3. Company G was established in 1913 and is headquartered in Japan. It is listed on the Tokyo Stock Exchange and operates a diversified chemical business spanning electronic materials, energy and functional materials, petrochemicals and agricultural chemicals. Its product portfolio includes high-purity alumina powders.

4. Company H was established in 1918 and is headquartered in Japan. It is listed on the Tokyo Stock Exchange and produces chemicals and advanced materials, with electronic ceramic powder products including high-purity spherical silica, aluminum nitride and boron nitride.

5. Company I was established in 1932 and is headquartered in Japan. It is listed on the Tokyo Stock Exchange and manufactures inorganic chemical materials, with electronic material offerings including barium titanate, other high-purity dielectric powders and spherical silica.

6. Company J was established in 2005 and is headquartered in China. It is listed in Shenzhen Stock Exchange. It specializes in the development, production and sales of inorganic non-metallic functional materials, including electronic ceramic powders.

OVERVIEW OF GLOBAL AND CHINA ELECTRONIC ADHESIVES INDUSTRY

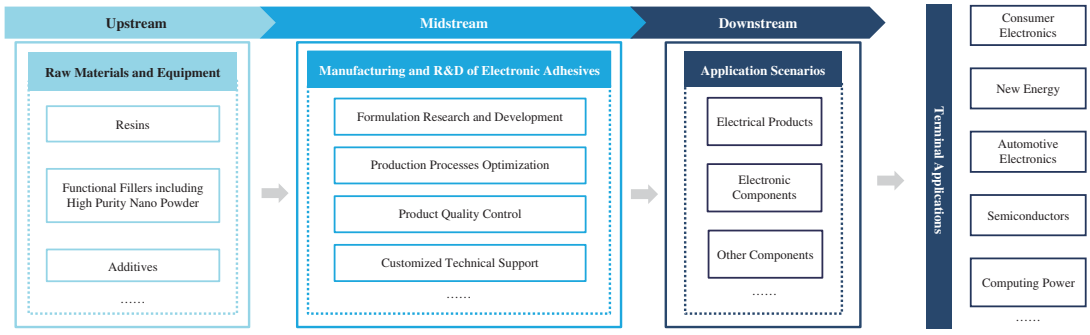
Definition, Classification and Application Scenarios of Electronic Adhesives

Electronic adhesives refer to precision adhesives specifically designed for electronic and electrical products to perform specific functions such as bonding, sealing, thermal conductivity, electrical conductivity, insulation, and protection. Specialty adhesives require specialized high-purity powder as the basis to achieve specific functionalities. Electronic adhesives are primarily categorized into acoustic applications, optical applications, module assembly applications, NEVs, advanced packaging, computing power and other semiconductor-related applications. Among these, acoustic adhesives are important for speaker box reliability, sound quality, and life span, thereby ensuring and enhancing the clarity and fullness of sound transmission.

Value Chain Analysis of Electronic Adhesives Industry

The upstream sector of the electronic adhesives industry value chain is based on core raw materials, encompassing resins, additives, and functional fillers with distinct physical properties which include high purity nano-powder. The midstream segment primarily covers the research and development and manufacturing of adhesives. Enterprises in this segment typically regard formulation research and development capabilities, surface treatment and curing technology as their core competency, focusing on product performance optimization and adaptability to specific application scenarios. The downstream application landscape is extensive, covering a diverse range of electronic and electrical products such as consumer electronics, new energy, automotive electronics, semiconductors, computing power, and industrial and communications sectors.

Value Chain Analysis of Electronic Adhesives Industry



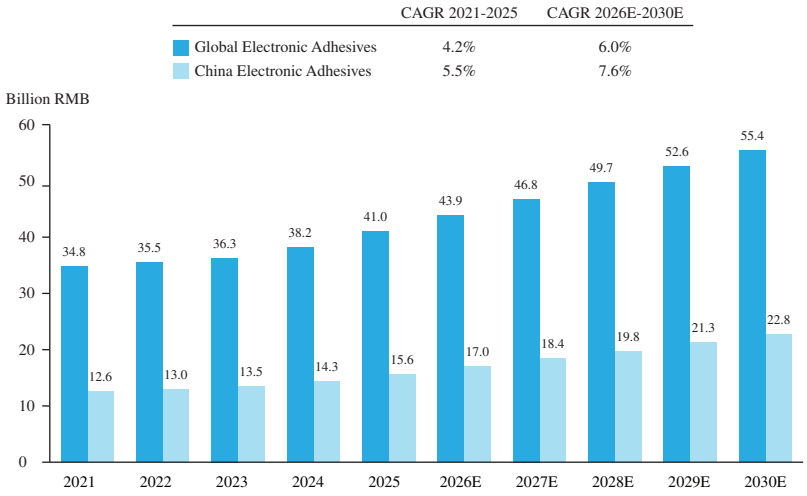
Source: China Adhesives and Tape Industry Association, Frost & Sullivan

Market Size Analysis of Global and China Electronic Adhesives and Acoustic Adhesives Industry

Benefiting from continuous upgrades in the global electronics industry and the diversification of end-use applications, the global electronic adhesives industry has experienced stable growth, with its market size expanding from RMB34.8 billion in 2021 to RMB41.0 billion in 2025, representing a CAGR of 4.2%, while China's market size reached RMB15.6 billion in 2025. Looking ahead, driven by the sustained development of key sectors such as semiconductors and new energy, along with rising performance standards for adhesives in consumer electronics, the market size is projected to reach RMB43.9 billion in 2026 and further increase to RMB55.4 billion by 2030, reflecting a CAGR of approximately 6.0% from 2026 to 2030. Over the same period, China's market size is projected to grow from RMB17.0 billion to RMB22.8 billion, reflecting a CAGR of approximately 7.6%.

Driven by upgrades in consumer electronics acoustic performance and the unleashing of demand for smart wearables, the acoustic adhesives market has witnessed rapid growth with the market size expanding from RMB400.3 million in 2021 to RMB545.2 million in 2025, representing a CAGR of 8.0% during this period. Looking ahead, propelled by the integration of AI technology and further diversification of smart terminal forms, requirements for product acoustic performance will intensify, accelerating the release of demand for acoustic adhesives. The market size is projected to reach RMB594.3 million in 2026 and further increase to RMB786.2 million by 2030, with a CAGR of approximately 7.2% from 2026 to 2030.

Market Size of Global and China Electronic Adhesives Industry, 2021-2030E



Source: Frost & Sullivan interview with industry experts, Frost & Sullivan

Market Driver and Development Trend Analysis of Global and China Electronic Adhesives Industry

Evolution of Electronic Products Enabling Innovation in High-Performance Adhesives

The continuous development of electronics products such as smartphones and smart wearables towards thinner, lighter, and higher-performance designs has placed higher demands on fields including acoustics, thermal management, electromagnetic shielding, and sealing. In advanced iterative application scenarios, the requirements for purity, reliability, and precision of adhesives are extremely high, becoming the key driver for growth in the high-performance electronic adhesives market.

Formulations of Various Inorganic materials and Resins Enabling Diverse End-Use Applications

Driven by continuous innovation in adhesives industry, products are evolving towards functional composite formulations combining inorganic materials and resins to deliver customized patterns. This shift is accelerating their penetration into high-precision industries such as consumer electronics, semiconductors, new energy, etc. Simultaneously, this evolution optimizes performance in diverse scenarios like acoustics and advanced packaging, thereby expanding the overall market space.

Innovation in Adhesives Materials and Refinement of Precision Manufacturing Systems

Continuous material innovation ensures that acoustic adhesives exhibit excellent chemical stability, bonding strength, and other physical properties after curing. Furthermore, with the miniaturization of electronic products, higher-precision automation equipment imposes stricter requirements on the viscosity and rheology of electronic adhesives, guiding the construction and refinement of precision manufacturing systems.

Threat and Challenge Analysis of Global and China Electronic Adhesives Industry

The global and China electronic adhesives industry faces challenges from technological advancement, raw material volatility and profitability pressures. The shift toward higher integration and greater power density raises adhesive performance and process compatibility requirements, increasing formulation complexity. Meanwhile, fluctuations in the prices and availability of key materials may affect costs and delivery stability, while competition and customer cost-reduction requirements constrain cost pass-through.

Entry Barrier Analysis of Global and China Electronic Adhesives Industry

The barriers to entry for new entrants in the global and China electronic adhesives industry primarily lie in patented technology, customer accessibility, and market channels. Core technologies and formulations within the industry are safeguarded by strict patent networks established by major incumbents, presenting high research and development thresholds for new entrants; downstream electronics manufacturing customers impose rigorous and protracted qualification processes on suppliers, and once qualified, stable supply chain relationships are established, creating strong customer stickiness. Furthermore, mature global channel networks and the capability to provide on-site technical services have become industry standards, meaning new competitors lacking established channels and brand reputation struggle to build an effective market system in the short term.

Competitive Landscape Analysis of Global and China Electronic Adhesives Industry

The global and China electronic adhesives markets comprise specialized adhesive manufacturers and diversified chemical and advanced materials companies. In 2025, the global electronic adhesives market reached RMB41.0 billion in terms of revenue, with over 300 market participants. The top five largest electronic adhesives suppliers collectively accounted for approximately 45.1% of the global market. The Company's market share in the global electronic adhesives market was less than 1% in 2025.

In 2025, China electronic adhesives market reached RMB15.6 billion in terms of revenue, with over 150 market participants. The top five largest electronic adhesives suppliers collectively accounted for 39.7% of the China market. The Company's market share in the China electronic adhesives market was less than 1% in 2025.

Top 5 Global Electronic Adhesives Providers by Revenue, 2025

Ranking	Company	Revenue (Billion RMB)	Market share (%)
1	Company K	8.0	19.5%
2	Company L	4.5	11.0%
3	Company M	3.5	8.5%
4	Company N	1.5	3.7%
5	Company O	1.0	2.4%
Top 5		18.5	45.1%

Top 5 China Electronic Adhesives Providers by Revenue, 2025

Ranking	Company	Revenue (Billion RMB)	Market share (%)
1	Company K	2.0	12.8%
2	Company L	1.5	9.6%
3	Company M	1.0	6.4%
4	Company P	0.9	5.8%
5	Company Q	0.8	5.1%
Top 5		6.2	39.7%

Source: Disclosure from Annual Reports of Listed Enterprises, Frost & Sullivan interview with industry experts, Frost & Sullivan

Notes:

1. Company K was established in 1876 and is headquartered in Germany. It is listed on the Frankfurt Stock Exchange and operates across adhesive technologies and consumer brands, with electronic materials including conductive adhesives, encapsulants and thermal management materials.

2. Company L was established in 1902 and is headquartered in the United States. It is listed on the New York Stock Exchange and manufactures diversified industrial and consumer products, with electronic adhesive offerings covering bonding tapes, conductive adhesives and thermally conductive materials.

3. Company M was established in 1897 and is headquartered in the United States. It is listed on the New York Stock Exchange and supplies chemicals and materials across various industries, including silicone-based adhesives and sealants for electronic assembly and component protection.

4. Company N was established in 1887 and is headquartered in the United States. It is listed on the New York Stock Exchange and specializes in industrial adhesives, sealants and related materials, with electronic applications spanning component bonding, encapsulation and device assembly.

5. Company O was founded in 1946 and is headquartered in Japan. It focuses on the development, production and sales of insulating and conductive materials for the electronics industry, with products including die attach adhesives, underfills and encapsulants for semiconductor packaging and electronic components.

6. Company P was established in 2003 and is headquartered in China. It is listed in Shanghai Stock Exchange and its core product portfolio covers semiconductor packaging materials, integrated circuit adhesives, display panel bonding materials, LED packaging materials, and thermal interface materials.

7. Company Q was established in 1977 and is headquartered in China. It is listed in Shenzhen Stock Exchange and specializes in high-performance adhesives, potting compounds, silicones, polyurethanes, and acrylics applied in electronic packaging, consumer electronics, photovoltaics, automotive electronics, and 5G communications.

OVERVIEW OF GLOBAL AND CHINA ENERGY ENHANCEMENT MATERIALS INDUSTRY

Definition and Classification of Energy Enhancement Materials

Energy enhancement materials are defined as specialized functional materials designed to optimize the energy conversion efficiency and operational stability of power generation systems, with their primary application currently concentrated in the new energy sector including photovoltaic (PV), wind power, etc. Core energy enhancement materials products include PV back-glass coating materials, PV conductive paste, etc.

While the broader energy enhancement material market is currently grappling with structural overcapacity and intense market competition, the industry is undergoing a critical phase of product structure adjustment. As the market pivots from quantity expansion to quality expansion, advanced energy enhancement materials are poised to re-emerge as the central driver of market development, underpinning the next generation of new energy technologies.

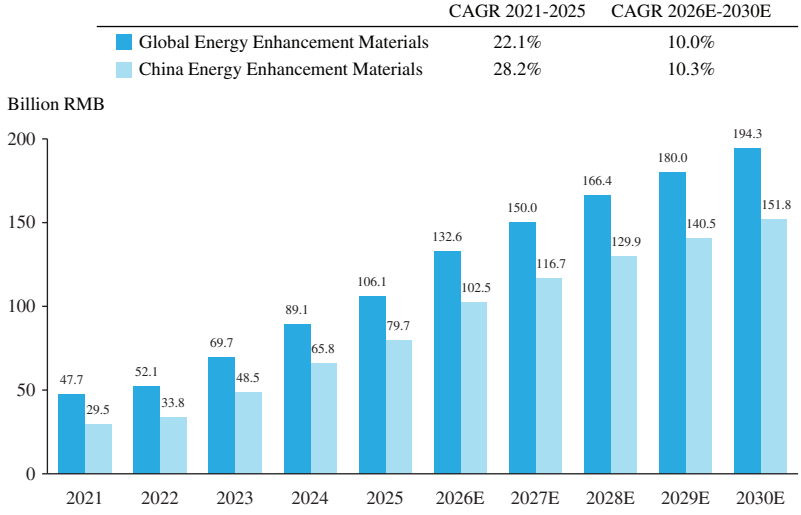
Value Chain Analysis of Global and China Energy Enhancement Materials Industry

The upstream sector comprises suppliers of functional powders, metal powders, glass frits, additives and related production equipment. The midstream sector covers the R&D and manufacturing of energy enhancement materials, such as PV back-glass coating materials and conductive pastes, with formulations and processes tailored to application-specific requirements. The downstream sector comprises manufacturers of new energy power generation equipment and systems, including PV and wind power, where these materials are applied to power generation components and manufacturing processes to enhance energy conversion efficiency, durability and operational stability.

Market Size Analysis of Global and China Energy Enhancement Materials Industry

Benefiting from the continued expansion of the global renewable energy industry and advances in power generation technologies, the global and China's energy enhancement materials market reached RMB106.1 billion and RMB79.7 billion in 2025. Looking ahead, driven by growing renewable energy installations, technological upgrades in PV and wind power, and rising demand for higher energy conversion efficiency and operational stability, the global market is projected to reach RMB132.6 billion in 2026 and RMB194.3 billion in 2030, representing a CAGR of 10.0% from 2026 to 2030. Over the same period, China's energy enhancement materials market is projected to grow from RMB102.5 billion in 2026 to RMB151.8 billion in 2030, reflecting a CAGR of approximately 10.3% from 2026 to 2030.

Market Size of Global and China Energy Enhancement Materials Industry, 2021-2030E



Source: Frost & Sullivan interview with industry experts, Frost & Sullivan

Market Driver and Development Trend Analysis of Global and China Energy Enhancement Materials Industry

Growing renewable energy installations and demand for higher power generation efficiency continue to drive demand for energy enhancement materials. In PV, advances in cell technologies and module designs are raising requirements for electrical conductivity, optical performance and durability, supporting demand for high-performance conductive pastes and back-glass coating materials. In wind power, larger turbine capacities and harsher operating environments are increasing requirements for material durability, reliability and operational stability. Meanwhile, efforts to improve energy output and reduce levelized costs are encouraging the development of higher-performance materials with lower consumption and better compatibility with existing manufacturing processes.

Threat and Challenge Analysis of Global and China Energy Enhancement Materials Industry

The global and China energy enhancement materials industry faces pricing and profitability pressures from intense competition and downstream cost-reduction requirements. Meanwhile, technological advances in PV cells and wind power equipment may shift material requirements, while fluctuations in key raw material prices and changes in downstream production schedules may affect costs, order volumes and capacity utilization.

Entry Barrier Analysis of Global and China Energy Enhancement Materials Industry

Entry barriers in the global and China energy enhancement materials industry primarily arise from formulation expertise, customer qualification and scalable manufacturing capabilities. Materials used in PV and wind power applications must meet stringent requirements for performance, durability and process compatibility, while customer qualification involves extensive testing and production validation. Maintaining consistent quality, reliable supply and cost competitiveness at scale further requires strong process control, raw material sourcing and technical support capabilities.

Competitive Landscape of Global Energy Enhancement Materials Industry

The global and China energy enhancement materials markets comprise specialized suppliers and diversified materials companies, with competition varying across product segments such as PV conductive pastes and PV glass coating materials. In 2025, the global energy enhancement materials market reached RMB106.1 billion in terms of revenue, with over 100 market participants. The top five largest energy enhancement material suppliers collectively accounted for approximately 37.1% of the global market, indicating a relatively concentrated competitive landscape. The Company's market share in the global energy enhancement materials market was less than 1% in 2025.

In 2025, China energy enhancement materials market reached RMB79.7 billion in terms of revenue, with over 50 market participants. The top five largest energy enhancement material suppliers collectively accounted for 44.2% of the China market. The Company's market share in the China energy enhancement materials market was less than 1% in 2025.

Top 5 Global Energy Enhancement Materials Providers by Revenue, 2025

Ranking	Company	Revenue (Billion RMB)	Market share (%)
1	Company R	14.9	14.0%
2	Company S	14.4	13.6%
3	Company T	3.7	3.5%
4	Company U	3.5	3.3%
5	Company V	2.9	2.7%
Top 5		39.4	37.1%

Top 5 China Energy Enhancement Materials Providers by Revenue, 2025

Ranking	Company	Revenue (Billion RMB)	Market share (%)
1	Company R	13.5	16.9%
2	Company S	12.3	15.4%
3	Company T	3.5	4.4%
4	Company U	3.3	4.1%
5	Company V	2.6	3.3%
Top 5		35.2	44.2%

Source: Disclosure from Annual Reports of Listed Enterprises, Frost & Sullivan interview with industry experts, Frost & Sullivan

Notes:

1. Company R was established in 2010 and is headquartered in China. It is listed on the Shenzhen Stock Exchange and is primarily engaged in the research, development, production and sales of high-performance electronic materials, with a core focus on photovoltaic conductive pastes.

2. Company S was established in 2015 and is headquartered in China. It is listed on the Shanghai Stock Exchange STAR Market and is primarily engaged in the research, development, production and sales of advanced electronic materials, with a core focus on photovoltaic conductive pastes.

3. Company T was established in 2012 and is headquartered in China. It is primarily engaged in the research, development, production and sales of electronic conductive pastes, with a core focus on photovoltaic silver pastes.

4. Company U was established in 2020 and is based in China. It is primarily engaged in the research, development, production and sales of advanced electronic pastes.

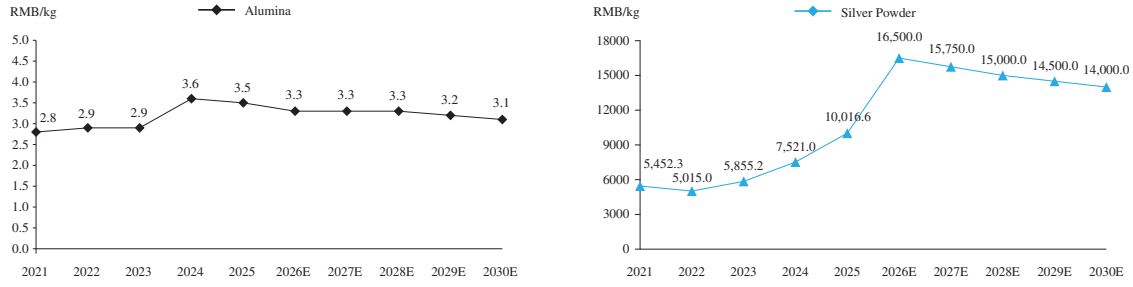
5. Company V was established in 1990 and is headquartered in China. It is listed on the Shenzhen Stock Exchange and is primarily engaged in the research, development, production and sales of electronic components, advanced electronic materials and energy enhancement materials.

6. Due to the consolidation of Company U by Company R in 2025, the revenue of Company R presented in the above ranking includes Company U's related revenue for September to December 2025. The revenue of Company U in the ranking only covers its related revenue generated from January to August 2025, prior to its consolidation by Company R.

RAW MATERIAL PRICE ANALYSIS AND PREDICTION

Fluctuations in raw material prices have a significant impact on cost control within the industry chain. Volatility and unit value of raw materials for acoustic enhancement materials, electronic ceramic powders and electronic adhesives are relatively low compared to that of energy enhancement materials, specially for silver powder. Alumina's average market price has gradually risen from RMB2.8 per kg in 2021 to RMB3.5 per kg in 2025, and is projected to ease to approximately RMB3.3 per kg in 2026, followed by a gradual decline to RMB3.1 per kg by 2030. Silver powder prices are highly correlated with international silver prices. Its average market price rose from RMB5,452.3 per kg in 2021 to RMB10,016.6 per kg in 2025. For the six months ended June 30, 2026, driven primarily by supply and demand dynamics, macroeconomic conditions, and geopolitical factors, the global average selling price of silver powder increased to RMB20,380.7 per kg. Looking forward, prices are expected to moderate, with the full-year average projected at RMB16,500.0 per kg in 2026, before gradually declining to RMB14,000.0 per kg by 2030.

Alumina and Silver Powder Price Analysis in China, 2021-2030E



Source: Shanghai Futures Exchange, Wind, Frost & Sullivan

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN THE PRC

Laws and Regulations Relating to Corporate Establishment and Foreign Investment

The establishment, operation and management of corporate entities in the PRC are governed by the Company Law, which was promulgated by the SCNPC on 29 December 1993 and was most recently amended on 29 December 2023, and such amendment came into effect on 1 July 2024. The Company Law regulates the organization and activities of companies, which are classified into limited liability companies and joint stock limited companies. Both types of companies possess the status of a legal person, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of capital contribution subscribed by them or the shares subscribed by them, respectively. The Company Law applies to foreign-invested companies in the form of a limited liability company or a joint stock limited company. Where the laws on foreign investment provide otherwise, such provisions shall prevail.

Foreign-invested enterprises in the PRC are also subject to foreign investment laws and regulations, including the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which was promulgated by the NPC on 15 March 2019 and came into effect on 1 January 2020, and the Regulations for the Implementation of the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》), which was promulgated by the State Council on 26 December 2019 and came into effect on 1 January 2020. Pursuant to the Foreign Investment Law, the PRC adopts a system of pre-entry national treatment plus a negative list for the administration of foreign investment.

On 6 September 2024, the NDRC and the MOFCOM jointly promulgated the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), which came into effect on 1 November 2024. The Negative List sets out the ownership requirements, senior management requirements and other special administrative measures for the access of foreign investment. Sectors not specified in the Negative List shall be administered under the principle of equal treatment for both domestic and foreign investment. As at the Latest Practicable Date, our business operations did not fall within the scope of the Negative List.

Overview of Industrial Policies

On 18 January 2024, the MIIT and six other PRC authorities jointly issued the Implementation Opinions on Promoting the Innovative Development of Future Industries (《關於推動未來產業創新發展的實施意見》) (the "**Future Industries Opinions**"). The Future Industries Opinions identify nano-manufacturing as a form of "future manufacturing" and propose to align with the trends of global technological innovation and industrial development, with a focus on promoting industrial development in six major directions: future manufacturing, future information, future materials, future energy, future space and future health.

On 22 August 2025, the MIIT and the State Administration for Market Regulation jointly issued the Action Plan for the Steady Growth of the Electronic Information Manufacturing Industry for 2025-2026 (《電子信息製造業2025-2026年穩增長行動方案》) (the "**Action Plan**"), which stipulates that intellectual property protection should be strengthened to promote sustainable innovation. Pursuant to the Action Plan, an evaluation index system for intellectual property quality shall be established to address the technological protection needs of foundational industries such as electronic components, new electronic materials and specialized electronic equipment. In addition, intellectual property quality evaluations shall be carried out to consolidate the foundation for high-quality IP portfolio management.

Laws and Regulations Relating to Property

Pursuant to the Administrative Measures for Commodity Housing Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development (the "**MOHURD**") on 1 December 2010 and came into effect on 1 February 2011, parties to a housing lease shall complete lease registration and filing procedures with the competent construction (real estate) departments of the place where the property is located within 30 days from the signing of the lease contract. Organisations that fail to fulfil the obligation of completing lease registration and filing procedures shall be ordered by the construction (real estate) departments of the people's governments of municipalities directly under the Central Government, cities or counties to make corrections within a prescribed period; where the organisation fails to make corrections within the prescribed period, a fine ranging from RMB1,000 to RMB10,000 shall be imposed.

Pursuant to the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "**Civil Code**"), a lessee may sublease the leased premises to a third party, subject to the consent of the lessor. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. Where the lessor knows or should know of the sublease by the lessee but fails to raise any objection within six months, the lessor shall be deemed to have agreed to the sublease.

Laws and Regulations Relating to Environmental Protection

The Ecological and Environmental Code of the People's Republic of China (《中華人民共和國生態環境法典》) (the "**Ecological and Environmental Code**") was promulgated on 12 March 2026 and came into effect on 15 August 2026. Under the Ecological and Environmental Code, construction projects that affect the ecological environment are subject to ecological and environmental impact assessment requirements. Construction entities shall arrange for the preparation of an ecological and environmental impact report for projects that may have significant impacts, or an ecological and environmental impact report form for projects that may have minor impacts. The report provides a comprehensive assessment, while the report form provides an analysis or a targeted assessment. For projects with very limited impacts for which neither document is required, construction entities shall complete an ecological and environmental impact registration form. Pollution prevention and control facilities shall be designed, constructed and put into operation concurrently with the principal project.

Pursuant to the Interim Measures for the Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) (the "**Interim Measures**"), which came into effect on 20 November 2017, and the Regulations on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was amended on 16 July 2017 and came into effect on 1 October 2017, the construction entity is the responsible party for the environmental protection acceptance of the completed construction project, and shall, in accordance with the procedures and standards stipulated in the Interim Measures, organise the acceptance of the supporting environmental protection facilities and prepare the acceptance report. A construction project for which an ecological and environmental impact report or an ecological and environmental impact report form is formulated shall only be put into production or use after its supporting environmental protection facilities have passed the acceptance check.

Under the Ecological and Environmental Code, hazardous waste generators must manage such waste in accordance with applicable requirements and may entrust its collection, storage, utilisation or disposal only to duly licensed parties.

Pursuant to the Regulation on the Administration of Pollutant Discharge Permitting (《排污許可管理條例》) which came into effect on 1 March 2021, and the Measures for the Administration of Pollutant Discharge Permitting (《排污許可管理辦法》) which came into effect on 1 July 2024 and was most recently amended on 20 September 2026, the classified management of pollutant discharge permits shall be implemented for pollutant discharging entities based on factors such as the amount of pollutants generated and discharged and the extent of the impact on the environment. Enterprises, public institutions and other producers and operators subject to the administration of pollutant discharge licensing in accordance with the law shall apply for a pollutant discharge permit in accordance with the law and discharge pollutants as stipulated in the pollutant discharge permit; and no pollutants may be discharged without a pollutant discharge permit.

Pursuant to the Categorised Management Catalogue of Pollutant Discharge Permits for Stationary Pollution Sources (《固定污染源排污許可分類管理名錄》) (the "**Categorised Management Catalogue**") which was issued by the Ministry of Ecology and Environment (the "**MEE**") and came into effect on 20 December 2019, existing pollutant discharging entities stipulated in the Categorised Management Catalogue shall, within the implementation time limit prescribed by the MEE, apply for a pollutant discharge permit or file a pollutant discharge registration form.

Pursuant to the Regulation on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》), which was promulgated by the State Council in 2013 and came into effect on 1 January 2014 and was most recently amended on 8 August 2026 with effect from 15 August 2026, and the Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》), which was promulgated by the MOHURD in 2015 and the most recent amendment to which came into effect on 1 February 2023, enterprises, public institutions and individual industrial and commercial households engaging in industry, construction, catering, medical services, etc. which discharge sewage into urban drainage facilities shall apply to the competent departments for urban drainage for a permit for the discharge of sewage into the drainage network.

Laws and Regulations Relating to Fire Security

Pursuant to the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) (the "**Fire Protection Law**"), which was promulgated by the SCNPC on 29 April 1998 and was most recently amended on 29 April 2021, and such amendment came into effect on the same date, for special construction projects as stipulated by the housing and urban-rural development competent authorities, the construction entity shall submit the fire protection design documents to the housing and urban-rural development competent authorities for review. For construction projects other than special construction projects, the construction entity shall, at the time of applying for the construction permit or the approval for the work commencement report, provide the fire protection design drawings and technical materials which meet the requirements for construction.

Pursuant to the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), which was promulgated by the MOHURD on 1 April 2020, amended on 21 August 2023 and came into effect on 30 October 2023, a system of fire protection design review and fire protection acceptance shall apply to special construction projects; while for other construction projects, a system of fire protection acceptance filing and spot checks shall apply.

Pursuant to the Administrative Measures for Fire Safety Management of Leased Factory Buildings and Warehouses (Trial) (《租賃廠房和倉庫消防安全管理辦法(試行)》), which was promulgated by the National Fire and Rescue Administration on 14 July 2023 and came into effect on the same date, the leased factory buildings and warehouses shall comply with the fire safety requirements, and the usage nature and function of the factory buildings and warehouses shall not be changed in violation of regulations.

Laws and Regulations Relating to Customs

Pursuant to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) (the "**Customs Law**"), which was promulgated by the SCNPC on 22 January 1987 and was most recently amended on 29 April 2021, and such amendment came into effect on the same date, unless otherwise provided for, the declaration of import or export goods may be made by the consignees or consignors, or by customs declaration enterprises entrusted by them. The consignee of import goods and the consignor of export goods shall make an accurate declaration and submit the import or export licences and relevant documents to the customs authorities for examination.

Pursuant to the Administrative Provisions of the Customs of the People's Republic of China on the Record-filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), which was promulgated by the General Administration of Customs on 19 November 2021 and came into effect on 1 January 2022, consignees and consignors of import or export goods as well as customs declaration enterprises engaged in customs declaration shall undergo record-filing procedures with the competent customs authority.

Laws and Regulations Relating to Intellectual Property Rights

Trademarks

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), which was promulgated by the SCNPC on 23 August 1982, was most recently amended on 23 April 2019 and came into effect on 1 November 2019, and the Regulation on the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》), which was promulgated by the State Council on 3 August 2002, was most recently amended on 29 April 2014 and came into effect on 1 May 2014, registered trademarks in the PRC include trademarks for goods, service trademarks, collective trademarks and certification trademarks. The Trademark Office of the China National Intellectual Property Administration handles trademark registrations and grants a validity period of ten years to registered trademarks, which may be renewed for a further ten years upon request prior to the expiry of the period of validity.

Patents

Pursuant to the Patent Law (《中華人民共和國專利法》), which was promulgated by the SCNPC on 12 March 1984, most recently amended on 17 October 2020 and came into effect on 1 June 2021, and the Implementation Rules of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), which were promulgated by the State Council and most recently amended on 11 December 2023 and came into effect on 20 January 2024, patents in the PRC fall into three categories: invention patents, utility model patents and design patents. The term of patent protection for invention patents is 20 years, the term of patent protection for utility model patents is 10 years, and the term of patent protection for design patents is 15 years, all commencing from the date of application.

Computer Software Copyright

Pursuant to the Regulation on the Protection of Computer Software (《計算機軟件保護條例》), which was promulgated by the State Council on 4 June 1991, most recently amended on 30 January 2013 and came into effect on 1 March 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated on 6 April 1992, most recently amended by the National Copyright Administration of China (the "**NCAC**") on 1 July 2004 and came into effect on the same date, the NCAC is responsible for the administration and supervision of software copyright registration in the PRC and recognises the Copyright Protection Centre of China (the "**CPCC**") as the software registration organisation. The

CPCC shall grant registration certificates to computer software copyright applicants which comply with the provisions of the Regulation on the Protection of Computer Software and the Measures for the Registration of Computer Software Copyright.

Domain Names

Pursuant to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on 24 August 2017 and came into effect on 1 November 2017, the principle of "first-to-file" applies to domain name registrations. Upon completion of the domain name registration, the applicant becomes the holder of the registered domain name.

Laws and Regulations Relating to Employment and Social Security

Labour Contract

Pursuant to the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), which was promulgated by the SCNPC on 5 July 1994, most recently amended on 29 December 2018 and came into effect on the same date, an employer shall establish and improve labour rules and regulations in accordance with the law, safeguard the labour rights of workers and discharge its labour obligations. A labour contract shall be concluded to establish labour relationships. The Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the Regulations on the Implementation of the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) further prescribe the rules governing the entire process of the conclusion, performance, variation, termination and expiry of labour contracts, and specify the rights and obligations of employers and employees as well as the relevant legal liabilities.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on 28 October 2010, most recently amended on 29 December 2018 and came into effect on the same date, employers shall declare and make social insurance contributions in full and on time on their own initiative. Social insurance contributions shall not be deferred, reduced or exempted except for statutory causes such as force majeure. Where an employer fails to make social insurance contributions in full and on time, the social insurance premium collection agency shall order it to make the payment within a prescribed period, and an overdue fine may be imposed at the rate of 0.05% of the overdue amount per day from the date on which the payment is overdue. If the payment is not made within the prescribed period, the relevant administrative authorities shall impose a fine ranging from one to three times the overdue amount.

Pursuant to the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council on 3 April 1999 and most recently amended on 10 August 2026 with effect from 20 September 2026, employers shall make housing provident fund contributions in full and on time. Where an employer fails to make housing provident fund contributions in full and on time, the housing provident fund management center shall order it to make the payment within a prescribed period. If the payment is not made within the prescribed period, an application may be made to a people's court for compulsory enforcement.

The Interpretation of the Supreme People's Court on the Application of Law in the Trial of Labour Dispute Cases (II) (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which came into effect on 1 September 2025, stipulates that where an employer and an employee agree, or the employee provides a written pledge to the employer, to waive social insurance contributions, the people's court shall determine such agreement or pledge as void. Where an employer fails to pay social insurance premiums in accordance with the law, and the employee terminates the labour contract and claims economic compensation pursuant to the Labour Contract Law, the people's court shall support such claim in accordance with the law.

Laws and Regulations Relating to Tax

EIT

Pursuant to the EIT Law, which was adopted by the NPC on 16 March 2007, came into effect on 1 January 2008 and was most recently amended on 29 December 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》), which was promulgated by the State Council on 6 December 2007, was most recently amended on 6 December 2024 with effect from 20 January 2025, an enterprise established in the PRC in accordance with the law, or an enterprise established in accordance with the laws of a foreign country (region) but with its de facto management body located within the PRC, shall be treated as a resident enterprise. A resident enterprise shall be subject to enterprise income tax at a rate of 25% on its income derived from sources both within and outside the PRC. High and new technology enterprises supported by the State may enjoy a reduced enterprise income tax rate of 15%.

Value-Added Tax

Pursuant to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值税法》), which was promulgated by the SCNPC on 25 December 2024 and came into effect on 1 January 2026, generally, taxpayers selling goods, providing processing, repair and replacement services or leasing services of tangible movable property, or importing goods are subject to a tax rate of 13%; and taxpayers selling services or intangible assets are subject to a tax rate of 6%.

Transfer Pricing Rules

Under Chapter VI on Special Tax Adjustments of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) (as amended in 2018) and its implementing regulations, transactions between an enterprise and its related parties shall follow the arm's-length principle. Where the pricing of related party transactions reduces the taxable income or income from taxable gains of the enterprise or its related parties, the tax authority is empowered to make tax adjustments by reasonable methods. Pursuant to Announcement No. 42 of 2016 of the State Taxation Administration (《關於完善關聯申報和同期資料管理有關事項的公告》) and Announcement No. 6 of 2017 of the State Taxation Administration (《特別納税 調查調整及相互協商程序管理辦法》), enterprises entering into related party transactions are required to file related-party transaction returns on a timely basis. Enterprises that meet the prescribed monetary thresholds are required to prepare contemporaneous documentation accordingly. These announcements also set out the rules governing special tax investigations, adjustments and mutual agreement procedures.

Laws and Regulations Relating to Foreign Exchange

Pursuant to the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), which was promulgated by the SAFE on 30 March 2015 and came into effect on 1 June 2015, the foreign exchange capital in the capital accounts of foreign-invested enterprises, for which the monetary contribution has been confirmed by the foreign exchange authorities (or for which the monetary contribution has been registered for account entry), may be settled at a bank as required by the enterprises' actual management needs. The proportion of such willingness-based foreign exchange settlement of capital for a foreign-invested enterprise is temporarily set at 100%.

The Circular of the State Administration of Foreign Exchange Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), which was issued by the SAFE and came into effect on 4 December 2023, stipulates that foreign exchange receipts under

capital accounts (including foreign exchange capital and foreign debts) of non-financial enterprises and the RMB funds settled therefrom shall be used in accordance with the principles of truthfulness and self-use, and shall not be used, directly or indirectly, for expenditures prohibited by the laws and regulations of the PRC. Unless otherwise prescribed, such funds shall not be used for: (i) securities investment or other investment and wealth management (except for wealth management products and structured deposits with a risk rating of Grade II or lower); (ii) granting loans to non-affiliated enterprises (except where explicitly permitted by the scope of business or for enterprises in designated key regions); or (iii) purchasing residential properties not for self-use (except for enterprises engaged in real estate development and leasing).

Laws and Regulations Relating to Information Security and Data Protection

On 10 June 2021, the SCNPC promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) (the "**Data Security Law**"), which came into effect on 1 September 2021. The Data Security Law establishes the regulatory framework and sets out the responsibilities of the relevant administrative authorities in regulating data security.

On 7 November 2016, the SCNPC promulgated the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), which came into effect on 1 June 2017. Pursuant to the Cybersecurity Law, network operators are required to fulfil their obligations to safeguard network security when conducting business and providing services. Providers of network products and services shall take technical measures and other necessary measures in accordance with laws, regulations and compulsory national standards to ensure the safe and stable operation of networks, effectively respond to cybersecurity incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. Network operators are prohibited from collecting personal information irrelevant to the services they provide, or from collecting or using personal information in violation of the provisions of laws or agreements with users. Additionally, operators of critical information infrastructure shall store within the PRC all personal information and important data collected and produced within the PRC. The purchase of network products and services by operators of critical information infrastructure that may affect national security shall be subject to national cybersecurity review.

Pursuant to the Regulations on the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the "**CII Regulations**"), which were promulgated by the State Council on 30 July 2021 and came into effect on 1 September 2021, "critical information infrastructure" refers to important network facilities and information systems in important industries and fields such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government and national defence science, technology and industry, as well as other important network facilities and information systems which, in case of destruction, loss of function or leakage of data, may result in serious damage to national security, the national economy and the people's livelihood and public interests. The CII Regulations supplement and elaborate on the provisions on the security of critical information infrastructure as set out in the Cybersecurity Law, and provide that the competent administrative authorities and supervision and management authorities of the aforementioned important industries are responsible for (i) organising the identification of critical information infrastructure in their respective industries in accordance with relevant identification rules, and (ii) promptly notifying the operators so identified and the Ministry of Public Security of the PRC of the identification results. The CII Regulations require that the relevant operators shall submit a report to the competent PRC administrative authority in accordance with relevant provisions upon the occurrence of any major cybersecurity incident or the discovery of any major cybersecurity threat to the critical information infrastructure. Additionally, operators of critical information infrastructure are required to prioritise the purchase of safe and trusted network products and services. If the purchase of such network products and services may affect national security, such operators shall undergo and pass a cybersecurity review.

On 28 December 2021, the Cyberspace Administration of China (the "**CAC**"), jointly with 12 other PRC departments, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which came into effect on 15 February 2022. Pursuant to the Cybersecurity Review Measures, the purchase of network products and services by critical information infrastructure operators and the data processing activities carried out by network platform operators, which affect or may affect national security, are subject to cybersecurity review. In addition, network platform operators holding personal information of more than one million users shall be subject to cybersecurity review before listing in a foreign country.

On 7 July 2022, the CAC promulgated the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), which came into effect on 1 September 2022. The Measures for the Security Assessment of Outbound Data Transfer stipulate that data processors who transfer data abroad shall apply to the CAC for a security assessment if certain thresholds are met.

On 22 March 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》) (the "**Provisions on Data Flow**"), which came into effect on the same date. The Provisions on Data Flow updated the regulatory mechanisms for outbound data transfers. Pursuant to the Provisions on Data Flow, data processors shall apply to the CAC for an outbound data transfer security assessment in any of the following circumstances: (i) where a critical information infrastructure operator provides personal information or important data abroad; or (ii) where a data processor, other than a critical information infrastructure operator, provides important data abroad or, cumulatively since 1 January of the current year, provides personal information (excluding sensitive personal information) of one million or more people or sensitive personal information of 10,000 or more people to overseas parties. Where the data has not been identified or publicly announced as important data by relevant departments or regions, data processors are not required to declare a security assessment for cross-border provision of such data as important data. A data processor, other than a critical information infrastructure operator, shall enter into a standard contract with overseas recipients for the provision of personal information abroad or undergo certification for the protection of personal information if it provides abroad, cumulatively since 1 January of the current year, personal information (excluding sensitive personal information) of not less than 100,000 but less than one million persons, or sensitive personal information of less than 10,000 persons. The Provisions on Data Flow also include certain exemptions.

On 24 September 2024, the Regulations on Network Data Security Management (《網絡數據安全管理條例》) were promulgated by the State Council and came into effect on 1 January 2025. The Regulations on Network Data Security Management reaffirm the general regulations for data processing activities and rules for the protection of personal information, security of important data, and obligations of network platform service providers.

Laws and Regulations Relating to Overseas Listing

On 17 February 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and five related guidelines, which came into effect on 31 March 2023. The Trial Measures introduce a new filing regime which requires PRC domestic companies to register their direct and indirect overseas listings and securities offerings with the CSRC by filing materials on key compliance issues. The Trial Measures provide that overseas listing and offering are explicitly prohibited if any of the following circumstances applies: (i) such securities offering and listing are explicitly prohibited by specific laws and regulations; (ii) the proposed securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council; (iii) the domestic company or its controlling shareholder(s) and the actual controller have committed crimes including corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy in the past three years; (iv) the domestic company is currently under investigation for suspicion of criminal offences or major violations of laws and regulations and no definitive conclusion has been reached;

or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or the actual controller of the domestic company. As advised by our PRC Legal Advisers, we do not fall within any of the aforementioned situations which would prohibit us from listing overseas.

The CSRC and three other PRC authorities jointly promulgated the Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality Provisions**") on 24 February 2023, which came into effect on 31 March 2023. Pursuant to the Confidentiality Provisions, where a domestic company provides or publicly discloses documents and materials involving state secrets or working secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses such documents and materials through its overseas listing entity or other entities, it shall report to the competent department with the examination and approval authority for approval, and file with the secrecy administration department at the same level. The working papers produced within the territory of the PRC by securities companies and securities service institutions that provide related services for the overseas offering and listing of domestic enterprises shall be kept within the territory of the PRC. Cross-border transfer of such working papers shall undergo the examination and approval procedures in accordance with the relevant regulations.

Overview of Full Circulation of H Shares

On 14 November 2019, the CSRC promulgated the Guidelines for the Application of "Full Circulation" of Unlisted Domestic 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》) (the "**Guidelines for Full Circulation**"), which came into effect on the same date and was amended on 10 August 2023. Pursuant to the Guidelines for Full Circulation, "Full Circulation" means the listing and circulation on the Stock Exchange of the unlisted domestic shares of H-share companies (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued in the PRC after overseas listing and unlisted shares held by foreign shareholders). Pursuant to the Guidelines for Full Circulation, subject to compliance with relevant laws and regulations as well as policy requirements concerning the administration of state-owned assets, foreign investment and industry supervision, shareholders of unlisted domestic shares may determine the number and proportion of shares for which circulation is to be applied through independent negotiation, and shall authorise the H-share company to file with the CSRC. A domestic joint stock company that has not yet been listed may, at the time of its initial public offering and listing overseas, concurrently file with the CSRC for "Full Circulation".

OUR HISTORY

Overview

We are an electronic functional enhancement materials company principally engaged in the development, manufacture and sales of acoustic enhancement materials, electronic ceramic materials, electronic adhesives and energy enhancement materials. Based on our insights of the industry development and technology evolution and leveraging our research and development capabilities and lean-management expertise, we have built three core technology platforms, namely the Inorganic Powder Technology Platform, the Polymer Materials Technology Platform and the Composite Materials Technology Platform. With the foundational support and synergistic effects of our proprietary core technology platforms, we have successfully developed four business units: acoustic enhancement materials, electronic ceramic materials, electronic adhesives and energy enhancement materials.

Our history traces back to March 2017, when our Company was established as a limited liability company under the laws of the PRC by a wholly-owned subsidiary of Zhengxin Dexu, our Controlling Shareholder. In October 2021, our Company was converted into a joint stock limited liability company. See "— Establishment and Development of the Company" for details.

Milestones

The following sets out a summary of our key development milestones.

Year	Milestones
2017	Our Company was established in the PRC.
	Having recognized the opportunities for material innovation driven by the functional diversification of smartphones, our Company began exploring acoustic materials.
2018	We focused on the development of N'BASS Materials for the smartphone market.
2019	We began building capabilities in upstream raw material design and manufacturing.
	N'BASS Materials entered mass commercial supply.
2020	By working closely with end customers, N'BASS Materials were successively launched in the C and D series, and our Company's brand positioning as a core supplier of acoustic materials was established.
	We were jointly recognized as a National High-Tech Enterprise (高新技術企業) by the Jiangsu Provincial Department of Science and Technology (江蘇省科學技術廳), Department of Finance of Jiangsu Province (江蘇省財政廳), and Jiangsu Provincial Tax Service, State Taxation Administration (國家税務總局江蘇省税務局).
2021	We completed the introduction of strategic investors.
	We established our Shanghai Research and Development Center and built dedicated teams to explore electronic adhesives and diaphragms.

Year	Milestones
	We jointly established Zhongke Beisite with the Institute of Acoustics, Chinese Academy of Sciences, which served as a key supporting laboratory for acoustic testing, simulation, and solution development of our Company.
2022	We achieved a breakthrough with core acoustic customers for our electronic adhesives products, formally completing the transition from laboratory samples to production at the scale of hundreds-of-kilograms.
	We were accredited as Specialized and Innovative "Little Giant" Enterprise (專精特新"小巨人"企業) by Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部).
2023	We officially established Shanghai Nexolar as our sub-brand for energy enhancement materials.
	We jointly established the Research and Development Center for Advanced Carbon-neutral Materials (碳中和先進材料聯合研發中心) with the School of Chemistry and Chemical Engineering of a leading science and engineering university in Shanghai, China to explore frontier materials and underlying technologies.
2024	We were recognized as the national-level "Green Factory" (國家層面綠色工廠) by the Ministry of Industry and Information Technology of the PRC.
	We successfully acquired and integrated Zhejiang AITEK.
2025	We achieved mass production of N'BASS powder morphology products jointly developed with end customers and enabled their application across multiple AI terminal devices.
	We established an advanced packaging and computing power team and began exploring application opportunities for our core technology platforms in the AI era.
2026	We were officially granted approval to establish a National Postdoctoral Scientific Research Base (國家級博士後科研工作站).
	We successfully acquired Suzhou Routao.

ESTABLISHMENT AND DEVELOPMENT OF THE COMPANY

A. Early Development of our Company

Our Company was established on March 14, 2017 with an initial registered capital of RMB30,000,000. At the time of its establishment, our Company was owned as to 100% by Sound Solutions International (Zhenjiang) Co., Ltd.* (奧音科技(鎮江)有限公司), which was then a wholly-owned subsidiary of Zhengxin Dexu.

Zhengxin Dexu was established in the PRC as a limited liability Company in November 2015 and has been controlled by Mr. Lin Lijun as its founder since its establishment. Zhengxin Dexu is currently one of the investment vehicles of Loyal Valley Capital, which is an equity investment management firm founded by Mr. Lin Lijun. See "Relationship with Our Controlling Shareholders" for more information regarding our Controlling Shareholders.

As part of its internal restructuring, on November 7, 2018, Zhengxin Dexu acquired all the equity interests in and became the direct shareholder of our Company. Upon completion of the equity transfer, our Company was owned as to 100% by Zhengxin Dexu directly. After a series of adjustments, the registered capital of our Company was reduced to RMB25,000,000 in November 2019, which had been fully paid in by Zhengxin Dexu as of then.

B. Capital Increases in 2020

From July 2020 to November 2020, our Company underwent capital increases, as a result of which the total registered share capital of our Company was increased by RMB8,881,578.93 from RMB25,000,000 to RMB33,881,578.93 with the additional registered share capital being subscribed by seven investors, details of which are set out as below. The consideration of such capital increases were fully settled as of January 29, 2021.

Shareholders	Registered capital subscribed for	Consideration
	(RMB)	*(RMB)*
Dr. Guo Mingbo (郭明波)[(1)]	1,315,789.47	25,000,000
Suzhou Juyuan Zhuxin Venture Fund, LLP)* (蘇州聚源鑄芯創業投資合夥企業(有限合夥)) ("**Zhuxin Fund**")	1,644,736.84	50,000,000
Shaoxing Yuexin Investment Partnership (Limited Partnership)* (紹興市越芯投資合夥企業(有限合夥)) ("**Shaoxing Yuexin**")	745,614.03	22,666,666.67
Shaoxing Jinze Enterprise Management Co., Ltd.* (紹興錦澤企業管理有限公司) ("**Shaoxing Jinze**")	813,157.89	24,720,000
Jiaxing Jiacan Equity Investment Partnership (Limited Partnership)* (嘉興嘉璨股權投資合夥企業(有限合夥)) ("**Jiaxing Jiacan**")	328,947.37	10,000,000
Gongqingcheng Muyu Investment Partnership (Limited Partnership)* (共青城木羽投資合夥企業(有限合夥)) ("**Muyu Investment**")	3,704,385.96	112,613,333.33
Zhenjiang Demao Enterprise Management Consulting Partnership (Limited Partnership)* (鎮江德茂企業管理諮詢合夥企業(有限合夥)) ("**Zhenjiang Demao**")[(1)]	328,947.37	10,000,000

Note:

(1) The subscriptions of equity interests in our Company by Dr. Guo Mingbo and Zhenjiang Demao were made pursuant to share incentive schemes adopted by our Company.

C. Equity Transfers from September 2020 to May 2021

During the period from September 2020 to May 2021, (i) Muyu Investment transferred registered capital in the amount of RMB1,247,971.49 in our Company to Zhengxin Dexu at a total consideration of RMB37,938,333.33, which was determined based on arm's length negotiation with reference to the historical investment cost of Muyu Investment; and (ii) Zhengxin Dexu transferred an aggregate of RMB5,407,499.98 of the registered capital of our Company to eight transferees as set out in the table below for a total consideration of RMB243,900,000. The consideration of the aforementioned equity transfers was fully settled as of May 31, 2021.

Transferees	Registered capital transferred	Consideration[(1)]
	(RMB)	*(RMB)*
Shaoxing Jinze	813,157.89	36,000,000

Transferees	Registered capital transferred	Consideration[1]
	(RMB)	*(RMB)*
Jiaxing Jiacan	338,815.79	15,000,000
Shaoxing Yuexin	203,289.47	9,000,000
Hubei Xiaomi Changjiang Industrial Fund Partnership (Limited Partnership)* (湖北小米長江產業基金合夥企業(有限合夥)) ("**Xiaomi Changjiang**")	1,626,315.78	72,000,000
Yiwu Weihao Chuangxin Phase I Equity Investment Partnership (Limited Partnership)* (義烏韋豪創芯一期股權投資合夥企業(有限合夥)) ("**Yiwu Weihao**")	677,631.58	30,000,000
Zhenjiang Chanfa Financial Holding Group Co., Ltd.* (鎮江產發金服控股集團有限公司) ("**Zhenjiang Chanfa**")	223,618.42	9,900,000
AAC Optoelectronics Technology (Changzhou) Co., Ltd.* (瑞聲光電科技(常州)有限公司) ("**Changzhou Optoelectronics**")	1,016,447.37	45,000,000
Suzhou Fenhu Qinhe Venture Capital Center (Limited Partnership)* (蘇州汾湖勤合創業投資中心(有限合夥)) ("**Suzhou Fenhu**")	508,223.68	27,000,000

Note:

(1) The consideration of such equity transfers was determined based on arm's length negotiation taking into account, among others, the status of our Group's business development at the time, the expected market value and prospects of our business, and the commercial consideration between the relevant parties. The increase in our Company's valuation from the second half of 2020 to the first half of 2021 was mainly attributable to (i) the advancements of our Company's technology which unlocked the potential for in-house production of key raw materials, indicating our stronger independent R&D capabilities, improved supply security and enhanced profitability, and (ii) favorable market conditions underpinned by a positive macroeconomic environment.

D. Conversion into Joint Stock Limited Liability Company in October 2021

On October 14, 2021, our Company was converted into a joint-stock company with limited liability and renamed as SSI New Material (Zhenjiang) Co., Ltd. (鎮江貝斯特新材料股份有限公司).

According to the audit report prepared by an independent third party auditor, the appraised net asset value of our Company as of May 31, 2021 was RMB443,625,855.99, of which (i) RMB33,881,579 was credited as the registered share capital of our Company and was converted into 33,881,579 shares of our Company with a nominal value of RMB1.00 each, and (ii) the remaining RMB409,744,276.99 was credited as the capital reserve of our Company.

E. Capital Increase in November 2021

In November 2021, the registered share capital of our Company increased by RMB677,632.07 from RMB33,881,578.93 to RMB34,559,211, with the additional registered share capital being subscribed by Hangzhou Jiuzhou Shunchuang Equity Investment Partnership (Limited Partnership)* (杭州九州舜創股權投資合夥企業(有限合夥)) ("**Jiuzhou Shunchuang**") at the consideration of RMB36,000,000, which was fully settled on November 30, 2021.

F. Share Transfers in 2025

From November to December 2025, Zhengxin Dexu transferred an aggregate of 7,262,815 shares with a nominal value of RMB1.00 each to six transferees as set out in the table below for a total consideration of RMB283,320,000, which was determined upon taking into account the status of our Group's business development at the time and the commercial consideration between the relevant parties, and fully settled as of December 29, 2025. Details of such share transfers are set out as below.

Transferees	Shares transferred	Consideration
		(RMB)
Gongqingcheng Hechuang Mingzhu Venture Capital Partnership (Limited Partnership)* (共青城河床明珠創業投資合夥企業(有限合夥)) ("**Hechuang Mingzhu**")	2,901,382	124,000,000
Jiangsu Nantong Danhe Tanggula Venture Capital Partnership (Limited Partnership)* (江蘇南通丹合唐古拉創業投資合夥企業(有限合夥)) ("**Danhe Tanggula**")	725,346	31,000,000
Jiangsu Nantong Danhe Yucheng Venture Capital Partnership (Limited Partnership)* (江蘇南通丹合鈺成創業投資合夥企業(有限合夥)) ("**Danhe Yucheng**")	1,211,561	51,780,000
Dr. Guo Mingbo (郭明波)[(1)]	1,382,368	32,000,000
Dongguan Qinhe Venture Capital Center (Limited Partnership)* (東莞勤合創業投資中心(有限合夥)) ("**Dongguan Qinhe**")	350,974	15,000,000
Shaoxing Jinze	691,184	29,540,000

Note:

(1) In December 2023, Dr. Guo Mingbo was granted with restricted share awards under the restricted share incentive scheme adopted by the Company in 2023 (the "**2023 Scheme**"), pursuant to which, he acquired approximately 6.63% equity interests in Zhengxin Dexu (equivalent to indirect ownership of approximately 4.00% of then total issued share capital of our Company) by way of subscription for additional registered capital of Zhengxin Dexu at a total consideration of RMB32,000,000. In order to enable Dr. Guo Mingbo to directly hold the Shares of the Company, the 2023 Scheme was modified in November 2025, and accordingly, Dr. Guo Mingbo reduced his shareholding in Zhengxin Dexu by divesting all his equity interests thereof, and Zhengxin Dexu transferred 1,382,368 shares of our Company with a nominal value of RMB1.00 each to Dr. Guo Mingbo. Dr. Guo Mingbo had not held any management position in Zhengxin Dexu and had no power to control the management decisions of Zhengxin Dexu, whether before or after the aforementioned share transfer in 2025.

G. Capital Increase in December 2025

On December 24, 2025, our Company entered into a capital increase agreement with Mr. Li Chengbin, the Chairman of our Board, and Shanghai Demao, pursuant to which Mr. Li Chengbin and Shanghai Demao agreed to subscribe for 1,259,971 shares and 179,996 shares of our Company with a nominal value of RMB1.00 each, representing 3.5% and 0.5% of the enlarged share capital of our Company, at the consideration of RMB31,500,000 and RMB4,500,000, respectively, which were fully settled as of December 25, 2025. See "Share Incentive Schemes" in this section for details of Shanghai Demao.

H. Share Subdivision

Pursuant to the Shareholders' resolutions dated December 31, 2025, each share of our Company with a nominal value of RMB1.00 each was subdivided into ten Shares of our Company with a nominal value of RMB0.10 each, after which, the registered share capital of our Company shall be RMB35,999,178 divided into 359,991,780 Shares with a nominal value of RMB0.10 each.

As advised by our PRC Legal Advisers, all the necessary approvals in relation to the changes in the registered capital and shareholding of our Company described above have been obtained.

CAPITALIZATION TABLE

The following table sets out the shareholding structure of our Company as of the Latest Practicable Date and upon completion of the Global Offering:

No.	Name of Shareholder	Number of Shares as at the Latest Practicable Date	Percentage of total number of Shares as at the Latest Practicable Date	Number of H Shares immediately after the Global Offering	Number of Domestic Unlisted Shares immediately after the Global Offering	Percentage of shareholding immediately after the Global Offering
1.	Zhengxin Dexu	135,776,570	37.72%	135,776,570	–	33.95%
2.	Hechuang Mingzhu	29,013,820	8.06%	29,013,820	–	7.26%
3.	Dr. Guo Mingbo	26,981,570	7.50%	26,981,570	–	6.75%
4.	Muyu Investment	24,564,140	6.82%	24,564,140	–	6.14%
5.	Shaoxing Jinze	23,175,000	6.44%	23,175,000	–	5.79%
6.	Zhuxin Fund	16,447,370	4.57%	16,447,370	–	4.11%
7.	Xiaomi Changjiang	16,263,160	4.52%	16,263,160	–	4.07%
8.	Mr. Li Chengbin	12,599,710	3.50%	12,599,710	–	3.15%
9.	Changzhou Optoelectronics	10,164,470	2.82%	10,164,470	–	2.54%
10.	Yiwu Weihao	6,776,320	1.88%	6,776,320	–	1.69%
11.	Jiuzhou Shunchuang	6,776,320	1.88%	6,776,320	–	1.69%
12.	Zhenjiang Demao	3,289,470	0.91%	3,289,470	–	0.82%
13.	Zhenjiang Chanfa	2,236,180	0.62%	–	2,236,180	0.56%
14.	Shanghai Demao	1,799,960	0.50%	1,799,960	–	0.45%
	Danhe Yucheng and Danhe Tanggula					
15.	Danhe Yucheng	12,115,610	3.37%	12,115,610	–	3.03%
16.	Danhe Tanggula	7,253,460	2.01%	7,253,460	–	1.81%
	Sub-total	***19,369,070***	***5.38%***	***19,369,070***	**–**	***4.84%***
	Shaoxing Yuexin and Jiaxing Jiacan					
17.	Shaoxing Yuexin	9,489,040	2.64%	9,489,040	–	2.37%
18.	Jiaxing Jiacan	6,677,630	1.85%	6,677,630	–	1.67%
	Sub-total	***16,166,670***	***4.49%***	***16,166,670***	**–**	***4.04%***
	Suzhou Fenhu and Dongguan Qinhe					
19.	Suzhou Fenhu	5,082,240	1.41%	5,082,240	–	1.27%
20.	Dongguan Qinhe	3,509,740	0.98%	3,509,740	–	0.88%
	Sub-total	***8,591,980***	***2.39%***	***8,591,980***	**–**	***2.15%***
21.	Other Public H Shareholders	–	–	39,999,000	–	10.00%
	Total	**359,991,780**	**100.00%**	**397,754,600**	**2,236,180**	**100.00%**

PREVIOUS SZE LISTING ATTEMPT

Our Company previously considered the possibility of seeking an initial public offering on the Shenzhen Stock Exchange in the PRC ("**SZE Listing Attempt**"). On October 28, 2021, our Company engaged Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) ("**Tutoring Company**") to provide guidance and preliminary compliance advice regarding the requirements of the CSRC. On June 23, 2022, we received the Letter Regarding the Completion of Inspection and Acceptance Work for Tutoring Work from Jiangsu Bureau of the CSRC (中國證券監督管理委員會江蘇監管局) (the "**Completion of Inspection Letter**"). Pursuant to the Completion of Inspection Letter, Jiangsu Bureau of the CSRC confirmed that it finished the inspection and acceptance of the

tutoring work in relation to the SZE Listing Attempt, and the Completion of Inspection Letter was valid until June 22, 2023. No formal listing application in relation to the SZE Listing Attempt has been filed by us, as we re-assessed our A-share listing preparation during the period from the second half of 2022 to the first half of 2023, taking into account then market conditions and our strategic considerations, as well as the uncertainties regarding the timetable of our Company's A-share listing application process in light of the then new listing standards of the ChiNext market of the Shenzhen Stock Exchange put into effect in the end of 2022, and decided not to proceed with the SZE Listing Attempt. Pursuant to the aforementioned new listing standards of the ChiNext market, companies (a) with revenue of less than RMB300 million in the most recent financial year and (b) not falling within the fields of modern industrial systems such as manufacturing optimization and upgrading, modern services, or the digital economy, are required to have a compound annual growth rate of no less than 20% in revenue for the preceding three financial years. It was contemplated that our Company may not have been able to satisfy such requirements with its financial positions in 2022.

Our Directors believe that the listing on the Stock Exchange can enable us to access the overseas financing opportunities and investors on the international capital market.

To the best of the Directors' knowledge and belief, they consider that (i) there are no matters relating to the SZE Listing Attempt or unresolved issues, enquiries or matters relating to the SZE Listing Attempt that may affect the suitability of the Company's listing on the Stock Exchange; (ii) there are no dispute or disagreement between the Company and the Tutoring Company or other professional parties involved in the SZE Listing Attempt; (iii) they are not aware of any other matters relating to the SZE Listing Attempt that need to be brought to the attention of the Stock Exchange and prospective investors; (iv) there are no matters relating to the SZE Listing Attempt that will have any material adverse impact on the Company's listing on the Stock Exchange.

Based on the Sole Sponsor's due diligence work, nothing has come to the attention of the Sole Sponsor that would cause them to disagree with our Directors' view disclosed above regarding our Company's previous SZE Listing Attempt.

PRE-IPO INVESTMENTS

Our Pre-IPO Investments consist of several rounds of investments from the Pre-IPO Investors by way of transfer of equity interests and/or subscription of our additional registered share capital.

Principal Terms of the Pre-IPO Investments

The table below summarizes the principal terms of the Pre-IPO Investments:

Name of investor	Date of agreement	Settlement date	Total consideration[1]	Post-money valuation of our Company after the investment	Approximate cost per Share[2][3]	Discount to the Offer Price[4]
	(day.month.year)	*(day.month.year)*	*(RMB)*	*(RMB in millions)*	*(RMB)*	
Capital Increase in 2020						
Shaoxing Yuexin	01.09.2020 and 29.09.2020	30.09.2020	22,666,666.67	1,030.0	3.04	45.34%
Zhuxin Fund	01.09.2020	28.09.2020	50,000,000	1,030.0	3.04	45.34%
Shaoxing Jinze	01.10.2020	22.10.2020	24,720,000	1,030.0	3.04	45.34%
Jiaxing Jiacan	01.10.2020	26.10.2020	10,000,000	1,030.0	3.04	45.34%
Muyu Investment	01.11.2020	29.01.2021	112,613,333.33	1,030.0	3.04	45.34%

Name of investor	Date of agreement	Settlement date	Total consideration[1]	Post-money valuation of our Company after the investment	Approximate cost per Share[2][3]	Discount to the Offer Price[4]
	(day.month.year)	*(day.month.year)*	*(RMB)*	*(RMB in millions)*	*(RMB)*	
Equity Transfers from September 2020 to May 2021						
Shaoxing Jinze	01.11.2020	20.11.2020	36,000,000	1,500.0	4.43	20.34%
Jiaxing Jiacan	29.10.2020	02.11.2020	15,000,000	1,500.0	4.43	20.34%
Changzhou Optoelectronics	01.01.2021	28.01.2021	45,000,000	1,500.0	4.43	20.34%
Shaoxing Yuexin	12.01.2021	30.09.2020	9,000,000	1,500.0	4.43	20.34%
Xiaomi Changjiang	01.02.2021	08.02.2021	72,000,000	1,500.0	4.43	20.34%
Yiwu Weihao	01.02.2021	26.02.2021	30,000,000	1,500.0	4.43	20.34%
Zhenjiang Chanfa	01.02.2021	22.03.2021	9,900,000	1,500.0	4.43	20.34%
Suzhou Fenhu	26.05.2021	31.05.2021	27,000,000	1,800.0	5.31	4.52%
Capital Increase in November 2021						
Jiuzhou Shunchuang	01.07.2021	30.11.2021	36,000,000	1,836.0	5.31	4.52%
Share Transfers in 2025						
Hechuang Mingzhu	18.11.2025	24.11.2025	124,000,000	1,477.0	4.27	23.22%
Danhe Yucheng	18.11.2025	29.12.2025	51,780,000	1,477.0	4.27	23.22%
Danhe Tanggula	18.11.2025	08.12.2025	31,000,000	1,477.0	4.27	23.22%
Shaoxing Jinze	18.11.2025	20.11.2025	29,540,000	1,477.0	4.27	23.22%
Dongguan Qinhe	18.11.2025	26.11.2025	15,000,000	1,477.0	4.27	23.22%

Notes:

(1) The basis of respective consideration was determined based on arm's length negotiation taking into consideration our status of development at the time of investment, our increasing brand reputation and customer recognition at the time of investment, our business and industry prospects and the commercial consideration between the relevant parties at the time of transfers/capital increases.

(2) As adjusted to reflect the share subdivision in December 2025.

(3) The increase in the cost per Share paid in the Pre-IPO Investments in 2020 and 2021, which reflected the corresponding increase in the valuation of our Company, was mainly attributable to (i) the advancements of our Company's technology which unlocked the potential for in-house production of key raw materials, indicating our stronger independent R&D capabilities, improved supply security and enhanced profitability, and (ii) favorable market conditions underpinned by a positive macroeconomic environment. In particular, the increase in our Company's valuation from approximately RMB1,500 million in February 2021 to approximately RMB1,800 million in May 2021 was mainly attributable to our continued operational improvement over the months, including our Shanghai Research and Development Center being put into operation and the expansion of our product lines into the electronic adhesives sector.

The lower cost per Share and corresponding valuation of our Company under the share transfers in 2025 compared with 2021 primarily reflected the macroeconomic slowdown and more cautious investor sentiment, as reflected in lower prevailing price-to-earnings multiples of comparable companies in the same industry.

The increase in valuation of our Company from 2021 to the Listing was mainly attributable to our continued business development, as evidenced by the growth in our revenue and gross profit, the expansion of our customer base and the enhancement of our production capacity, which collectively strengthened our market position and enhanced our growth prospects. In particular, increase in the valuation of our Company from 2025 to the Listing was mainly attributable to our progress in the development of LIB separator coating materials and our expansion into semiconductor-related sector, which diversified our product portfolio and end-market exposure, broadened our customer base and created additional growth drivers for our business.

Accordingly, the differences between the historical cost per Share paid in the Pre-IPO Investments and the Offer Price were primarily attributable to our business development and the changes in our financial performance, growth prospects and market conditions between the date of each relevant Pre-IPO Investment and the Listing.

(4) The discount percentages are based on an Offer Price of HK$6.50, being the mid-point of the indicative range of the Offer Price.

Special rights

Pursuant to the capital increase agreements, certain of the Pre-IPO Investors were entitled to certain special rights, such as directors nomination rights, information rights, co-sale rights and most favored nation provision. No redemption right was granted to the Pre-IPO Investors. All special rights granted to the Pre-IPO Investors have been terminated and/or will be terminated prior to the Listing, in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

Lock-up period

Pursuant to the applicable PRC laws, all of our existing Shareholders (including the Pre-IPO Investors) are subject to a lock-up period of 12 months following the Listing Date pursuant to the PRC Company Law.

Use of proceeds from the Pre-IPO Investors' investments

The proceeds we obtained from the Pre-IPO Investors (where applicable) were utilized in the aspects as approved by the Board, including, but not limited to, the growth and daily operation of our Company's business as well as repayment of our debts. As at the Latest Practicable Date, we have utilized all the proceeds our Company received from relevant Pre-IPO Investors.

Strategic benefits of the Pre-IPO Investors to our Group

Our Directors are of the view that our Group could benefit from the Pre-IPO Investors' commitment to our Company as their investments have fueled our expansion and development of our business and have demonstrated such investors' confidence in the business operation of our Group and serves as an endorsement of our Company's performance, strength and growth prospects. In addition, at the time of respective investment made by our Pre-IPO Investors, our Directors were of the view that our Group could benefit from the additional capital that would be contributed by these Pre-IPO Investors in our Company as well as their knowledge and/or experience.

Information about our Principal Pre-IPO Investors

Set forth below are details for each of our Pre-IPO Investors as of the Latest Practicable Date. To the best knowledge of the Company, save as disclosed below, each of the Pre-IPO Investors and their respective ultimate beneficial owners, is an independent third party; and each Pre-IPO Investor that is a limited partnership is managed and controlled by its general partner.

Hechuang Mingzhu

Hechuang Mingzhu is a limited partnership established in the PRC and is principally engaged in industrial investment. The general partner of Hechuang Mingzhu is Shenzhen Hechuang Yucheng Asset Management Co., Ltd.* (深圳市河床玉成資產管理有限公司) ("**Shenzhen Hechuang**"), which holds approximately 0.08% of the partnership interests in Hechuang Mingzhu and is ultimately controlled by Mr. Li Bingshan (李冰山). Hechuang Mingzhu has 17 limited partners, among which, Nanning Ruizhi Entrepreneurship Investment Co., Ltd.* (南寧市瑞知創業投資有限公司), a limited liability company ultimately controlled by Ms. Ye Huamei (葉華妹), holds approximately 47.58% of the partnership interests and none of the other limited partners holds 10% or more of the partnership interests in Hechuang Mingzhu.

Muyu Investment

Muyu Investment is a limited partnership established in the PRC and is principally engaged in industrial investment. The partnership interests of Muyu Investment are owned as to approximately 30.34% by Mr. Li Xiang (李翔) as its general partner and as to 69.66% in aggregate by 10 limited partners, among which, Rizhao Hechuang Haoyu Enterprise Management Consulting Partnership (Limited Partnership)* (日照河床皓玉企業管理諮詢合夥企業(有限合夥)), Mr. Xu Liaoran (徐燎燃) and Mr. Ye Yong (葉勇) hold approximately 26.78%, 22.97% and 10.71% partnership interests, respectively. None of the other limited partners holds 10% or more of the partnership interests in Muyu Investment.

Shaoxing Jinze

Shaoxing Jinze is a limited liability company established in the PRC and is principally engaged in enterprise management and enterprise management consulting. Shaoxing Jinze is wholly owned by Mr. Ruan Weixiang (阮偉祥), father of Ms. Yi Fan Sunny Ruan, our non-executive Director.

Zhuxin Fund

Zhuxin Fund is a limited partnership established in the PRC and is principally engaged in venture capital investment. The general partner of Zhuxin Fund is Suzhou Juyuan Xinxin Enterprise Management Consulting Partnership (Limited Partnership)* (蘇州聚源炘芯企業管理諮詢合夥企業(有限合夥)) ("**Juyuan Xinxin**"), owning approximately 1.07% partnership interests in Zhuxin Fund and the remaining 98.93% partnership interests in aggregate are owned by 11 limited partners, among which, China IC Capital (Ningbo) Co., Ltd.* (中芯晶圓股權投資(寧波)有限公司), CICC Qiyuan National Emerging Industry Venture Capital Guidance Fund (Limited Partnership)* (中金啟元國家新興產業創業投資引導基金(有限合夥)) and Suzhou Innovation Industry Development Guidance Fund (Limited Partnership)* (蘇州市創新產業發展引導基金(有限合夥)) hold approximately 19.42%, 14.56% and 14.56% partnership interests, respectively. None of the other limited partners holds 10% or more of the partnership interests in Zhuxin Fund.

The general partner of Juyuan Xinxin is China Fortune-Tech Capital Co., Ltd.* (中芯聚源私募基金管理(上海)有限公司) which holds 70.00% of the partnership interests in Juyuan Xinxin. China Fortune-Tech Capital Co., Ltd. is owned as to 35.00% by Shanghai Xinqi Investment Center (Limited Partnership)* (上海芯齊投資中心(有限合夥)), whose (i) general partner is Hainan Xinsheng Information Service Center (Limited Partnership)* (海南新昇信息服務中心(有限合夥)), holding approximately 0.50% partnership interests therein, which is in turn owned as to 28.00% by Mr. Gao Yonggang (高永崗) as its general partner and (ii) limited partner is Gongqingcheng Xingwei Investment Partnership (Limited Partnership)* (共青城興微投資合夥企業(有限合夥), holding approximately 99.50% partnership interests therein, which is in turn owned as to 62.00% by Mr. Gao Yonggang (高永崗) as its general partner. None of the other shareholders of China Fortune-Tech Capital Co., Ltd. holds 30% or more of the equity interests therein. The limited partner of Juyuan Xinxin is Gongqingcheng Xingxin Investment Partnership* (共青城興芯投資合夥企業(有限合夥)) holding 30.00% of the partnership interests therein, whose general partner is Hainan Xinsheng Information Service Center (Limited Partnership) which is in turn owned as to 28.00% by Mr. Gao Yonggang (高永崗) as its general partner as aforementioned.

Xiaomi Changjiang

Xiaomi Changjiang is a limited partnership established in the PRC and is principally engaged in equity investment. The partnership interests of Xiaomi Changjiang are owned as to approximately 0.08% by Hubei Xiaomi Yangtze River Industry Investment Fund Management Limited* (湖北小米長江產業投資基金管理有限公司) as its general partner, which is indirectly held as to 80.00% by Xiaomi Inc. (小米科技有限責任公司), a consolidated affiliated entity of Xiaomi Corporation. Xiaomi Corporation, a company listed on the Hong Kong Stock Exchange (Hong Kong dollars counter stock code: 1810; RMB counter stock code: 81810). Xiaomi Inc. also directly holds approximately 16.67% of the partnership interests in Xiaomi Changjiang as a limited partner and indirectly holds approximately 2.83% of the partnership interests in Xiaomi Changjiang through its wholly-owned subsidiary, Tianjin Jinxing Venture Capital Co., Ltd.* (天津金星創業投資有限公司), as a limited partner. Xiaomi Changjiang has other 13 limited partners, among which, Zhuhai Xingge Capital Investment Co., Ltd.* (珠海興格資本投資有限公司), Hubei Xiaomi Yangtze River Industry Investment Fund Partners (Limited Partnership)* (湖北長江產業投資基金合夥企業(有限合夥)), Wuhan Optics Valley Industry Investment Co., Ltd.* (武漢光谷產業投資有限公司) and Zhuhai Gree Financial Investment Management Co., Ltd.* (珠海格力金融投資管理有限公司) hold approximately 17.50%, 16.67%, 16.67% and 12.04% partnership interests, respectively, and none of the other limited partners holds 10% or more of the partnership interests in Xiaomi Changjiang.

Danhe Tanggula and Danhe Yucheng

Danhe Tanggula is a limited partnership established in the PRC and is principally engaged in equity investment. The general partner of Danhe Tanggula is Zhuhai Hengqin Danhe Capital Management Ltd.* (珠海橫琴丹合資本私募基金管理有限公司) ("**Danhe Capital**"), which holds approximately 0.03% of the partnership interests in Danhe Tanggula. Danhe Tanggula has eight limited partners, among which, Chongqing Xinyue Investment Group Co., Ltd.* (重慶新岳投資集團有限公司), which is ultimately controlled by Ms. Jiang Minling (江敏玲), and Jiangsu Nantong Danhe Venture Capital Fund (Limited Partnership)* (江蘇南通丹合創業投資基金(有限合夥)) hold approximately 48.37% and 21.28% partnership interests, respectively, and none of the other limited partners holds 10% or more of the partnership interests in Danhe Tanggula. Danhe Capital is owned as to 35.00% by Mr. Deng Yanbo (鄧燕波), as to 30.00% by Shenzhen Shouyu Investment Co., Ltd.* (深圳市授羽投資有限公司) which is wholly owned by Mr. Chen Huiyong (陳惠勇), and as to 30.00% by Shenzhen Hechuang Asset Management Co., Ltd.* (深圳市河床資產管理有限公司) which is owned as to 55.00% by Mr. Li Bingshan (李冰山). None of the other shareholders of Danhe Capital holds 30% or more of the equity interests therein.

Danhe Yucheng is a limited partnership established in the PRC and is principally engaged in investment. The partnership interests of Danhe Yucheng are owned as to approximately 0.02% by Danhe Capital as its general partner. Danhe Yucheng has six limited partners, among which, Ms. Zhang Lanlan (張蘭蘭), Ms. Yao Liping (姚利萍), Shanghai Corun M&E Tech Co., Ltd.* (上海酷潤機電科技有限公司) and Mr. Xu Liaoran (徐燎燃) hold approximately 28.98%, 28.52%, 14.67% and 13.52% partnership interests, respectively, and none of the other limited partners holds 10% or more of the partnership interests in Danhe Yucheng.

Changzhou Optoelectronics

Changzhou Optoelectronics is a limited liability company established in the PRC and is principally engaged in research, development, and manufacturing of digital cameras and key components, as well as new electronic components. Changzhou Optoelectronics is an indirect wholly-owned subsidiary of AAC Technologies Holdings Inc. (瑞聲科技控股有限公司), a company listed on the Stock Exchange (stock code: 2018).

Shaoxing Yuexin and Jiaxing Jiacan

Shaoxing Yuexin is a limited partnership established in the PRC and is principally engaged in private equity investment, investment management, investment consulting and venture capital investment. The partnership interests of Shaoxing Yuexin are owned as to 1.00% by Hangzhou Fengxingxi Equity Investment Partnership (Limited Partnership)* (杭州渢行溪股權投資合夥企業(有限合夥)) ("**Hangzhou Fengxingxi**") as its general partner. Shaoxing Yuexin has 13 limited partners, among which, Shaoxing Yuecheng District Integrated Circuit Industry Equity Investment Fund Partnership Enterprise (Limited Partnership)* (紹興市越城區集成電路產業股權投資基金合夥企業(有限合夥)) ("**Yuecheng Fund**"), Yangtze River Delta Collaborative Advantage Industry Equity Investment Partnership (Limited Partnership)* (長三角協同優勢產業股權投資合夥企業(有限合夥)), Zhejing Industry Fund Co., Ltd.* (浙江省產業基金有限公司) and Tianjin Jianfeng Equity Investment Partnership Enterprise (Limited Partnership)* (天津澗峰股權投資合夥企業(有限合夥)) hold 30.00%, 15.00%, 15.00% and 14.00% partnership interests, respectively, and none of the other limited partners holds 10% or more of the partnership interests in Shaoxing Yuexin. The general partner of Hangzhou Fengxingxi is Hangzhou Fortuna Private Equity Fund Management Co., Ltd.* (杭州渢華私募基金管理有限公司) ("**Fortuna Fund**") holding 98.00% partnership interests therein, which is controlled by Ms. Huang Haiyan (黃海燕). None of the other shareholders of Fortuna Fund holds 30% or more of the equity interests therein. Yuecheng Fund is owned as to 0.01% by Beijing Shengshi Zhida Investment Fund Management Co., Ltd.* (北京盛世智達投資基金管理有限公司) as its general partner, which is owned as to 78.87% by Shanghai Shengshi Hongming Investment Group Co., Ltd.* (上海盛世鴻明投資集團有限公司). Shanghai Shengshi Hongming Investment Group Co., Ltd. is controlled by Mr. Jiang Mingming (姜明明) who holds 57.44% equity interests

therein. Yuecheng Fund has two limited partners, Shaoxing Yuecheng District Gao Investment Asset Management Co., Ltd.* (紹興市越城區高投資產經營有限公司) and Shaoxing Science and Technology Venture Capital Co., Ltd.* (紹興市科技創業投資有限公司), holding 56.00% and 43.99% partnership interests, respectively. Both Shaoxing Yuecheng District Gao Investment Asset Management Co., Ltd. and Shaoxing Science and Technology Venture Capital Co., Ltd. are ultimately controlled by Shaoxing High New Technology Industrial Development Zone Management Committee (紹興高新技術產業開發區管理委員會), a committee under the Shaoxing Municipal Government of the PRC.

Jiaxing Jiacan is a limited partnership established in the PRC and is principally engaged in equity investments and relevant consultation services. The partnership interests of Jiaxing Jiacan are owned as to approximately 0.66% by Fortuna Fund as its general partner, and as to 66.23% and 33.11% by Beijing Bayi Time and Space Investment Management Co., Ltd.* (北京八億時空投資管理有限公司) ("**Beijing Bayi**") and Zhejiang Zhengkai Investment Group Co., Ltd.* (浙江正凱投資集團有限公司), respectively, as its limited partners. Beijing Bayi is a wholly owned subsidiary of Beijing Bayi Space LCD Technology Co., Ltd. (北京八億時空液晶科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688181).

Yiwu Weihao

Yiwu Weihao is a limited partnership established in the PRC and is principally engaged in equity investment. The partnership interests of Yiwu Weihao are owned as to approximately 1.67% by Shanghai Weihao Chuangxin Investment Management Co., Ltd.* (上海韋豪創芯投資管理有限公司) ("**Weihao Management**") as its general partner. Yiwu Weihao has 14 limited partners, among which, Yiwu Yikong Equity Investment Co., Ltd.* (義烏市義控股權投資有限公司) ("**Yiwu Yikong**") (previously known as Yiwu Finance Holding Co., Ltd.* (義烏市金融控股有限公司)) and Zhejiang Weier Equity Investment Co., Ltd.* (浙江韋爾股權投資有限公司) hold approximately 41.67% and 20.83% partnership interests, respectively, and none of the other limited partners holds 10% or more of the partnership interests. Yiwu Yikong is ultimately controlled by Yiwu Municipal People's Government State-owned Assets Supervision and Administration Office (義烏市人民政府國有資產監督管理辦公室). Weihao Management is owned as to approximately 48.15% and 43.33% by Shanghai Yinjun Management Consulting Partnership (Limited Partnership)* (上海隱鋆管理諮詢合夥企業(有限合夥)) and Shanghai Ganzhong Management Consulting Partnership (Limited Partnership)* (上海淦眾管理諮詢合夥企業(有限合夥)), respectively, both of which are ultimately controlled by Mr. Zhou Siyuan (周思遠). None of the other shareholders of Weihao Management holds 30% or more of the equity interests therein.

Jiuzhou Shunchuang

Jiuzhou Shunchuang is a limited partnership established in the PRC and is principally engaged in equity investment. The partnership interests of Jiuzhou Shunchuang are owned (i) as to approximately 0.20% by a general partner, Hangzhou Shunfu Equity Investment Partnership Enterprise (Limited Partnership)* (杭州舜富股權投資合夥企業(有限合夥)) ("**Hangzhou Shunfu**") and (ii) as to approximately 99.80% by 11 limited partners, among which, Yuyao Shunxin Enterprise Management Partnership (Limited Partnership)* (余姚舜新企業管理合夥企業(有限合夥)), Yuyao Zhongcheng Yidao Entrepreneurship Investment Partnership Enterprise (Limited Partnership)* (余姚衆城以道創業投資合夥企業(有限合夥)), Yuyao Gongchuang Congfang Venture Capital Partnership Enterprise (Limited Partnership)* (余姚共創從方創業投資合夥企業(有限合夥)), Zhejiang Sunny Optics Co., Ltd.* (浙江舜宇光學有限公司) hold approximately 19.53%, 18.81%, 16.59% and 15.15% partnership interests, respectively, and none of the other limited partners holds 10% or more of the partnership interests. The general partner of Hangzhou Shunfu is Ningbo Meishan Bonded Port Area Shunyi Investment Management Co., Ltd.* (寧波梅山保稅港區舜翌投資管理有限公司), which is an indirect wholly owned subsidiary of Sunny Optical Technology (Group) Company Limited (舜宇光學科技(集團)有限公司), a company listed on the Stock Exchange (stock code: 2382).

Suzhou Fenhu and Dongguan Qinhe

Suzhou Fenhu is a limited partnership established in the PRC and is principally engaged in venture capital investment. The partnership interests of Suzhou Fenhu are owned as to 1.25% by Suzhou Qinhe Qingshi Investment Management Partnership Enterprise (Limited Partnership)* (蘇州勤合清石投資管理合夥企業(有限合夥)) ("**Qinhe Qingshi**") as its general partner, and as to 45.00%, 37.50%, 11.25% and 5.00% by Suzhou Fenhu Innovation Industry Investment Center (Limited Partnership)* (蘇州汾湖創新產業投資中心(有限合夥)) ("**Fenhu Investment**"), Shanghai Moqin Intelligent Technology Co., Ltd.* (上海摩勤智能技術有限公司) ("**Moqin Technology**"), Suzhou Qingshi Hengyuan Venture Capital Partnership (Limited Partnership)* (蘇州清石恒源創業投資合夥企業(有限合夥)) ("**Qingshi Hengyuan**") and Suzhou Wuyun Shuixiang Venture Capital Center (Limited Partnership) (蘇州吳韻水鄉創業投資中心(有限合夥)) ("**Wuyun Shuixiang**"), respectively, as its limited partners. The general partner of Qinhe Qingshi is Suzhou Qingfen Capital Management Co., Ltd.* (蘇州清汾資本管理有限公司) ("**Qingfen Capital**"), holding 40.00% of the partnership interests therein. Qingfen Capital is owned (i) as to 65.00% by Qingshi Asset Management (Shanghai) Co., Ltd.* (清石資產管理(上海)有限公司) ("**Qingshi Asset Management**") which is in turn ultimately controlled by Wu Weiping (吳偉萍), and (ii) as to 35.00% by Suzhou Fentou Capital Management Co., Ltd.* (蘇州汾投資本管理有限公司) which is in turn ultimately owned as to 70.00% by Jiangsu Province Fenhu High-Tech Industrial Development Zone Administrative Committee (江蘇省汾湖高新技術產業開發區管理委員會) and as to 30.00% by State-owned Assets Supervision and Administration Office of Suzhou Wujiang District People's Government (蘇州市吳江區人民政府國有資產監督管理辦公室). The remaining 60.00% partnership interests of Qinhe Qingshi are owned as to 35.00% and 25.00% by Moqin Technology and Mr. Feng Xiaoyong (馮小勇), respectively, as limited partners thereof. Moqin Technology is a wholly owned subsidiary of Huaqin Co., Ltd. (華勤技術股份有限公司) ("**Huaqin Technology**"), a company listed on the Shanghai Stock Exchange (stock code: 603296) and the Stock Exchange (stock code: 3296). Qingshi Hengyuan is controlled by Qingshi Asset Management (Shanghai) Co., Ltd.* (清石資產管理(上海)有限公司) as its general partner, which holds 65.00% of the equity interests in Qingfen Capital. Each of Fenhu Investment and Wuyun Shuixiang is controlled by Qingfen Capital as general partner.

Dongguan Qinhe is a limited partnership established in the PRC and principally engaged in venture capital investment. The general partner of Dongguan Qinhe is Dongguan Qinhe Qingshi Equity Investment Partnership (Limited Partnership)* (東莞勤合清石股權投資合夥企業(有限合夥)) ("**Dongguan Qinhe Qingshi**"), which holds 1.00% of the partnership interests in Dongguan Qinhe. The partnership interests of Dongguan Qinhe Qingshi are owned as to 45.00% by Moqin Technology which is wholly owned by Huaqin Technology as its limited partner, as to 35.00% by Mr. Feng Xiaoyong (馮小勇) as its limited partner and as to 20.00% by Qingshi Asset Management as its general partner, which is ultimately controlled by Ms. Wu Weiping (吳偉萍). Dongguan Qinhe has five limited partners, among which, Moqin Technology holds 49.00% of the partnership interests, Dongguan Emerging Strategic Industry Investment Partnership (Limited Partnership)* (東莞市新興戰略性產業投資合夥企業(有限合夥)), which is ultimately controlled by Dongguan Municipal People's Government State-owned Assets Supervision and Administration Commission (東莞市人民政府國有資產監督管理委員會), holds 30.00% of the partnership interests, Nanjing Pukou Zhisi Integrated Circuit Industry Fund Partnership (Limited Partnership)* (南京浦口智思集成電路產業基金合夥企業(有限合夥)) holds 10.00% of the partnership interests, and none of the other limited partners holds 10% or more partnership interests in Dongguan Qinhe.

Zhenjiang Chanfa

Zhenjiang Chanfa is a company established in the PRC and principally engaged in equity investment. Zhenjiang Chanfa is owned as to 98.46% by Jiangsu Hanrui Investment Holding Co., Ltd.* (江蘇瀚瑞投資控股有限公司) and as to 1.54% by Zhenjiang Economic and Technological

Development Zone Investment Holding Group Co., Ltd.* (鎮江經濟技術開發區投資控股集團有限公司), both of which are ultimately controlled by Zhenjiang Municipal People's Government State-owned Assets Supervision and Administration Commission (鎮江市人民政府國有資產監督管理委員會).

Compliance with Pre-IPO Investment Guidance

On the basis that (i) the considerations for the Pre-IPO Investments were settled at least 28 clear days before the date of the listing application or at least 120 clear days before the Listing Date; (ii) the termination of the special rights granted to the Pre-IPO Investors as disclosed in "— Special Rights" above, the Sole Sponsor confirms that the Pre-IPO Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

PUBLIC FLOAT

Following the conversion of the Domestic Unlisted Shares into H Shares and upon completion of the Global Offering:

(a) a total of 180,447,280 H Shares held by Mr. Li Chengbin (chairman of the Board), Dr. Guo Mingbo (our Director and chief executive officer), Zhengxin Dexu (one of our Controlling Shareholders), Zhenjiang Demao, and Shanghai Demao, which are core connected persons of our Company, will not be considered as part of the public float, and the Shares held by Shanghai Demao are deemed to be treasury shares of our Company;

(b) a total of 2,236,180 Domestic Unlisted Shares held by Zhenjiang Chanfa will not be converted into H Shares and listed on the Stock Exchange, and therefore will not be counted as part of the public float;

(c) a total of 177,308,320 H Shares converted from Domestic Unlisted Shares held by our Shareholders who are not our core connected persons (nor are accustomed to take instructions from core connected persons of the Company in relation to the acquisition, disposal, voting or other disposition of their shares, and their acquisition of shares were not financed directly or indirectly by core connected persons of the Company) will be counted as part of the public float; and

(d) a total of 39,999,000 H Shares to be issued pursuant to the Global Offering will be counted as part of the public float.

Accordingly, it is expected that immediately following completion of the Global Offering, a total of 217,307,320 H Shares, representing 54.57% of our total issued Shares (excluding treasury shares) upon the completion of the Global Offering will be counted as part of the public float.

With respect to the Offer Price of HK$6.00, HK$6.50 and HK$7.00 per Offer Share (being the low-end, mid-point and high-end of the indicative Offer Price range, respectively), the expected market value of the Company's Shares would not exceed HK$6 billion. Pursuant to Rule 19A.13A(1) of the Listing Rules, where the expected market value of the class of shares to which H Shares belong at the time of Listing does not exceed HK$6 billion, the portion of H shares for which listing is sought that are held by the public, at the time of listing must represent at least 25% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

It is expected that immediately following completion of the Global Offering, the total number of listed H Shares held by the public represents approximately 54.57% of our total issued Shares (excluding treasury shares) upon Listing. Therefore, our Company will be able to meet the

minimum public float requirement under Rule 19A.13A(1) of the Listing Rules. Further, we expect that not more than 50% of the Shares in public hands at the time of listing will be beneficially owned by the three largest public Shareholders for the purpose of compliance with Rule 8.08(3) of the Listing Rules.

FREE FLOAT

Rule 19A.13C(1) of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

Pursuant to the applicable PRC law, within the 12 months following the Listing Date, all existing Shareholders (including the Pre-IPO Investors) cannot dispose of any of the Shares held by them. As such, H Shares held by the existing Shareholders as of the date of this prospectus shall not be counted towards the free float of the H Shares of the Company at the time of Listing. With respect to the Offer Price of HK$6.00, HK$6.50 and HK$7.00 per Offer Share (being the low-end, mid-point and high-end of the indicative Offer Price range, respectively), the Company is expected to satisfy the free float requirement under Rule 19A.13C(1)(a) of the Listing Rules.

SHARE INCENTIVE SCHEMES

In recognition of the contributions of our employees and to incentivize them to further promote our development, Zhenjiang Demao and Shanghai Demao were established in the PRC as our employee share incentive platforms.

As of the Latest Practicable Date, Zhenjiang Demao was owned as to 52.00% by Dr. Guo Mingbo, our executive Director as its general partner; and the remaining 48.00% partnership interests were held by ten limited partners, which comprised (i) Mr. Ma Yuanhong, a vice president of our Company, holding 10.00% of the partnership interests therein, (ii) Mr. Zhang Lei, a vice president of our Company, holding 10.00% of the partnership interests therein, and (iii) seven other employees and one former employee of our Group holding in aggregate 28.00% of the partnership interests therein.

As at the Latest Practicable Date, the general partner of Shanghai Demao was Shanghai Huicheng Juzhi Technology Development Co., Ltd.* (上海匯成聚智科技發展有限公司) ("**Shanghai Huicheng**"), which held less than 0.01% of the partnership interests therein. Shanghai Huicheng was owned as to 50.00% and 50.00% by Mr. Li Chengbin, our chairman of the Board, and Dr. Guo Mingbo, our executive Director and chief executive officer, respectively. The remaining partnership interests of Shanghai Demao were owned by five limited partners, including (i) as to approximately 30.00% by Ms. Dong Fangjie, a vice president, chief financial officer, the Board secretary and joint company secretary of our Company, (ii) as to 18.00% by Mr. Ma Yuanhong, a vice president of our Company, (iii) as to 18.00% by Mr. Zhang Lei, a vice president of our Company, and (iv) as to 34.00% by two other employees of our Group, each holding no more than 30% of the partnership interests therein.

For details of our share incentive schemes, see "Statutory and General Information—D. Share Incentive Schemes" in Appendix IV to this prospectus.

OUR PRINCIPAL SUBSIDIARIES

The following subsidiaries of our Group had made material contribution to our results of operations or have key strategic value to our Group during the Track Record Period and up to the Latest Practicable Date.

Name of Subsidiary	Principal business activities	Date and place of establishment	Shareholdings held by our Company
Shanghai Runshi Technology Co., Ltd.* (上海潤勢科技有限公司) ("**Shanghai Runshi**")	Research and development	April 28, 2019, the PRC	100% held by our Company
Zhongke Beisite (Suzhou) Electronic Material Technology Co., Ltd.* (中科貝斯特(蘇州)電子材料科技有限公司) ("**Zhongke Beisite**")	Research and development, design and sales of acoustic solutions	August 16, 2021, the PRC	95% held by our Company
Zhejiang AITEK	Research and development, production and sales of electronic ceramic materials	August 6, 2018, the PRC	55.36% held by our Company
Shanghai Nexolar New Material Co., Ltd.* (上海納科秀新材料有限公司) ("**Shanghai Nexolar**")	Research and development and sales of energy enhancement materials	December 26, 2022, the PRC	72.50% held by our Company and 7.50% held by Yangzhou Detai
SSI New Materials (HongKong) Co., Limited (貝斯特新材料(香港)有限公司) ("**SSI New Materials HK**")	Overseas sales	March 27, 2024, Hong Kong	100% held by our Company
Shanghai Yuyang New Energy Technology Co., Ltd.* (上海禹陽新能源科技有限公司) ("**Shanghai Yuyang**")	Procurement and sales of energy enhancement materials	December 22, 2015, the PRC	100% held by Shanghai Runshi

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Acquisition of Zhejiang AITEK

Zhejiang AITEK is a limited liability company established in the PRC in August 2018 and is principally engaged in research, development, production and sales of electronic ceramic materials, including coating materials for lithium-ion battery ("**LIB**") separators and cathode additives. Given the positive outlook of the market of electronic ceramic materials sector and to leverage the complementary R&D strengths to achieve synergies, our Company entered into a capital increase agreement with Zhejiang AITEK and its then shareholders on December 31, 2024, pursuant to which, we acquired 50.0% of the equity interests in Zhejiang AITEK by subscription for the increased registered capital of Zhejiang AITEK in the amount of RMB28,000,000, at a consideration of RMB30,000,000, with RMB2,000,000 credited to capital reserve of Zhejiang AITEK. Upon completion of such acquisition on December 31, 2024, Zhejiang AITEK became a subsidiary of our Company.

Subsequently on February 28, 2025, our Company entered into equity transfer agreements with Mr. Cai Xiaoming (蔡曉鳴) and Mr. Zhou Haidong (周海東), each being an independent third party and a key employee of Zhejiang AITEK, pursuant to which, Mr. Cai Xiaoming and Mr. Zhou Haidong agreed to transfer in aggregate approximately 5.36% of the equity interests in Zhejiang AITEK for a total consideration of RMB6,000,000. Furthermore, our Company agreed to pay RMB3,000,000 in aggregate to Mr. Cai Xiaoming and Mr. Zhou Haidong in the event that Zhejiang

AITEK's 2025 audited net profit (excluding non-recurring gains and losses) exceeded RMB10,000,000 as an incentive to two individuals to achieve the performance target. Upon completion of the above acquisitions of equity interests in Zhejiang AITEK on May 29, 2025, we held approximately 55.36% of the equity interests in Zhejiang AITEK.

The consideration for the above acquisitions of equity interests in Zhejiang AITEK was determined after arm's length negotiations between the parties with reference to, among others, (i) the value of Zhejiang AITEK, and (ii) the financial and operational performance, as well as the business prospects of Zhejiang AITEK. In particular, the December 2024 transaction involved a capital injection by our Company of RMB30.0 million into Zhejiang AITEK in return for a 50.0% equity interest following the capital injection. The subscription price was determined through arm's length negotiations with reference to Zhejiang AITEK's estimated net assets prior to the capital injection and its business prospects. The subscription proceeds were paid to Zhejiang AITEK and increased its net asset base. The February 2025 transaction involved the acquisition of an additional approximately 5.36% equity interest from individual shareholders, with the consideration payable to those transferors. The higher price per percentage point of equity interest was separately negotiated with the transferors, taking into account Zhejiang AITEK's improved operating profitability in early 2025, reflected in a higher gross profit margin and lower selling and administrative expenses relative to revenue, together with greater stability in its customer relationships. These developments contributed to the parties' assessment of Zhejiang AITEK's earnings prospects and the consideration for the additional equity interests. As of the Latest Practicable Date, our Group had already paid all the consideration for the acquisition of Zhejiang AITEK and held approximately 55.36% of the equity interests in Zhejiang AITEK.

The acquisition of Zhejiang AITEK has had a positive effect on our total gross profit, as Zhejiang AITEK's financial contribution is reflected in the financial results of the business unit of electronic ceramic materials. Electronic ceramic materials contributed gross profits of RMB28.9 million and RMB17.9 million, representing approximately 9.9% and 13.6% of our total gross profit, respectively, in 2025 and the six months ended June 30, 2026. While the acquisition contributed positively to our total gross profit, the acquired business operated at a lower gross profit margin than our other businesses taken as a whole, resulting in a lower overall gross profit margin. Nevertheless, we consider that the value of the acquisition of Zhejiang AITEK lies in its long-term strategic positioning, rather than its immediate contribution to our profitability. The market of electronic ceramic materials is characterized by increasing demand driven by downstream sectors such as new energy, semiconductors, and data centers. According to Frost & Sullivan, the global core electronic ceramic powder market is expected to reach RMB53.5 billion in 2030, with a CAGR of 19.8% from 2025 to 2030, and the global market size of LIB separator ceramic coating materials is expected to reach RMB7.8 billion in 2030, reflecting a CAGR of 24.9% from 2025 to 2030. Our acoustic enhancement materials and electronic ceramic materials of Zhejiang AITEK share common technologies in their manufacturing processes, such as powder synthesis and ultra-fine powder processing. The acquisition of Zhejiang AITEK enables our Group to capture growth opportunities in the electronic ceramic materials market, while laying a foundation for expansion into other high-growth fields, taking into account the following considerations: (i) the favourable market prospects driven by increasing demand of ceramic coating materials for LIB separator in new energy sectors including new energy vehicle and energy storage; (ii) the technological synergies from applying our strong capabilities in inorganic powder synthesis technologies to empower Zhejiang AITEK's technological innovation enabling it to meet technological iteration demands in the electronic ceramic materials sector, while also benefiting from Zhejiang AITEK's expertise in electronic ceramic materials to support our product innovation and facilitate the expansion of functional enhancement materials to other high-growth fields such as advanced packaging, computing power materials and other semiconductor-related sectors; (iii) the synergies derived from leveraging our standardized operational and management systems to enhance Zhejiang AITEK's overall operational efficiency; and (iv) Zhejiang AITEK's established customer base in the LIB separator industry facilitating our entry into the relevant market.

Acquisition of Suzhou Routao

On June 24, 2026, our Company agreed to acquire 40.00% equity interests in Suzhou Routao for a consideration of RMB6,660,000, and on June 26, 2026, our Company agreed to subscribe for the newly-increased registered capital of Suzhou Routao for a consideration of RMB10,000,000 and held approximately 59.14% equity interests in aggregate in Suzhou Routao after the capital injection. The acquisitions of 59.14% equity interests in Suzhou Routao were completed on June 30, 2026. The said considerations were determined after arm's length negotiations between Suzhou Routao and us and on normal commercial terms with reference to, the relevant industry of Suzhou Routao and its expected growth potential, and an appraisal report issued by an independent professional valuer on the fair value of Suzhou Routao as of May 31, 2026.

Suzhou Routao principally engages in research and development, production and sales of high-purity nano-alumina. We shared technological foundations with Suzhou Routao. In particular, our acoustic enhancement materials and high-purity nano-alumina are developed based on the same core inorganic powder technologies, covering ultra-fine powder synthesis, microstructure design, surface modification, and control of particle dispersion and sintering activity. For financial position and implication of Suzhou Routao, please refer to Note 33 to the Accountants' Report as set out in Appendix I to this prospectus. Through integrating our respective technologies with Suzhou Routao, we expect to develop more competitive semiconductor ceramic materials, delivering key material solutions for high-end ceramic substrates, semiconductor ceramic components and CMP slurries in semiconductor manufacturing and advanced packaging industries.

Investment in CSC

Our Company agreed to subscribe for newly increased registered capital in China Silicone Contactor (Shanghai) Co., Ltd. (上海硅連晶科技有限公司) ("**CSC**") for a cash consideration of RMB30.0 million. The consideration was determined through arm's length negotiations on normal commercial terms with reference to prevailing price-to-sales multiples of comparable companies in the semiconductor and computing power materials sector. The subscription was completed on June 30, 2026, following which we held approximately 20.83% of CSC's equity interests. Under the shareholders' agreement, we are entitled to require CSC to repurchase all or part of our equity interest in CSC in certain circumstances, including if, for any reasons attributable to CSC and/or its controlling shareholder, CSC fails to complete a qualifying IPO and listing within six years from the closing date of the subscription. We also have priority over ordinary shareholders in distributions upon CSC's liquidation and have anti-dilution rights.

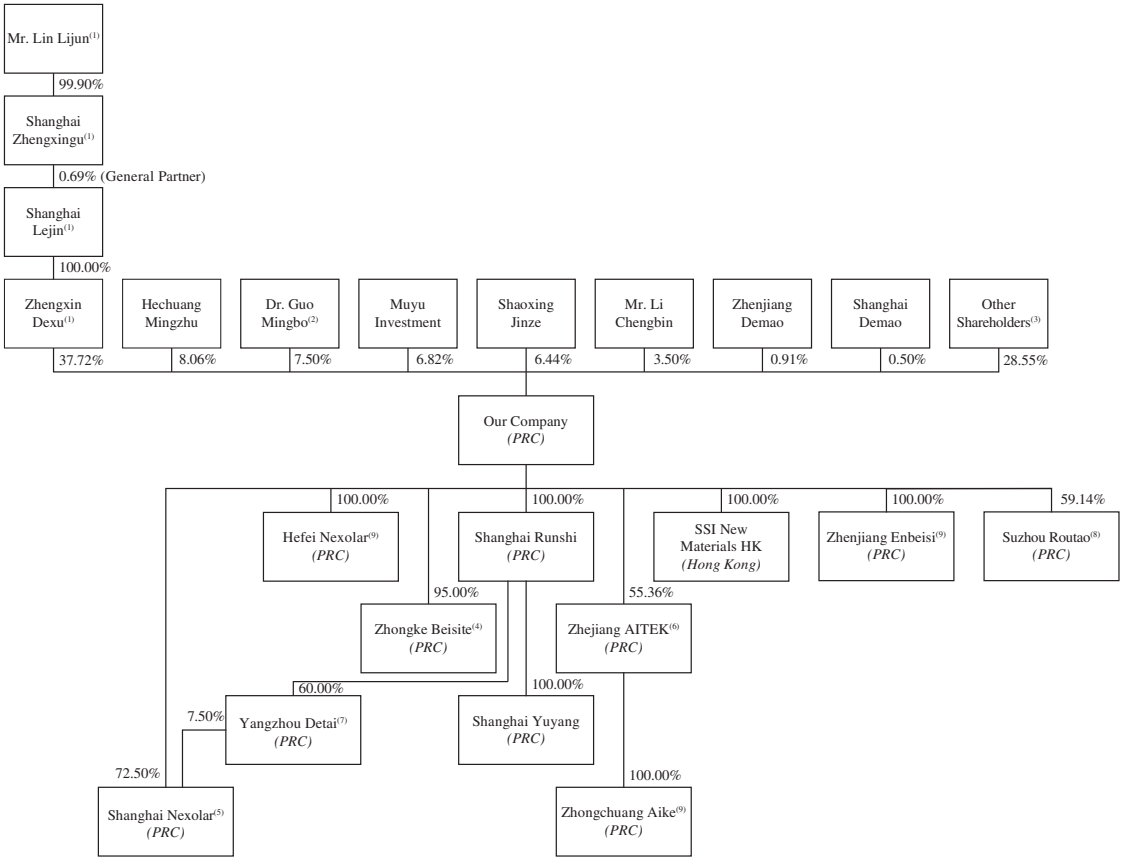
CSC is principally engaged in the provision of precision connection solutions for semiconductor testing and high-speed/high frequency connections in servers. The main product of CSC is a unique pressure conductive material, which can be applied to chip testing as well as the interconnection of devices and chips. Our investment in CSC was primarily driven by our confidence in CSC's technical team and the application prospects of its products. In addition, our investment is expected to create technological and sales synergies between the two parties. In particular, CSC's pressure conductive material combines powder and polymer materials, areas in which we have relevant technical expertise. CSC's customer base in semiconductor packaging & testing and the server industry also aligns with our business development priorities. By collaborating with CSC's technical team, we expect to facilitate joint technology advancement and enhance the competitiveness of both parties' products. We will continue to support the growth and development of CSC, however, we have no intention to further increase our shareholding in CSC as of the Latest Practicable Date.

Save as disclosed above, we had no material acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date. We did not conduct any acquisition during the Track Record Period which would require disclosure under Rule 4.05A of the Listing Rules.

CORPORATE STRUCTURE OF THE COMPANY

Corporate Structure Immediately Before the Global Offering

The following chart illustrates the shareholding structure and corporate structure of our Group as at the Latest Practicable Date and immediately before the Global Offering:



Notes:

(1) As at the Latest Practicable Date, Zhengxin Dexu was owned as to 100.00% by Shanghai Lejin, the partnership interest of which was held as to approximately 0.69% by Shanghai Zhengxingu as its general partner. As of the Latest Practicable Date, Shanghai Lejin had 22 limited partners, among which, (i) Hangzhou Longshan Chemical Co., Ltd.* (杭州龍山化工有限公司), and Shanghai Tantong Investment Partnership (Limited Partnership)* (上海檀桐投資合夥企業(有限合夥)) held approximately 25.64% and 21.41% of the partnership interest of Shanghai Lejin, respectively, and none of the other limited partners held 10% or more of the partnership interest therein; and (ii) Shanghai Tantong Investment Partnership (Limited Partnership)* (上海檀桐投資合夥企業(有限合夥)), Shanghai Zhengxingu Industrial Co., Ltd.* (上海正心谷實業有限公司), Zhuhai Hengqin Xugu Investment Management Partnership (Limited Partnership)* (珠海橫琴旭谷投資管理合夥企業(有限合夥)) and Zhuhai Hengqin Xuyao Investment Management Partnership (Limited Partnership)* (珠海橫琴旭瑤投資管理合夥企業(有限合夥)), which held approximately 21.41%, 2.94%, 1.72% and 3.43% of the partnership interest of Shanghai Lejin, respectively, and approximately 29.50% in aggregate, were directly or indirectly controlled by Shanghai Zhengxingu and/or Mr. Lin Lijun. All the limited partners of Shanghai Lejin are passive investors and none of which holds 30% or more of the partnership interest therein, and each of the limited partners of Shanghai Lejin has authorised the general partner, namely Shanghai Zhengxingu, to make decisions and execute matters on their behalf over the partnership's affairs. Shanghai Zhengxingu is owned as to 99.90% by Mr. Lin Lijun and 0.10% by Mr. Zhao Yongsheng (趙永生), an independent third party. Zhengxin Dexu was established in the PRC as a limited liability Company in November 2015 and has been controlled by Mr. Lin Lijun as its founder since its establishment.

Mr. Lin Lijun, the founder of Loyal Valley Capital, has been serving as the executive director and general manager of Shanghai Zhengxingu since its establishment in late 2015. Prior to that, he served as the general manager of China Universal Asset Management Co., Ltd. (匯添富基金管理股份有限公司) from its establishment till May 2015. Mr. Lin served as a non-executive director in the following companies: Shanghai Junshi Biosciences Co., Ltd. (stock code: 1877.HK) from June 2018 to December 2022; Wenzhou Kangning Hospital Co., Ltd. (stock code: 2120.HK) from June 2017 to April 2021; InnoCare Pharma Limited (stock code: 9969.HK) from September 2019 to March 2021; and

Akeso, Inc. (stock code: 9926.HK) from November 2019 to August 2020. Mr. Lin also served as an independent non-executive director or independent director (as applicable) in the following companies: Luoxin Pharmaceuticals Group Stock Co., Ltd. (stock code: 002793.SZ) from April 2020 to May 2021; Shanghai Xinhua Media Co., Ltd (stock code: 600825.SH) from September 2017 to October 2020; Yintech Investment Holdings Limited (NASDAQ: YIN) from April 2016 to September 2020; Shanghai XNG Holdings Limited (stock code: 3666.HK) from March 2016 to June 2019; Yunfeng Financial Group Limited (stock code: 0376.HK) from November 2015 to March 2019; and Shanghai Chengtou Holding Co., Ltd. (stock code: 600649.SH) from June 2014 to March 2017. From August 1997 to July 2001, Mr. Lin worked at the Shanghai Stock Exchange, where he successively served as an assistant to the office director and as an assistant to the director of the listing department. Mr. Lin Lijun obtained his master's degree in world economy from Fudan University in June 1997 and his master's degree in business administration from Harvard University in June 2003.

(2) Represents 26,981,570 Shares held by Dr. Guo Mingbo, including 13,823,680 Shares underlying the restricted share awards granted to Dr. Guo Mingbo under the 2023 Scheme. Such 13,823,680 Shares represent approximately 3.84% of the total issued share capital of the Company as of the Latest Practicable Date, and approximately 3.46% of the total issued share capital of the Company immediately upon completion of the Global Offering, and will vest upon the earlier of (i) December 31, 2030, or (ii) our Company completes its initial public offering.

(3) See "– Pre-IPO Investments" and "– Capitalization Table" in this section for details.

(4) The remaining 5.00% equity interests in Zhongke Beisite were owned by Zhongke Shengchuang (Suzhou) Enterprise Incubation Management Co., Ltd.* (中科聲創(蘇州)企業孵化管理有限公司), the equity interests of which were owned as to 68.00% by Mr. Yin Hongwen (尹洪文) and as to 32.00% by Ms. Xiao Yao (肖瑤), each being an independent third party.

(5) The remaining 20.00% equity interests in Shanghai Nexolar were owned by Yangzhou Youhai Investment Partnership (Limited Partnership)* (揚州佑海投資合夥企業(有限合夥)), the partnership interests of which were owned as to 1.00% by Ms. Wu Xiaohuan (吳曉寰) as general partner and as to 99.00% by Mr. Yang Dong (楊東) as limited partner.

(6) The remaining 44.64% equity interests in Zhejiang AITEK were owned as to 23.43% by Nanjing Guochen Chemical Co., Ltd.* (南京國晨化工有限公司), as to 5.46% by Mr. Liang Huayu (梁華玉) (director of Zhejiang AITEK), and four other individuals (namely, Mr. Cai Xiaoming (蔡曉鳴), Ms. Zheng Haimin (鄭海敏), Mr. Zhang Zhifeng (張志峰) and Ms. Yang Yingxia (楊影夏)), each being an independent third party and holding less than 10% of the equity interests therein. Nanjing Guochen Chemical Co., Ltd. is owned as to 88.00% by Mr. Liang Huayu (梁華玉) and as to 12.00% by Ms. He Yuexiang (賀越湘).

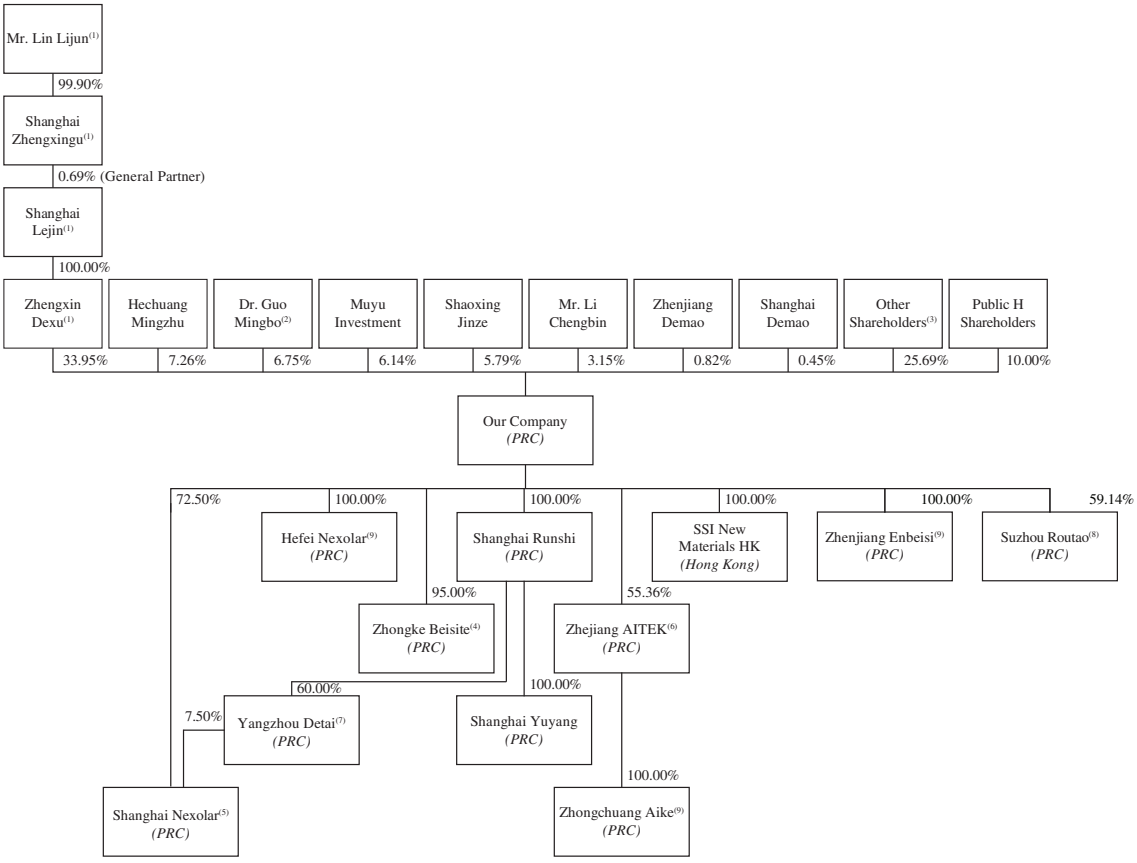
(7) Yangzhou Detai Investment Partnership (Limited Partnership)* (揚州德泰投資合夥企業(有限合夥)) ("**Yangzhou Detai**") is a limited partnership established in the PRC. The general partner of Yangzhou Detai is Shanghai Runshi. The remaining 40.00% partnership interest of Yangzhou Detai was held by Mr. Yu Zhigang (喻志剛) as its limited partner.

(8) The remaining 40.86% equity interests in Suzhou Routao were held by Mr. Wang Yuejiang (王躍江), an independent third party.

(9) Each of Hefei Nexolar New Material Co., Ltd.* (合肥納科秀新材料有限公司) ("**Hefei Nexolar** "), Zhenjiang Enbeisi New Material Co., Ltd.* (鎮江恩貝斯新材料有限公司) ("**Zhenjiang Enbeisi**") and Zhongchuang Aike New Material (Zhejiang) Co., Ltd.* (中創愛科新材料(浙江)有限公司) ("**Zhongchuang Aike**") is a limited liability company established in the PRC.

Corporate Structure Immediately Following the Completion of the Global Offering

The following chart illustrates the shareholding structure and corporate structure of our Group immediately following the completion of the Global Offering:



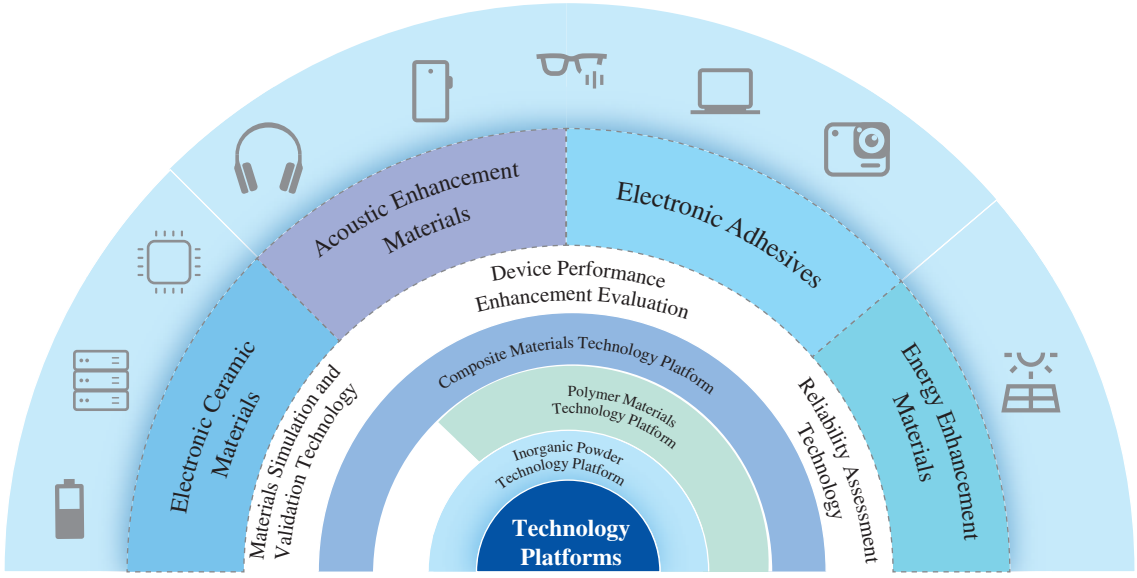
Note: Please refer to the notes (1)-(9) to the paragraph headed "Corporate Structure Immediately Before the Global Offering" above for more information.

OVERVIEW

Who We Are

We are an electronic functional enhancement materials company principally engaged in the development, manufacture and sales of acoustic enhancement materials, electronic ceramic materials, electronic adhesives and energy enhancement materials. Based on our insights of the industry development and technology evolution and leveraging our research and development capabilities and lean-management expertise, we have built three core technology platforms, namely the Inorganic Powder Technology Platform (無機粉體技術平台), the Polymer Materials Technology Platform (高分子材料技術平台) and the Composite Materials Technology Platform (複合材料技術平台). We have also integrated advanced technologies such as the material simulation system to comprehensively enhance research and development efficiency and commercialization speed of our products.

The diagram below sets out our core technology platforms, product portfolio and downstream application scenarios.



Our electronic functional enhancement materials are primarily used to enhance acoustical, optical, thermal and electrical performance of components and devices in consumer electronics and new energy sectors. This enables us to deliver comprehensive functional enhancement material solutions for a wide range of downstream application scenarios, including smartphones, laptops, tablets, smart wearables, and new energy sectors. As our technologies mature and product capabilities continuously improve, the downstream application scenarios of our products are gradually expanding into high-growth sectors such as advanced packaging, computing power and other semiconductor-related sectors.

Our Inorganic Powder Technology Platform focuses on the synthesis and processing engineering of high-purity, nano-scale ultra-fine powders, which supports our four major product lines at different stages, as described below. Specifically, it supplies inorganic powders for N'BASS Materials' synthesis in acoustic enhancement materials, provides aluminium oxide powder for separator coating and cathode additives in electronic ceramic materials, offers powder modification know-how to support the development of high-end optical, advanced packaging and thermally conductive adhesives in electronic adhesive materials, and supports the formulation of PV conductive pastes using externally sourced silver powder and of PV back-glass coating materials

using titanium dioxide powder and glass frits in energy enhancement materials. Our Polymer Materials Technology Platform focuses on the development and application of polymer material formulation design, raw material modification technologies, and molecular structure design. It supports the material formulation design, raw material modification and structural design for acoustic diaphragms in acoustic enhancement materials, supports the material formulation design and material modification of resins for acoustic and optical adhesives in electronic adhesive materials, and helps us to select suitable polymer composite systems for use in PV conductive pastes and PV back-glass coating materials in energy enhancement materials. Our Composite Materials Technology Platform enables the integration of organic and inorganic materials capabilities to develop composite materials solutions. It supports the development of acoustic diaphragms in acoustic enhancement materials through organic-inorganic compounding, application development for electronic ceramic powders through slurry preparation and coating expertise, and the development of composite formulations for electronic adhesives and, within our energy enhancement materials product line, for PV back-glass coating materials.

Based on our core technology platforms, our core product lines share the same technology foundation and research and development logics, enabling us to fully capitalize on synergistic effects of our technical resources. This allows us not only to continuously iterate product performance and upgrade product quality, but also to quickly adapt mature technology modules to product development for new application scenarios. Through sustained technological investment and product innovation, we have developed a comprehensive system spanning "technology foundation — product portfolio — application expansion." This advantage has not only strengthened our market position in acoustic enhancement materials but also enabled us to achieve established presence across multiple product lines of electronic ceramic materials and electronic adhesives.

Expanding Our Market Position through In-depth Industry Insight

In 2017, the consumer electronics industry developed into a new phase of functional upgrades and form innovation. During this phase, the sales volume of smartphones remained stable, while consumers increasingly demanded enhanced functions featuring reliability and adaptability across different scenarios. As such, there has been an increasing demand for specialized materials which improve sound quality within the limited space for speakers in smartphones.

We accurately seized this market opportunity and entered the acoustic materials sector by launching N'BASS acoustic enhancement materials ("**N'BASS Materials**"). Through dedicated research and development efforts, we built up the mass production capability to cater to the acoustic demands of Android-branded upper-mid-end smartphones. Starting from 2019, we realized the large-scale commercial application of our N'BASS Materials, which were subsequently adopted by numerous leading Android flagship brands.

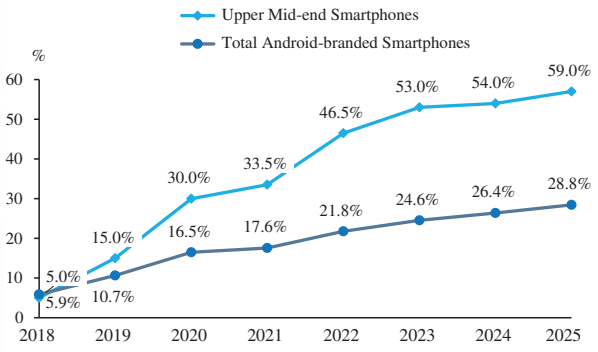
According to the ranking of smartphone acoustic performance and sound quality released by DXOMARK, an independent technology firm providing authoritative multimedia quality evaluation of consumer electronic products, Android-branded smartphones which adopted our N'BASS Materials ranked top. According to Frost & Sullivan, the number of smartphones incorporating N'BASS Materials increased from 69.8 million units in 2018 to 292.0 million units in 2025. Thus, the global penetration rate of N'BASS Materials in total Android-branded smartphones increased from 5.9% in 2018 to 28.8% in 2025. The number of upper mid-end smartphones incorporating N'BASS Materials increased from 17.5 million units in 2018 to 186.0 million units in 2025. Thus, the penetration rate in upper mid-end smartphones increased from 5.0% in 2018 to 59.0% in 2025.

Ranking of Smartphone Acoustic Performance and Sound Quality

DXOMARK	CAMERA	SELFIE	AUDIO
Xiaomi Mi 10 Pro	128	83	76
Huawei Mate 20 X	111*		75
Asus ROG Phone 3			75
Oppo Find X2 Pro	126	72	74
Apple iPhone XS Max	106*	82	74
Apple iPhone 12			73
Apple iPhone 11 Pro Max	124	92	71
Apple iPhone 11	109*	91	71
Apple iPhone SE (2020)	101*	84	70
Samsung Galaxy S20 Ultra 5G	126	100	69
Asus ROG Phone 2	95*		69
Samsung Galaxy Note20 Ultra 5G	120		68

Source: DXOMARK, Frost & Sullivan

Global Penetration Rate of N'BASS Materials in Upper Mid-end Smartphones and Total Android-branded Smartphones, 2018-2025



Note: Upper mid-end smartphones refer to smartphones with US$400 ≤ retail price < US$600, including only Android-branded smartphones

Source: Frost & Sullivan

Leveraging our shared technology platforms and customer base, we have subsequently launched electronic ceramic materials, electronic adhesives, and energy enhancement materials products. We have been continuously refining our product portfolio, and capitalizing on material innovation opportunities driven by product upgrades in downstream sectors.

Acoustic enhancement materials

From 2017 to 2018, we began to deploy technologies and products related to acoustic enhancement materials. In 2019, our products were put into large-scale commercial application, and we engaged in commercial application of "Virtual Back Volume (虛擬後腔增大)" and "acoustic enhancement materials (聲學增強材料)." These innovations have significantly improved low-frequency acoustic performance and overall sound quality in smart terminal products such as smartphones, enabling improved acoustic performance within the limited physical space of smart terminals. Our technical capability to realize Virtual Back Volume is underpinned by our proprietary rights specifically relating to the material formulations, pore-structure properties and manufacturing processes for our N'BASS Materials, rather than the underlying physical effect itself.

According to Frost & Sullivan, our Virtual Back Volume technology products demonstrated superior low-frequency loudness gain, high reliability, and no interference with smart terminal signals when compared with other products of the same technical route. We ranked first in both the global and PRC acoustic enhancement materials markets in terms of revenue in 2025, with market shares of 20.0% and 34.7%, respectively.

Electronic ceramic materials

Commencing in 2021, leveraging our technical expertise in ceramic powder synthesis and ultra-fine powder processing and manufacturing, we initiated research and development for application opportunities across new energy industries including new energy vehicles and photovoltaics. Concurrently, we carried out research and development of glass frit powder and ceramic material. As the requirements for safety and lithium-ion battery ("**LIB**") energy density in new energy vehicles continued to increase, we foresaw substantial growth potential and abundant innovation opportunities for high-quality upstream powder materials in the LIB sector.

Consequently, we decided to strategically develop electronic ceramic materials and enter the application fields of ceramic coating materials for LIB separators in the new energy sector, and we strategically acquired Zhejiang AITEK in 2024.

Electronic adhesives

In 2021, leveraging our shared customer base with N'BASS Materials, we extended our product lines to the electronic adhesives sector. In 2022, we launched a micro-speaker adhesives solution compatible with N'BASS Materials. Through years of dedicated efforts, we have progressively achieved an established presence in the acoustic adhesives market. Based on our accumulated formulations and modification technologies, we further launched our optical adhesives products in 2024, which demonstrated improved reliability and curing shrinkage rate.

Energy enhancement materials

In 2022, leveraging platform-based technologies such as material microstructural regulation, interface performance optimization and inorganic material synthesis, we began to develop our optical glaze business, a sort of energy enhancement materials. We have established a Joint Research and Development Center for Advanced Carbon-neutral Materials (碳中和先進材料聯合研發中心) with a leading science and engineering university in Shanghai, China, and achieved technology advancements in the high-temperature sintering technology of inorganic glass frits. In 2024, we took the lead in formulating the group standard "High Reflection Glazes for Backplane Glass (《背板玻璃增反釉料》)" in conjunction with leading downstream customers, establishing technical specifications and guiding the industry towards high-quality and standardized development.

Our Market Opportunities

Market opportunities for acoustic enhancement materials

AI technological innovation

In the AI era, smart terminal devices play a crucial role in environmental perception and interaction. As voice serves as a key mode of interaction, the acoustic performance of smart terminals has become a critical metric influencing consumer experience. However, with increasing spatial constraints from components such as chips, heat dissipation systems and batteries, designs for acoustic components are increasingly more challenging. As a core material addressing the demand for higher sound quality within smaller physical space, N'BASS Materials are gaining greater importance and expanding into broader application scenarios.

On the other hand, the AI-driven intelligence of smartphones is significantly enhancing user experience and is gradually influencing consumer purchasing decisions. According to Frost & Sullivan, AI smartphones are expected to drive a new wave of smartphone replacement cycles. Global smartphone annual sales are projected to grow from 1,260.3 million units in 2025 to 1,405.5 million units by 2030. Concurrently, driven by the market growth of mid-to-high-end smartphones, the core application market for N'BASS Materials, the global smartphone penetration rate of N'BASS Materials is expected to continue to rise from 28.8% in 2025 to 36.5% by 2030.

Foldable smartphones

Foldable smartphones represent a structural shift in the smartphone market. According to Frost & Sullivan, foldable smartphone shipments are expected to increase from 26.2 million units in 2025 to 73.2 million units in 2030. They are projected to account for 16.9% of high-end smartphone models. Compared with traditional smartphones, foldable smartphones are equipped

with more speakers, and due to the demand for ultra-thinness, space constraints are more stringent, leading to a significant increase in the unit consumption of N'BASS Materials. This will further drive the rapid growth of N'BASS Materials market in the foreseeable future.

New acoustic materials

We have progressively launched new product series of N'BASS Materials in the past three years, expanding applications to tablets, laptops and other devices. The tablet and laptop markets are characterized by large unit consumption, gradually increasing N'BASS Materials penetration rate, presenting significant room for further market penetration.

Meanwhile, diaphragm is another key material for the sound quality of speakers. Amid trends toward miniaturization and thinning, achieving higher sound pressure levels and superior bass performance requires material innovation. We began to deploy the third-generation diaphragm technology in 2021 and have already seen initial applications of rubber diaphragms. In the future, there will be broad application scenarios in tablets, laptops, headphones and other relevant fields.

Market opportunities for electronic ceramic powders

New energy, advanced packaging, computing power and other semiconductor-related industries have demonstrated growing demands for electronic ceramic powder materials. According to Frost & Sullivan, the global core electronic ceramic powder market is expected to reach RMB53.5 billion in 2030, with a CAGR of 19.8% from 2025 to 2030. Since our establishment, we have gradually accumulated substantial technical expertise and product application experience in aluminum-based and silicon-based powder materials, and will further expand into related high-end powder products in the future.

Rapid growth of the LIB industry

Given the increasing demand in new energy industries including new energy vehicle and energy storage, the market size for LIB separator ceramic coating has grown rapidly, which is widely used in power and energy storage batteries. According to Frost & Sullivan, the global market size of LIB separator ceramic coating materials is projected to reach RMB7.8 billion by 2030, representing a significant growth compared to the RMB2.6 billion market size in 2025, with a CAGR of 24.9%. In addition, the global cathode additives market reached approximately RMB1.6 billion in 2025 and is expected to grow to RMB7.3 billion by 2030.

Advanced packaging and computing power industries

Driven by the rapid development of computing power and the AI industry, chip design, constrained by Moore's Law, increasingly relies on advanced packaging to enhance integration density and signal transmission speed. This places higher demands on the thermal conductivity, flowability and shrinkage matching of packaging materials such as EMC (epoxy molding compound), LMC (liquid molding compound), underfill, and TIM (thermal interface material). At the server level, high-frequency and high-speed signal transmission imposes significantly high requirements on the dielectric properties of PCBs, rendering the innovation in corresponding materials a focal point for the whole industry. Alumina and silica, as key fillers accounting for over 60% in these materials' formulation, have a crucial impact on their performances. According to Frost & Sullivan, the demand for high-end powders used in advanced packaging and high-level PCB is projected to reach RMB5.7 billion by 2030.

Semiconductor ceramic powders for domestic substitution

Alongside the gradual development of domestic advanced semiconductor process node capabilities, the localization and substitution of upstream ceramic materials present another major growth opportunity for us. In advanced process node, the requirements for atomic-level flatness and

ultra-low surface roughness of wafers are increasingly more stringent, elevating the importance of polishing abrasives focusing on alumina. Furthermore, a large number of precision ceramic components are used in manufacturing processes such as etching, thin-film deposition, ion implantation, lithography and oxidation/diffusion. These ceramic powders require extremely high purity and are currently dominated by Japanese companies, thereby indicating substantial future potential for domestic substitution. According to Frost & Sullivan, advanced ceramic powders are used in numerous semiconductor applications, including high-end ceramic substrates, semiconductor ceramic components and CMP slurries in semiconductor manufacturing and advanced packaging industries. The market size for advanced ceramic powders used in semiconductors is expected to reach RMB28.9 billion by 2030, of which silicon-based and aluminum-based powders accounting for RMB21.5 billion.

Market opportunities for electronic adhesives

Currently, in the high-end segments of China's electronic adhesives market, encompassing high-end optical devices, advanced packaging and computing power applications, are still dominated by international adhesives manufacturers from Japan and Europe, leaving considerable room for domestic substitution. In these high-end application fields, the technical integration of inorganic powders and resins has emerged as a key point, creating substantial opportunities for material companies like us.

Market opportunities for energy enhancement materials

The continued growth of renewable energy installations and the rising demand for higher power generation efficiency have driven the demand for energy enhancement materials. In the PV industry, advances in cell technologies and module designs have raised the requirements for electrical conductivity, optical performance and durability, thereby supporting demand for high-performance conductive pastes and PV back-glass coating materials. Meanwhile, initiatives to improve energy output and lower the levelized cost of energy are driving the development of higher-performance materials that feature lower material consumption and improved compatibility with existing manufacturing processes.

Our Growth Model

Our success originates from the long-termism, technology-oriented approach and customer-centric philosophy upheld by our management team, who possess both strategic perseverance and forward-looking vision. We dynamically and flexibly adjust and optimize strategic directions and implementation measures, fully embrace the philosophy of lean management, and integrate our continuously advancing core technology platform with industrial chain partners to create a thriving collaborative business network. We have cooperated with leading customers in the consumer electronics and new energy industries. By continuously exploring their core needs inspired by industrial transformation, we work alongside customers to solve material challenges in smart terminals, and jointly launch pioneering products that lead the industry's innovative development, thereby increasing the shipment volume and market share of our products. Meanwhile, our shareholders' background spans leading enterprises in the consumer electronics and semiconductor industries. These collaborative backgrounds and our technical capabilities give us application access points and resource support for our business growth.

Our Financial Performance

During the Track Record Period, our revenue increased from RMB320.5 million in 2023 to RMB355.1 million in 2024, and further to RMB625.1 million in 2025, respectively. Our revenue increased from RMB283.4 million for the six months ended June 30, 2025 to RMB365.0 million for the six months ended June 30, 2026. Our net profit for the respective years/periods amounted to RMB96.2 million, RMB112.5 million, RMB155.3 million, RMB74.5 million and RMB69.6 million, respectively.

OUR STRENGTHS

We have established long-standing relationships with major customers and develop and customize materials to meet their specific requirements

Guided by a customer-centric approach, we have established long-term strategic partnerships with leading enterprises across the consumer electronics and new energy industries. Together, we are fostering a collaborative and mutually beneficial business relationship.

We develop and customize materials to address the specific requirements of individual customers. Leveraging our three technology platforms, we are able to simulate the material behavior under customers' specific application scenarios, and tailor the composition, form and performance of our products accordingly. For example, we supply N'BASS Materials in different forms, including particles, sheets and 3D blocks, to suit the size and geometry of customers' micro-speaker cavities.

Our customization capabilities are underpinned by close and stable collaboration with major customers throughout the product lifecycle. We work closely with key customers to address their specific technical challenges, including product miniaturization, ultra-fine processing, lightweight design, high integration and enhanced reliability. Our on-site sales and technical teams, equipped with expertise in both downstream applications and materials science, engage in customers' research and development as well as production processes. By participating in early-stage design, joint testing, specification setting and continuous optimization, we deliver integrated "Materials + Application Solutions" services efficiently. This customer-embedded collaboration model enables us to strengthen customer loyalty, contributing to our long-standing and stable relationships with major customers.

We also engage in joint technology research and development, co-create products, and co-develop industry standards for electronic functional enhancement materials used in consumer electronics industry. We have taken the lead with key customers in formulating a number of group standards, including "Porous Sound-Adsorbing Particles for Micro-Speakers (《微型揚聲器用多孔吸聲顆粒》)," "High Reflection Glazes for Backplane Glass (《背板玻璃增反釉料》)" and "Adhesives for Micro-Speakers – Compatibility of Powder and Adhesives Coexistence (《微型揚聲器用膠粘劑-粉膠共存適配性》)." These standards promote industry-wide alignment in material performance, testing methodologies and application specifications. This collaborative model continuously enhances our technological capabilities and enables us to build a sustainable competitive edge characterized by technology barriers, high customer loyalty, and long-term operational viability.

Lean management operations advance sustainable and high-quality growth

We have developed a proprietary LVC Business System ("**LBS**"), which enables end-to-end, cross-functional oversight and continuous improvement across our full value chain, encompassing research and development, manufacturing, supply chain management and product delivery. We have also established an integrated business-finance management system anchored by return on invested capital ("**ROIC**") as its core value benchmark, which strengthens our capabilities in precise resource allocation and strategic guidance.

Meanwhile, we have systematically refined and integrated core operational methodologies, including Lean Management ("**LM**"), Key Account Key Project Management ("**KAKP**"), New Product Introduction ("**NPI**"), and Intellectual Property Lifecycle Management ("**IPLM**"). This integrated approach not only standardizes management processes and enhances their replicability but also embeds the lean management philosophy into our corporate DNA, enabling us to build a

standardized and highly collaborative LBS. Specifically, we strengthen our core operational foundations through LM, prioritize high-value customers and projects through the KAKP mechanism, accelerate the commercialization of innovations through NPI, and build technological barriers by leveraging IPLM.

Guided by the IPLM system, we put equal emphasis on both value creation and protection, promoting the patenting, standardization and industrialization of innovative achievements. As of the Latest Practicable Date, we had (i) 309 patents, including 228 patents in Chinese Mainland and 81 patents overseas; and (ii) 199 patent applications, including 100 patent applications in Chinese Mainland and 99 patent applications overseas. For details, please refer to "— Intellectual Property" below. This patent portfolio forms a multi-dimensional technical protection system covering materials, processes, products and applications. Our patent portfolio spans multiple countries and regions including the United States, Europe, South Korea, Japan, Vietnam and India, achieving comprehensive coverage and effective protection across global core markets. Through our intellectual property management practices, we have been honored as a "National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)."

The successful deployment of this system across multiple business units has validated its universal applicability and adaptability, laying a foundation for us to drive rapid growth amid a dynamic market environment and comprehensively supporting our pursuit of long-term, sustainable and high-quality growth. Take our electronic adhesives business as an example. Following the rollout of the KAKP system, we concentrated research and development and sales resources on key customer projects. Advancements in select electronic adhesives projects have fueled rapid revenue growth for the business, lifting it to the RMB tens-of-millions scale within a short time period. Meanwhile, as these projects scaled rapidly, our NPI process ensured zero quality incidents throughout our mass production and delivery of electronic adhesives products.

We have a professional, dedicated and experienced management team

Our management team comprises senior industry experts with decades of cumulative expertise across industry development, technology research and development, and operational management. Their strengths are highly complementary, enabling efficient collaboration and playing an important role in driving forward-looking strategic positioning, building core technology platforms, and executing lean operations initiatives.

Our core management team has maintained a long-standing, collaborative partnership for over a decade. The Chairman of the Board focuses on the formulation of development strategies and investments in the high-tech manufacturing industry, possessing keen industrial insights and proven track record in resource integration. The Chief Executive Officer (CEO) is committed to product innovation and customer value creation, having successfully led multiple technological advancements and the commercialization of key projects. Most of our team members boast over 15 years of professional experience in research and development, manufacturing, supply chain management, and strategic planning at multinational corporations or large-scale enterprises, featuring both a global perspective and in-depth local operational expertise.

A high-quality corporate value system fosters sustainable core competitiveness

We integrate technological innovation into customer value creation, and continuously overcome key technical hurdles in the application of high-performance materials across diverse industries.

We encourage employees to take initiative, rise to challenges, and pursue excellence. We aim to foster alignment between employees' personal growth with the corporate development initiatives.

Our corporate value system serves as the foundation for management and operations, fostering strategic alignment, mutual trust and shared success between shareholders and management. Through years of close collaboration and aligned strategic vision, our management has built an efficient, stable governance system that has earned strong recognition and support from upstream and downstream major players, regulatory authorities and local governments. Combined with an effective operational framework and comprehensive risk controls, this value system empowers sustainable growth across all our business units.

OUR STRATEGIES

Expand our presence in the global acoustic enhancement materials market and become a comprehensive material solution provider

We will implement a combined product strategy of "vertical deepening + horizontal expansion." Vertical deepening involves focusing on our existing product portfolio through performance iterations and capacity expansion. By integrating into our downstream customers' business networks, we aim to continuously increase our market share. Horizontal expansion refers to leveraging our technological accumulation from existing businesses to expand into new products and applications to drive new growth opportunities.

Technological innovations, such as AI phones and foldable phones, are driving consumers' premium upgrade and replacement wave in smartphone. To strengthen our competitive advantages and expand our presence in this mid-to-high-end flagship market, we are capitalizing on these trends by further enhancing performance of our N'BASS Materials, to secure our first-launch position for flagship terminals. Beyond smartphones, the pursuit of slim-profile designs across other smart terminals creates broader market opportunities for acoustic enhancement materials. To further meet the slim-design requirements of smart terminals and enhance market penetration, we plan to expand production capacity for new form of material product offerings, to cater to demands for more complex speaker designs. This expansion will further boost our market penetration into a wide range of smart terminal applications, including AI tablets, slim laptops, smart wearables and AI glasses/XR devices.

We will deepen collaboration with existing customers to jointly identify and capitalize on emerging demands, expanding into new smart terminal applications including AI tablets, slim and lightweight laptops, smart wearables and AI glasses/XR devices. Concurrently, we are actively forging partnerships with more customers in the consumer electronics sector. The expanded customer base will serve as a catalyst to broaden our product portfolio, as we co-develop solutions to address complex material technology challenges.

In addition, we are dedicated to advancing research and development for diaphragm materials and its manufacturing process engineering, launching high-performance diaphragm products to enrich our acoustic material portfolio. This initiative will effectively drive the technological upgrading and value enhancement of our acoustic enhancement materials, opening new growth venues for our acoustic materials business.

Further strengthen and enrich our product portfolio in electronic ceramic materials sector

According to Frost & Sullivan, the global power battery shipments are projected to reach 3.8 TWh by 2030 from 1.5 TWh in 2025. Meanwhile, the pursuit of higher energy density in power batteries requires separators to further develop towards ultra-thinness, bringing significant growth expectations for ultra-fine ceramic coating materials. In terms of energy storage batteries, according to Frost & Sullivan, the global shipments reached 419.7 GWh in 2025, which represents a substantial 78.0% year-over-year increase. Coupled with the high safety performance requirements of large energy storage battery cells, the penetration rate of wet-coated separators is rising rapidly

and is expected to reach 90% by 2030. This demand will transmit upstream along the industrial chain, ultimately targeting coating materials ensuring safety for batteries. This will drive the volume growth of our LIBs separator coating material demand.

Based on this, we will further strengthen our technological advantages in ceramic coating materials for LIB separators. We will seize the trends towards separator ultra-thinness and safety performance improvement, expand production capacity, and conduct technological innovation and iteration for coating materials to meet the performance indicators of next-generation batteries.

We will actively monitor the evolution of cathode and anode materials for LIBs, dedicating resources to track key directions such as high-nickel ternary, high-compaction LFP/LMFP, sodium-ion batteries, solid-state batteries and fuel cells. We aim to identify potential opportunities for the commercialization and industrialization of powder material products. We will simultaneously expand relevant production capacity to capture the growing demand in diversified application scenarios.

In addition, we seek to expand the application of electronic ceramic materials to semiconductor-related sectors. We plan to enhance the relevant core technologies at our Shanghai Research and Development Center, and collaborate with leading research institutions and industrial chain partners. We will accelerate the commercialization of products such as CMP powders, semiconductor ceramic component powders, advanced packaging and computing power materials to expand our growth potential.

Strengthen and upgrade our market position in electronic adhesives sector

We plan to further increase our electronic adhesives market share in consumer electronics sector through the following approaches.

- We plan to further strengthen our acoustic adhesives market share in consumer electronics sector by leveraging synergies between acoustic adhesives and N'BASS Materials.

- Leveraging the formulation capabilities across multiple resin systems and proven success from our acoustic adhesives development, we have expanded our electronic adhesives business into the optical adhesives market. In the future, we will strategically position ourselves in advanced areas such as optical waveguides, thereby entering the high-value-added field of optical adhesives.

- The advanced packaging materials, such as LMC (liquid molding compound), underfill, and TIM (thermal interface material), require synergy between adhesives and ceramic powder fillers. As one of the few companies in the market mastering the underlying technologies of both major material systems, we will continue to refine these foundational technologies, and commercialize high-performance solutions, aiming to achieve domestic substitution for advanced packaging materials.

Increase research and development investment to enhance diverse technology platforms and innovation capabilities

We will commit to continuous research and development efforts with the following approaches:

- We will prioritize resource allocation and investment in state-of-the-art facilities and equipment for the Shanghai Research and Development Center. Leveraging Shanghai's geographical advantages and scientific research resources, we aim to attract a wide range of talent, to build national-level laboratory capabilities.

- We will continue to enhance our three core technology platform, focusing on building underlying technological capabilities and continuously expanding our research and development expertise.

- We will strengthen the management of medium-to-long-term research and development projects, focusing on frontier material innovation opportunities in the four fundamental functional fields of acoustics, optics, electricity, and thermal management.

- We will persistently enhance the construction of our material database and simulation systems, promoting AI application in material structure prediction, formulation optimization, and performance simulation. This will improve our research and development efficiency, verification efficiency, and cross-product-line technology transfer capabilities. Simultaneously, we will further establish joint research mechanisms with universities and research institutions to form a pipeline of advanced technologies.

Enhance collaboration with major downstream players

We strategically collaborate with major downstream players with leading technological capabilities. We will continuously explore market demand and product design, striving to establish close early-stage co-research and co-creation ties with them. On one hand, we customize and develop function-enhancing materials according to customer needs, ensuring our materials are integral to their core strategies. On the other hand, leveraging the three core technology platforms, we will extend and explore material solutions for broader application scenarios in related fields.

Within the consumer electronics field, we will expand our engagements from acoustic component customers to whole-machine device customers. This approach allows us to further expand the coverage of diversified application scenarios in the consumer electronics field, tap more scenario value, and lay the foundation for subsequent product innovation and market penetration. Meanwhile, we are committed to enriching the product portfolio of function-enhancing materials into the emerging markets beyond consumer electronics field. In particular, we are continuously cooperating with customers to conduct research and development on the application of function-enhancing materials in high-growth fields such as advanced packaging and computing power materials.

Conduct strategic merger and acquisitions to enhance our competitiveness

We will pursue strategic merger and acquisition opportunities that are valuable for supply chain supplementation, industrial chain extension or platform capability enhancement. We will focus on potential opportunities that can form technological synergies with our existing capabilities. This aims to enhance our overall resource allocation efficiency and business expansion capabilities.

Should suitable merger and acquisition projects arise in the future, we will apply our in-depth technological expertise to integrate acquired capabilities, and expand our mature technical systems into emerging fields. We will also continue to leverage our advantages in management systems and operational capabilities to promote the replication and implementation of the LBS in acquired businesses.

Continuously improve operational efficiency and profitability through lean operation management system

We remain committed to the principles of LBS lean operations and ROIC-driven management. We will leverage the LBS to accelerate the commercialization and mass production of new products. This approach enables end-to-end management and continuous improvement across the entire research and development, manufacturing, supply and market delivery chain, providing support for our growth in a rapidly evolving market environment.

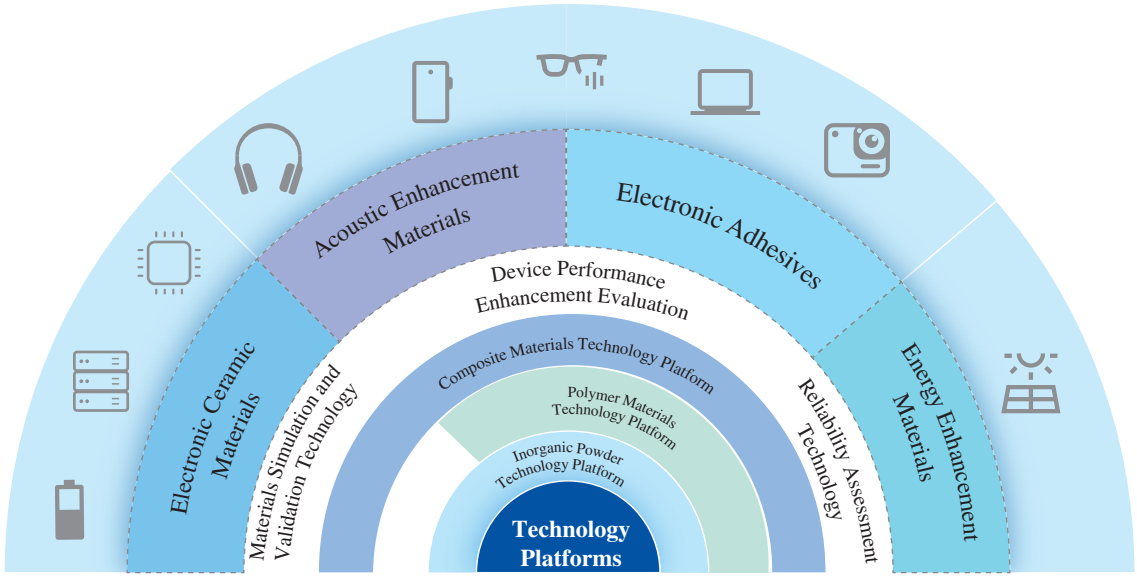
We will retain ROIC as the core performance metric for evaluating our business units. Based on a dynamic evaluation framework that covers the pre-investment assessment, in-operation monitoring and post-investment adjustment stages of our industrial initiatives, we will implement a full-cycle, multi-dimensional financial governance framework. This will optimize our business portfolio, create greater value and further enhance capital efficiency.

OUR PRODUCTS

Overview

During the Track Record Period and up to the Latest Practicable Date, we were primarily engaged in the development, manufacture and sale of electronic functional enhancement materials. Our electronic functional enhancement materials are primarily used to enhance acoustical, optical, thermal and electrical performance of components and devices in consumer electronics and new energy sectors. Leveraging our established core technology platforms, we built up four business units: (i) acoustic enhancement materials, (ii) electronic ceramic materials, (iii) electronic adhesives, and (iv) energy enhancement materials.

The diagram below sets forth our core technology platforms, product portfolio and downstream application scenarios.



No.	Business units	Sub-categories	Major functions	Major application
(i). .	Acoustic enhancement materials (聲學增強材料)	Primarily our N'BASS acoustic enhancement materials (N'BASS聲學增強材料) ("**N'BASS Materials**")(1)	To enhance the acoustic performance of micro speakers, such as low-frequency sound pressure level.	Featuring reliability and adaptability across different scenarios, our N'BASS Materials are currently widely used in mid-to-high-end smartphones and broader consumer electronics terminals including tablets, laptops, smart wearables, with ongoing expansion into new energy industry.

No.	Business units	Sub-categories	Major functions	Major application
(ii) .	Electronic ceramic materials (電子陶瓷材料)	Primarily our coating materials for LIB separators (with core expertise in ultra-thin coatings), and lithium-ion battery cathode additives	To improve the thermal resistance and puncture resistance of separators, thereby preventing short circuits between the cathode and the anode caused by thermal shrinkage of the separators during battery cell operation. Cathode additives improve the stability, cycling performance and other properties of ternary cathode materials through doping or coating.	Our electronic ceramic materials are currently supplied as inorganic, non-metallic fine powders for use in the lithium-ion battery for new energy vehicles. Concurrently, we are pursuing growth by extending our product applications into advanced packaging, computing power and other semiconductor-related sectors.
(iii) .	Electronic adhesives (電子膠粘劑)	Primarily our acoustic adhesives and optical adhesives	To provide structural bonding between different components within devices, alongside functions including electrical conduction, thermal conduction or insulation protection.	Our electronic adhesives serve as critical bonding and sealing materials for micro-speakers and optical modules.
(iv) .	Energy enhancement materials (能源增強材料)	Primarily PV back-glass coating materials, PV conductive paste and PV cell additives	To improve the conversion efficiency of PV cells or modules.	Widely used in the photovoltaic industry, our PV back-glass coating materials are primarily used in PV module assembly, and our PV conductive paste and PV cell additives are primarily used for manufacturing PV cells.

Note:

(1) Our N'BASS Materials are our proprietary products, which are categorized as a type of sound-adsorbing particles within the industry. As of the Latest Practicable Date, our N'BASS Materials were covered by 175 granted patents, including 92 key patents relating to materials, processes, applications and other aspects of our N'BASS Materials, and 129 pending patent applications out of the total number of patents and patent applications, relating to materials, production processes and application scenarios. The relevant key patents include, but are not limited to, "Micro-speaker enclosure with porous materials in resonance space," "Three-dimensional air-absorbing structure," "Air absorbing and sound absorbing structure," "Acoustic sound adsorption material having attached sphere matrix," "Speaker with grained zeolite material in deep-drawn foil response volume," "Packaging of acoustic volume increasing materials for loudspeaker devices," and "Loudspeaker system with improved sound." We also possess proprietary technologies in relation to product formulations and process technologies, manufacturing know-how and parameters, technical and quality control specifications and test methods. The process technologies cover hydrothermal synthesis, surface modification, classification, ion exchange, impurity removal, calcination, granulation, screening and grading.

The table below sets forth the breakdown of our revenue by business unit in absolute amounts and as percentages of our total revenue for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Acoustic enhancement materials	211,726	66.1	219,128	61.7	303,514	48.6	145,658	51.4	132,359	36.3
Electronic ceramic materials	–	–	–	–	133,939	21.4	60,606	21.4	88,852	24.3
Electronic adhesives	2,272	0.7	9,223	2.6	22,359	3.6	8,673	3.1	11,376	3.1
Energy enhancement materials	106,465	33.2	126,711	35.7	165,284	26.4	68,461	24.1	132,372	36.3
Total	**320,463**	**100.0**	**355,062**	**100.0**	**625,096**	**100.0**	**283,398**	**100.0**	**364,959**	**100.0**

Acoustic Enhancement Materials

Having recognized the opportunities for material innovation driven by the functional diversification of smartphones, we began exploring acoustic materials in 2017. By seizing key opportunities in successive consumer electronics industry upgrades, we have achieved continuous technological advancements and extended applications. We primarily provide acoustic enhancement materials for component manufacturers for Android smartphone brands. According to Frost & Sullivan, we ranked first in both the global and PRC acoustic enhancement materials markets in terms of revenue in 2025, with market shares of 20.0% and 34.7%, respectively.

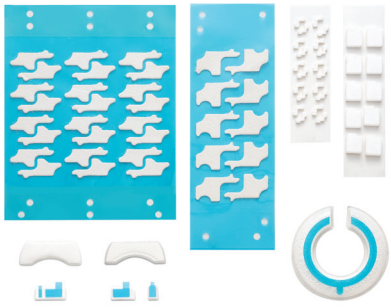
Our acoustic enhancement material product primarily consists of N'BASS Materials, a type of ceramic materials with nano-scale pores. Featuring high spherical structural stability, multi-dimensional product configurations and diverse filling processes, our N'BASS Materials are designed to address certain limitations of conventional technical solutions including insufficient acoustic enhancement for miniature speakers, terminal signal interference, environmental performance attenuation and compromised audio experience. This enables ultra-thin, miniaturized and specially shaped speakers in smart terminals to deliver improved low-frequency sound performance. Characterized by reliability and adaptability across different scenarios, it is customized for micro-speakers in consumer electronics. Such products are widely adopted across smartphones, laptops, tablets, and smart wearables and are expected to tap into AI glasses/XR devices and new energy sectors. Our smartphone applications are developed primarily for Android-based brands, such as Huawei, Xiaomi, Samsung, OPPO and VIVO, while our laptop and tablet applications mainly target brands including Samsung, Lenovo, Huawei, Xiaomi, Redmi and others. Applications for our other consumer electronic terminals cover a range of well-known domestic brands.

Product display and operating principle

The following images illustrate the macroscopic appearance and operating principle of our N'BASS Materials:

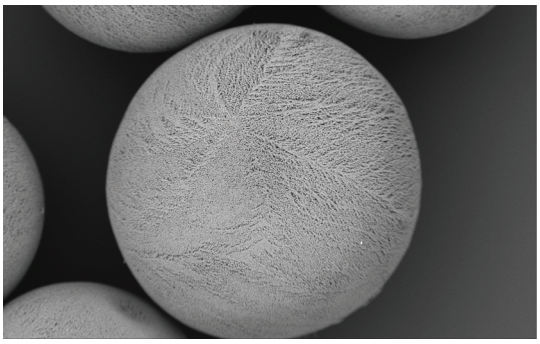
Macroscopic appearance



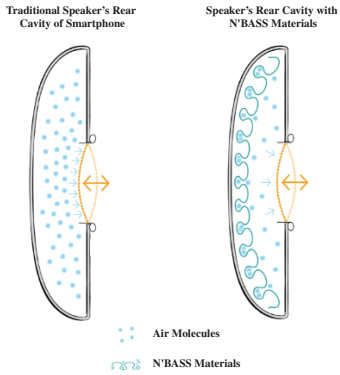


N'BASS Materials appear as: (i) spherical particles with a diameter ranging from 200 to 800 μm, manufactured from raw powder through a precisely controlled granulation process; or (ii) sheets, blister and bulk, customized special-formed products tailored to customer requirements, specially designed for scenarios where the structure is complex and particle usage is impractical.

Operating principle



Microscopic structure



Operating principle

N'BASS Materials feature a three-dimensional pore structure with abundant channels. This structure is achieved through the precise control of raw material composition. The operating principle of N'BASS Materials is based on the dynamic interaction between its proprietary three-dimensional porous structure and air molecules: the precisely controlled pore diameter enables rapid, selective adsorption and desorption of air molecules in the speaker's rear cavity, achieving expansion of virtual rear cavity (虛擬後腔增大) ("**Virtual Back Volume**"). This approach reduces the vibration resistance of the acoustic diaphragm, optimizes the diaphragm's vibration characteristics, increases low-frequency loudness by up to 5dB, and reduces the resonance frequency of micro-speakers by over 100 Hz and ultimately enhances the low-frequency acoustic performance of the speaker.

The Virtual Back Volume technology of N'BASS Materials addresses the challenges of high requirement for acoustic performance within the limited space in micro-speakers:

- For micro-speakers with smaller rear cavities, the virtual expansion coefficient is larger (currently reaching over 2x); and

- For the same rear cavity volume, higher dosages of N'BASS Materials deliver more significant resonance frequency reduction and larger virtual expansion coefficients.

Our N'BASS Materials feature a high degree of spherization and uniform intra-pore distribution, which can be seamlessly filled to achieve favorable bulk density in micro-speaker modules with highly customized or irregular back-cavity geometries. Additionally, our N'BASS Materials are in multiple mature product forms, including granular particles, 2D sheets and 3D blocks, to adapt to diverse micro-speaker structural designs. Our N'BASS Materials can further support flexible industry-grade filling solutions covering various structural and assembly requirements of miniaturized speakers. Our N'BASS Materials address structural limitations, interference risks, environmental performance degradation and sound quality deficiencies inherent in certain conventional technical solutions. The materials provide consistent Virtual Back Volume and serve as a widely-recognized acoustic enhancement solution for micro-speakers used in consumer electronic devices.

Technological advancement

In 2019, we started to build in-house raw material synthesis capability of N'BASS Materials to lower our cost, and enable us the ability to adjust, optimize the characteristics of raw material and produce better acoustic performance of N'BASS Materials. Over the years, we have mastered hydrothermal synthesis, a critical wet-chemical powder synthesis technology where we optimize ingredients ratios and process parameters, precisely adjust the crystal form and morphology of reactants, and achieve high-efficiency synthesis of nano-scale ceramic materials. On this basis, we use a specialized granulation process to produce products in different shapes and sizes.

With hydrothermal synthesis technology, we can optimize pore structure to perform excellent acoustic enhancement performance, moisture and heat resistance, and anti-VOC (volatile organic compound) adsorption performance, with negligible performance degradation after long-term reliability testing.

While staying committed to the continuous development and optimization of product forms of N'BASS Materials, we have also successively developed and launched new forms of products over the past few years, such as sheets, 3D form bulk and blister packs. This allows different types of micro-speakers to maintain superior acoustic performance in limited space, addressing the demands of consumer electronics for performance, reliability and adaptability.

Electronic Ceramic Materials

Our N'BASS Materials are one type of porous ceramic material. During our development of N'BASS Materials, we came to master the upstream powder synthesis technology, progressively building key process capabilities in ceramic material synthesis, spheroidization, grinding and classification. Meanwhile, we started to explore the market opportunities of electronic ceramic materials and its role in enhancing the power batteries' safety based on our existing technology foundation. In 2024, we completed the acquisition of Zhejiang AITEK to expand our presence in the electronic ceramic materials market.

The electronic ceramic materials are inorganic, non-metallic fine powders. Our electronic ceramic materials products comprise coating materials for LIB separators, and cathode additives. LIB separator coating materials are functional powders applied to the separator surface through precision coating technology, forming a dense yet porous ceramic layer. This layer enhances the separator's heat resistance and puncture resistance, and improves LIB safety by maintaining the separator's structural integrity at high temperatures and preventing it from melting or shrinking.

Our cathode additives include multiple types of materials such as alumina, zirconia, and phosphates. As a key functional material for enhancing the comprehensive performance of lithium-ion batteries, cathode additives can achieve performance improvements across multiple dimensions, including energy density, cycle life and safety.

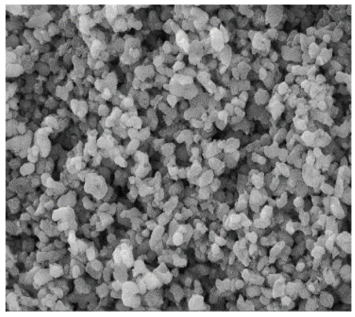
Product display

The following pictures illustrate the macroscopic appearance and microscopic structure of our electronic ceramic materials:

Macroscopic appearance



Microscopic structure



Technological advancement

The particle size distribution of LIB separator ceramic coating materials is one of the key parameters affecting the performance of wet-coated separators. The dense and porous coating layer formed by ceramic powder on the base film of LIB separator can provide thermal shrinkage resistance for the separator under thermal runaway conditions, preventing short circuits between the cathode and anode. The separator coating also significantly enhances the electrolyte wettability of the separator and reduces the internal resistance of LIBs. In addition, with the iteration of downstream technologies, separator has trended towards greater thinness (current thickness has been reduced from 10μm to 5μm), and coatings have been evolving toward a target thickness of 1 μm, with certain high-precision applications even achieving a thickness of 0.5 μm. Leveraging research and development capabilities and expertise in ceramic powder technology, we are able to provide ultra-fine LIB separator coating materials to cater to this industry trend.

Electronic Adhesives

Our electronic adhesives are precision materials delivering critical functions including bonding, sealing, securing, thermal conduction, insulation and protection. Our product portfolio is primarily classified by application into acoustic adhesives and optical adhesives.

Our acoustic adhesives serve as critical bonding and sealing components in smartphones and other smart terminal devices. In particular, we have strategically developed acoustic adhesives to address key challenges in the acoustic industry. These adhesives meet stringent performance requirements and can effectively bond critical components such as diaphragms and speaker units, thereby enhancing the assembly efficiency of speakers.

Our optical adhesives are engineered to meet stringent requirements for performance stability, particularly minimal transmittance degradation under UV exposure and high-temperature or high-humidity aging conditions.

Product display

The following pictures illustrate our typical acoustic adhesives and optical adhesives:



Technological advancement

Our electronic adhesives products originated from structural bonding for micro-speakers. Over the years, we have accumulated formulation design capabilities across four major resin systems, including acrylate, epoxy, polyurethane and modified silicone, and have successfully achieved the initial migration of applications from acoustic adhesives to optical adhesives.

We successfully developed UV-curable acrylate for micro-speaker assembly. Our products can be applied under the environment exceeding 150°C, demonstrating superior heat resistance. By grafting active groups and heat-resistant functional groups, we have significantly enhanced the formulation's crosslinking density and thermal stability.

Energy Enhancement Materials

Energy enhancement materials serve as the foundational cornerstone underpinning the iteration of new energy technologies. They are transitioning from mere raw material supply toward material focusing on enhancing overall efficiency and reliability in the photovoltaic and other new energy sectors. Our energy enhancement materials primarily consist PV back-glass coating materials, PV conductive paste and PV cell additives.

PV back-glass coating materials are specialized coatings applied to the surface of PV back-glass to enhance the power output of PV modules. They are mainly applied to the surface of photovoltaic back-glass through screen printing technology, forming a highly reflective glaze layer that redirects light passing through the gaps between photovoltaic cells back to the surface of the cells. This further elevates the light utilization rate of PV modules and increases their power output.

PV conductive pastes are specialized mixtures of silver powder, organic binders, solvents and additives, formulated into a paste with tailored viscosity and adhesion for precise transfer through screen printing. Curing or sintering removes organic components to form conductive layers with high electrical conductivity, thermal stability and mechanical robustness.

PV cell additives are primarily used in the cleaning, texturing, and etching/polishing processes of photovoltaic cells, by formulating light-trapping structures on the surface of photovoltaic cells with better polishing effects, thereby enhancing the conversion efficiency of the photovoltaic cells.

Technological advancement

Leveraging our Inorganic Powder Technology Platform (無機粉體技術平台) and Composite Materials Technology Platform (複合材料技術平台), our PV back-glass coating materials utilize advanced powder surface modification technology to achieve precise dispersion control of reflective fillers and glass frits within the glaze system. This ensures the formation of a specific layered structure after curing, enhancing both reflectivity and coated back-glass strength. Furthermore, our specialized surface treatment technology enables the material to maintain excellent flowability even with high loading of reflective fillers. This allows customers to reduce consumption per unit area during application, achieving cost reduction and efficiency improvement.

Products under Development

As of the Latest Practicable Date, we were in process of developing the following new products.

In acoustic enhancement materials sector, we have been continuously exploring new product forms of our N'BASS Materials to meet the requirements of various custom-shaped speakers. In addition, we have been promoting the third-generation of rubber diaphragm products as of the Latest Practicable Date. We identified the constraints of current diaphragm materials in line with the continuous advancement trend of micro-speaker diaphragm technologies, and strategically laid out our product portfolio of third-generation diaphragm materials. Through years of research and development efforts, our research and development team has conducted multiple rounds of modification on rubber diaphragm materials, having significantly enhanced their mechanical strength. Our diaphragm products will offer better elasticity, wider temperature range performance, and larger vibration amplitude compared to traditional plastic diaphragms. Our diaphragm products can be widely applied in micro-speakers pursuing low distortion and high bass performance.

In the electronic ceramic materials sector, we plan to further develop high-purity nano-alumina for application in high-end ceramic substrates, semiconductor ceramic components and CMP slurries. As of the Latest Practicable Date, we have commenced small-scale shipments of our high-purity nano-alumina products, which are successfully deployed in high-end ceramic substrates and semiconductor ceramic components. Featuring fine and uniformly distributed particle sizes, our products enable low-temperature sintering to form dense microstructures with refined grain boundaries, thereby improving the mechanical strength and service life of ceramic components. For CMP slurry applications, we have successfully developed prototype CMP powders based on high-purity nano-alumina as the core foundational material as of the Latest Practicable Date. The controllable particle size, particle size distribution and morphology of our high-purity nano-alumina support a stable polishing rate and minimized scratching on wafer surfaces.

In electronic adhesives sector, we have been developing optical adhesives for compact camera modules, and as of the Latest Practicable Date, we had commenced small-scale shipments.

OUR TECHNOLOGY PLATFORMS AND CORE TECHNOLOGIES

Leveraging our research and development capabilities, we have established three core technology platforms, comprising (i) the Inorganic Powder Technology Platform (無機粉體技術平台), (ii) the Polymer Materials Technology Platform (高分子材料技術平台), and (iii) the Composite Materials Technology Platform (複合材料技術平台).

A platform-based approach lies at the core of our strategy, where our key product lines share foundational technologies and leverage cross-platform synergies. This structure drives the continuous improvement of existing products and supports future product development, laying the foundation for our sustainable growth.

Inorganic Powder Technology Platform

Our inorganic powder technology platform focuses on the synthesis and processing engineering of high-purity, nano-scale ultra-fine powders, covering core technologies such as powder synthesis, ultra-fine powder processing, particle classification, and surface modification.

Inorganic powder synthesis technology

We master multiple ultra-fine nano-powder synthesis technologies, including hydrothermal synthesis, co-precipitation and sol-gel methods, with mature application capabilities. This platform supports four major product lines at different stages: acoustic enhancement materials, electronic ceramic materials, electronic adhesives and energy enhancement materials. For acoustic enhancement materials, we select appropriate inorganic powders for the synthesis step of our N'BASS Materials. For electronic ceramic materials, we provide aluminium oxide powder deployed in separator coating and as cathode additives. Inorganic powder is also a key raw material for certain products within our electronic adhesives and energy enhancement materials. For electronic adhesives, our understanding of powder characteristics guides the development of products including high-end optical adhesives, advanced packaging adhesives and thermally conductive adhesives. For energy enhancement materials, this platform supports the formulation of PV conductive pastes using externally sourced silver powder and of PV back-glass coating materials using titanium dioxide powder and glass frits.

Through long-term research and development accumulation, we have developed a proprietary, fully independent hydrothermal synthesis process for ceramic materials. During the process design, our hydrothermal synthesis achieves homogeneous reaction, greatly improving purity and precise particle size control. With reaction chamber temperature control accuracy, we resolve uneven heating in large-volume chambers, avoiding nano-powder particle size inconsistency from local overheating, and ensuring stability in particle size and performance. For powder structure, we use molecular simulation to develop a new template agent, building a hierarchical "micropore-mesopore-macropore" structure. The ultra-micropores boost sound wave propagation efficiency, lifting acoustic gain by over approximately 30% for strong functional enhancement. This proprietary technology enables high-performance and stable production of N'BASS Materials.

We have mastered core design and process engineering control technologies, including formulation development, particle size optimization, homogeneous mixing through various pre-treatment methods, as well as precise temperature control and atmosphere protection in kiln processes. These technologies have substantially enhanced the advancement of our Powder Synthesis Technology Platform. Leveraging shared technology platforms, we have developed new synthesis methods that synthesize high-purity nano and submicron electronic ceramic materials, such as nano-alumina CMP powder and semiconductor equipment ceramic component powder.

Ultra-fine powder processing technology

Nano-powders exhibit a variety of unique physical effects, including the small-size effect, surface effect, quantum size effect, and macroscopic quantum tunneling effect. The synergistic effect of these phenomena endows nano-powders with excellent properties not found in traditional micron-sized powders, such as mechanical and thermal property, optical property, enormous increase in specific surface area which are key characteristic for high-end application.

By regulating the types and addition amounts of sintering aids, grinding media and precise control of wet-grinding process engineering, we can stably produce particle size ranging from 100nm to 800nm and overcome the dispersion difficulty of submicron powders to meet the requirement of 0.5um and 1um LIB separator coating thickness.

Powder classification technology

Powder classification represents core technical segments in the ceramic materials industry, particularly within the high-value-added advanced material industry. We have mastered two major technical systems: dry classification and wet classification. We can accurately separate the original powder with a particle size distribution range of 300 nm-10 μm into products of different particle size intervals and realize the control of the electrochemical properties of particle surfaces and hydrodynamic states, effectively avoid over-grinding, significantly enhance the overall grinding efficiency and reduce energy consumption.

Powder surface modification technology

The surface properties of untreated raw powders often conflict significantly with their application environments and direct use will lead to a series of performance defects. We have mastered the reaction mechanisms of multiple modifiers and achieved a substantial improvement in the application performance of powders.

By using different treatment techniques, such as surface coating, ion doping, stream treatment, and chemical treatment, we can regulate the surface properties of ceramic powders and achieve excellent application features. By doing so, it has diminished the N'BASS Materials' adsorption capacity for VOCs, especially acidic gases, with a reduction of over 90%. Consequently, it has greatly enhanced the long-term reliability and application durability of N'BASS Materials in complex environments.

To address the agglomeration issue of nano-alumina during downstream customers' slurry preparation, we also apply different modifiers to conduct surface coating on submicron alumina particles, constructing long-chain molecular structures with steric hindrance and electrostatic repulsion effects. This approach significantly improves the dispersion uniformity of alumina particles in both the slurry system and the final coating.

The aforementioned techniques form the fundamental technologies for producing CMP powders and CCL fillers.

Polymer Materials Technology Platform

Our Polymer Material Technology Platform focuses on the development and application of polymer material formulation design, raw material modification technologies, and molecular structure design primarily supporting the development of our acoustic enhancement materials, electronic adhesives and energy enhancement materials. The platform supports the material formulation design, raw material modification and structural design for acoustic diaphragms in acoustic enhancement materials, supports the material formulation design and material modification of resins for acoustic and optical adhesives in electronic adhesive materials, and helps us to select suitable polymer composite systems for use in PV conductive pastes and PV back-glass coating materials in energy enhancement materials. After years of independent research and development, we have formed four core polymer material formulation systems focusing on acrylate, epoxy resin, modified silicone, and polyurethane.

Through formulation design and raw material modification technology, we can accurately identify customer needs and, starting from molecular structure design, build a formulation system. We also perform targeted modification of core raw materials, including resins and inorganic fillers, to achieve a balance of various properties within complex formulation systems, thereby meeting customer requirements.

These core technologies have been successfully implemented and widely applied in multiple high-demand fields. Among them, our products have successfully met the high reliability requirements of the consumer electronics and energy sectors, attributable to its advantage of significantly improving long-term durability of adhesives in high-temperature and high-humidity environments.

Composite Materials Technology Platform

When complex technical challenges cannot be addressed through innovation within a single material system, the key lies in cross-material synergistic innovation. Our Composite Materials Technology Platform enables us to integrate our deep expertise in both organic and inorganic materials into a systematic capability, to compound with other materials for use by our downstream customers, and to develop and deliver composite materials solutions. For acoustic enhancement materials, the platform supports the development of composite formulations for diaphragm functional enhancement materials. For electronic ceramic materials, our slurry preparation and coating expertise supports application development for our alumina-based separator coating powders. For electronic adhesives, the platform can support the development of formulations combining organic resins and inorganic fillers. For energy enhancement materials, it supports the development of composite formulations for PV back-glass coating materials.

For instance, we have successfully developed a tailored coating material solution for PV back-glass, a composite formulation comprising titanium dioxide, glass frits and resin. Our integrated materials platform has enabled two advancements. On one hand, drawing on our expertise in inorganic materials, we independently developed a proprietary glass frits synthesis formula that effectively mitigate the glass erosion during the sintering process. On the other hand, leveraging our expertise in polymer formulation and functional customization, we enhanced the coating's printability through resin innovation, achieving superior performance at the same weight.

RESEARCH AND DEVELOPMENT

Continuous research and development are the backbones of our business operation. We are committed to develop new technologies, design new products and upgrade existing product offerings to enhance our market position. As of June 30, 2026, we have established an in-house research and development team comprising 68 professionals. The team is led by two senior personnel holding doctoral degrees with extensive academic and industrial expertise, and approximately 51.5% of our research and development personnel hold a master's degree or above. These core technical professionals possess substantial industry experience in the relevant scientific research fields, supporting our continuous innovation and technology upgrading.

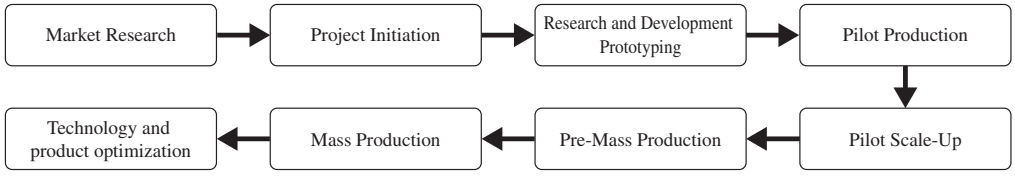
As of June 30, 2026, we had five research and development centers in China, having established a multi-level system covering fundamental research, application development and product testing. Specifically, our research and development center in Shanghai focuses on the research and development of foundational technology platform including inorganic powder, polymer and composite materials; the research and development center in Ningbo is specialized in the application development of electronic ceramic materials and product optimization; two research and development centers in Suzhou are each dedicated to developing simulation technology, exploring new application potential for N'BASS Materials', and undertaking research and development of high-purity nano-alumina powder technology and its application across semiconductor and advanced packaging sectors; and our research and development center in Zhenjiang is primarily responsible for the development of acoustic enhancement material and process engineering optimization.

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses amounted to RMB37.6 million, RMB39.4 million, RMB45.2 million, RMB21.1 million and RMB20.5 million, representing 11.7%, 11.1%, 7.2%, 7.5% and 5.6% of our total revenue in the respective years/periods.

Research and Development Processes

Our research and development process is a structured, stage-gated system that turns customer and market requirements into manufacturable, high-reliability products. Cross-functional teams lead each phase from intake and feasibility through design, validation, pilot build and transfer to volume production, with clear deliverables and approval gates.

Key stages of our research and development process include:



- *Market research*: market research serves as the compass for our research and development initiatives, defining clear strategic directions for our technological innovation. Our market research is coordinated and overseen by the Strategy Development Committee and the Product and Technology Committee.

- *Project initiation*: through the Strategy Development Committee and Product and Technology Committee, new product development projects are initiated via two approaches: bottom-up (research and development team proposes new product ideas) and top-down (strategic development team researches market and product development trends). Upon approval of the project initiation, the process proceeds to the NPI (New Product Introduction) phase.

- *Research and development prototyping*: the research and development department prepares prototypes and internal test data, while the sales and technical support departments collect customer-side test data and track the customer's application processes. Upon completion of successful testing, data reports are compiled, and documents such as the BOM (Bill of Materials), initial process flow chart, and inspection specifications are formulated. Initiated by the sales team and aligned with customer sample orders, an NPI team consisting of representatives from research and development, sales, process engineering, quality assurance, and production is convened to conduct a Gate Meeting. Following the meeting's approval, preparation for pilot production of sample orders commences.

- *Pilot production*: during this phase, the research and development department lead the trial production of new products. The process engineering department evaluates and analyzes the manufacturability of product processes and addresses engineering issues arising from pilot production. The quality assurance department participates in raw material inspection and in-process quality control, while the sales and technical support departments track the application scenarios of pilot production samples from customer's side. Upon the approval of pilot production samples, we will formulate standard operating procedures to validate the material and product design and assesses the mass production feasibility of the manufacturing process.

- *Pilot scale-up*: this phase involves further scaled-up production validation of new products. Potential defects and issues arising during the production process are constantly monitored, with relevant departments implementing improvements. After summarizing key data such as output and yield for this phase, a review meeting is conducted to ensure the product meets mass production requirements.

- *Pre-mass production*: during the continuous volume ramp-up validation process, documents such as the mass production test report, mass production control plan, and pre-mass production transfer evaluation report are generated and submitted for review and approval.

- *Mass production*: upon approval of the pre-mass production evaluation, the complete set of documents is transferred to the production department, which schedules and executes production based on customer orders.

- *Technology and product optimization*: Throughout the mass production process, we will regularly monitor our product performance from our customer perspective and carry out targeted optimization. Simultaneously, the process engineering team will persistently enhance the production process to increase our production volume rate.

Joint Research and Development Projects

During the Track Record Period and up to the Latest Practicable Date, all of our principal research and development activities were conducted in-house without outsourcing arrangements. Meanwhile, we have established collaborative research and development partnerships with leading domestic universities and research institutions that possess distinctive advantages in ceramic powder technology. We have co-founded a Joint Laboratory for Carbon-Neutral Advanced Materials with a leading science and engineering university in Shanghai, China. The laboratory is focused on the exploration of material innovations and the identification of industrialization opportunities amid the global energy transition.

Salient terms of the typical collaboration agreements with universities and research institutions are as followed:

Duration	:	Typically two to five years, renewable based on mutual agreement.
Collaboration scope	:	We are generally responsible for providing technical support, training and guidance for collaborative projects; and the universities and research institutes are generally responsible for coordinating laboratory usage as well as necessary equipment.
IP ownership	:	Intellectual properties arising from the research and development of our N'BASS Materials are generally owned solely by us, while those arising from the research and development of our other products are generally co-owned by both parties.
Product liability	:	Joint research and development projects generally do not directly relate to product commercialization, and we bear sole responsibility for product liability following commercial launch.
Termination	:	The agreement may be terminated by mutual consent or upon a material breach of contract by either party as stipulated in the relevant agreements.

INTELLECTUAL PROPERTY

Intellectual property rights are critical in safeguarding our business. We protect our intellectual property rights through a combination of patents, trade secrets, know-how, trademarks, copyrights, unfair competition laws and contractual rights, such as confidentiality agreements. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets and operate without infringing, misappropriating or otherwise violating the intellectual property rights of external parties.

We have established a patent portfolio spanning multiple jurisdictions, including the United States, South Korea, Europe, Japan, Vietnam and India. As of the Latest Practicable Date, we formed a comprehensive protection network covering materials, manufacturing processes, and downstream applications through (i) 309 patents, including 228 patents in Chinese Mainland, 101 of which were invention patents, and 81 patents overseas; and (ii) 199 patent applications, including 100 patent applications in Chinese Mainland and 99 patent applications overseas. As of the Latest Practicable Date, we held 36 invention patents and 16 patent applications in the United States, seven invention patents, eight utility model patents and five patent applications in Chinese Taiwan, 13 invention patents and 17 patent applications in Europe, eight invention patents and 14 patent applications in South Korea, five invention patents and eight patent applications in Japan, three invention patents in Cambodia, one invention patent and 12 patent applications in Vietnam, 10 patent applications in India, and 17 Patent Cooperation Treaty (PCT) patent applications. Please refer to "Appendix IV — Statutory and General Information — B. Further Information about the Business — 2. Intellectual Property" in this prospectus for more information of intellectual property rights that are material to our business.

In August 2023, a third party (the "**Applicant**") filed an application (Application No.: 4W116673) for patent invalidation with the CNIPA in respect of a patent relating to an improved acoustic speaker system (the "**Patent**"), alleging that certain claims of the Patent violated Article 22(3), 26(4) or 33 of the Patent Law of the People's Republic of China, mainly concerning statutory requirements on inventiveness. Based on publicly available information regarding the patents owned by the Applicant, we reasonably infer that the Applicant is also seeking to engage in the business of acoustic enhancement materials. As we have no business dealings with the Applicant and are not aware of any procurement relationship between the Applicant and its customers, we are unable to ascertain the specific purpose behind the Applicant's invalidation request. The Patent (Patent No.: 201910028743.2) is an invention patent enjoying statutory exclusive rights, whereby except as otherwise stipulated by law, no entity or individual may, without the requisite authorization, manufacture, use, offer for sale, sell or import the patented product for production or business purposes, employ the patented method, or use, offer for sale, sell or import products directly obtained by adopting such patented method. The key claims of the Patent relate to an acoustic element arranged within the rear cavity volume of a speaker device. Such element comprises multiple zeolite particles containing silicon dioxide and aluminum, with a silicon-aluminum mass ratio of no less than 200. Subject to the sound pressure within the rear cavity volume of the speaker device, the zeolite particles absorb and release the gas medium within the cavity, so as to virtually expand the resonance space of such gas medium. The Patent relates to the composition of one specific material among the various raw materials used in our N'BASS Materials. The Patent is jointly owned by us in conjunction with another company. We may independently exploit the Patent for our own purposes without obtaining the consent of the other company. In May 2024, the CNIPA issued a decision declaring the Patent invalid. We subsequently filed administrative litigation with the Beijing Intellectual Property Court. Following the trial in August 2025, the Beijing Intellectual Property Court held that the Patent possesses inventiveness and rendered a judgment revoking the review decision of the CNIPA. In August 2025, the CNIPA filed an appeal with the Supreme People's Court, the highest judicial authority in the PRC and

whose judgment shall be final as advised by the PRC Legal Advisers. As of the Latest Practicable Date, the trial before the Supreme People's Court was ongoing, no judgment has been rendered, and the Patent was currently valid and in effect.

The Patent is accompanied by 15 family patents covering multiple jurisdictions, including China, the United States, the United Kingdom, Germany, France and the Netherlands, which focus on loudspeaker system with improved acoustic performance. All family patents share the same priority date of August 23, 2010 derived from a patent application in Europe, which discloses the core technical concept of adopting zeolite particles with a specific silicon-aluminum ratio to virtually expand the resonance space within a speaker rear cavity. The Patent is a divisional application derived from a domestic parent patent among those 15 family patents, with no divisional or continuous connection with other family patents. Meanwhile, our domestic family patents have overlapping coverage over the core technical solution protected by this patent family. In the event that the Patent is finally declared invalid, the other valid domestic family patents can still provide effective protection for our N'BASS Materials within Chinese Mainland. We also possess proprietary technologies in relation to product formulations and process technologies, manufacturing know-how and parameters, technical and quality control specifications and test methods, which are essential for the ongoing production of our N'BASS Materials. In light of the foregoing, our Directors are of the view that any such invalidation would not have a material adverse effect on our Group's business, operations or financial condition. For associated risks, please refer to "Risk Factors — Risks Relating to our Industry and Business — Any failure to protect our intellectual property rights could undermine our competitive position and adversely affect our business prospects" in this prospectus.

Based on the above, and in particular that the Patent is relevant to the composition of one specific material within the various raw materials used in our N'BASS Materials, rather than the overall product design, complete technical solutions or manufacturing processes thereof, the Sole Sponsor concurs that in the event of such invalidation, it would not have a material adverse effect on our Group's business, operations or financial condition.

Our intellectual property also consists of know-how and trade secrets, and we often rely on the technological skills and innovation of our personnel rather than solely on patent protection. Much of our business success is attributable to our design, testing and production capabilities, customer relationships, supply chain management and the technical expertise which we have developed in our business operation.

OUR PRODUCTION

Our Production Base

As of June 30, 2026, we had three production bases in China. The following table sets forth the details of our production bases:

No.	Base	Location	Year of commencement of production	GFA	Key products
1 . . .	Zhenjiang Production Base	Zhenjiang, Jiangsu Province, the PRC	2021	approximately 26,865.2 sq.m.	Acoustic enhancement materials, electronic adhesives, electronic ceramic materials and energy enhancement materials
2 . . .	Ningbo Production Base	Ningbo, Zhejiang Province, the PRC	2024	approximately 11,640.1 sq.m.	Electronic ceramic materials

No.	Base	Location	Year of commencement of production	GFA	Key products
3	Suzhou Production Base[(1)]	Suzhou, Jiangsu Province, the PRC	2021	approximately 1,635 sq.m	Semiconductor ceramic materials (primarily high-purity nano-alumina)

Note:

(1) We acquired the Suzhou Production Base through acquisition of Suzhou Routao, which was completed on June 30, 2026. For details, please refer to "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers" and Note 33 to the Accountants' Report as set out in Appendix I to this prospectus. The acquisition of Suzhou Routao is supported by shared technological foundations between us and Suzhou Routao. Both our acoustic enhancement materials and high-purity nano-alumina are developed based on the same core inorganic powder technologies, covering ultra-fine powder synthesis, microstructure design, surface modification, and control of particle dispersion and sintering activity. Through integration of our respective technologies with Suzhou Routao, we expect to develop more competitive semiconductor ceramic materials, delivering key material solutions for high-end ceramic substrates, semiconductor ceramic components and CMP slurries in semiconductor manufacturing and advanced packaging industries.

Production Capabilities

The following table sets forth our effective production capacity, production volume and production utilization rate of our key products for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Acoustic enhancement materials				
Designed production capacity (kg)[(1)]	40,000	40,000	40,000	20,000
Production volume (kg)	21,000	38,500	38,000	18,145
Utilization rate (%)[(2)]	52.5	96.3	95.0	90.7
Electronic ceramic materials				
Designed production capacity (kg)[(1)]	–	–	8,000,000	6,000,000
Production volume (kg)	–	–	6,471,900	4,449,526
Utilization rate (%)[(2)]	–	–	80.9	74.2
Electronic adhesives				
Designed production capacity (kg)[(1)]	20,000	50,000	100,000	100,000
Production volume (kg)	10,500	16,000	90,000	80,759
Utilization rate (%)[(2)]	52.5	32.0	90.0	80.8
Energy enhancement materials				
Designed production capacity (kg)[(1)]	500,000	1,000,000	1,000,000	500,000
Production volume (kg)	130,000	570,000	625,000	469,406
Utilization rate (%)[(2)]	26.0	57.0	62.5	93.9

The following table sets forth our effective production capacity, production volume and production utilization rates of Zhenjiang Production Base and Ningbo Production Base.

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Zhenjiang Production Base				
Designed production capacity (kg)[1]	560,000	1,090,000	1,140,000	620,000
Production volume (kg)	161,500	624,500	753,000	568,310
Utilization rate (%)[2]	28.8	57.3	66.1	91.7
Ningbo Production Base				
Designed production capacity (kg)[1]	–	–	8,000,000	6,000,000
Production volume (kg)	–	–	6,471,900	4,449,526
Utilization rate (%)[2]	–	–	80.9	74.2

Notes:

(1) Calculated based on the following assumptions: (i) the production line is functioning at its full capacity; (ii) the production line operates 24 hours per day; and (iii) the production line operates 300 working days per year and 150 days for the six months ended June 30, 2026.

(2) Utilization rate is calculated as dividing production volume by the production capacity for the same year/period.

(3) Our designed production capacities for the six months ended June 30, 2026 only reflect production capacities consolidated for the six months ended June 30, 2026, and did not take into account those of Suzhou Production Base as the acquisition of Suzhou Routao was completed on June 30, 2026.

In 2023, the utilization rate of our acoustic enhancement materials was relatively low at 52.5%, primarily attributable to the inventory accumulated in 2022 and the modest recovery of the smartphone industry in 2023, which led us to prioritize the consumption of our existing inventories. In 2024, utilization rate of our acoustic enhancement materials increased to 96.3% and remained stable at 95.0% in 2025.

The utilization rate of our electronic adhesives decreased from 52.5% in 2023 to 32.0% in 2024, primarily attributable to our production expansion in 2024 in preparation for volume production in 2025. In 2025, the utilization rate increased to 90.0%, mainly due to (i) increasing demand of our products due to the expansion of our product type such as fixing adhesives, protective adhesives and sealing adhesives; and (ii) mass production of our optical adhesives products in the second half of 2025. For the six months ended June 30, 2026, the utilization rate decreased to 80.8%, primarily because we commenced capacity expansion in the first half of the year in anticipation of sustained purchase volume growth from existing customers and to build capacity reserves for new applications, such as optical waveguide.

The fluctuation of the utilization rates of our energy enhancement materials during the Track Record Period was primarily attributable to the volatility in demand for downstream products. The utilization rate of our energy enhancement materials was relatively low at 26.0% in 2023. This was mainly because we built production capacity for our PV back-glass coating materials business upon its launch in 2023, while the product remained in the promotion phase throughout the year. From 2024 onwards, as our PV back-glass coating materials gained wider market acceptance, our production volume grew steadily, increasing the utilization rate to 57.0% in 2024, 62.5% in 2025 and 93.9% for the six months ended June 30, 2026.

The relatively low utilization rate of our Zhenjiang Production Base in 2023 of 28.8% was primarily attributable to modest production volumes of PV back-glass coating materials for the year, as discussed above. The utilization rate of our Ningbo Production Base decreased from 80.9% in 2025 to 74.2% for the six months ended June 30, 2026, primarily because we expanded production capacity for electronic ceramic materials in the first half of 2026. The new equipment was installed but remained under commissioning and ramp-up, so production volumes did not fully catch up during this period.

Our Production Equipment

During the Track Record Period and up to the Latest Practicable Date, our major machinery and equipment included various types of equipment used in the production processes such as grinding, mixing and packaging. As of the Latest Practicable Date, we owned all the machinery used in our production. Our major equipment generally have useful lives of approximately ten to twenty years.

Our equipment are maintained in good operating condition and have implemented relevant procedures and guidelines in respect of the operation, management and maintenance of our equipment. We carry out periodic inspections, repairs and maintenance on our equipment. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material or prolonged disruption to our production as a result of technical failure or shut-down of our equipment.

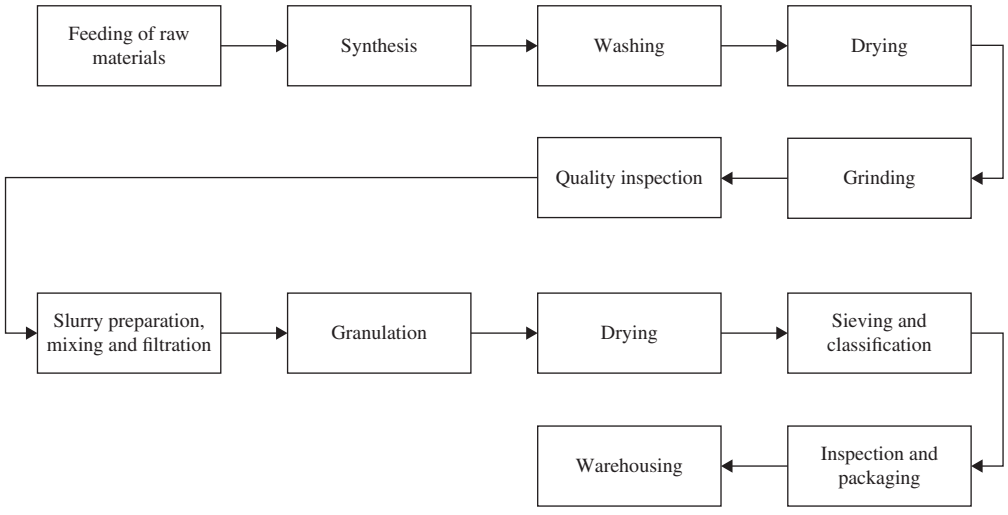
Our Production Expansion Plan

We are in the process of expanding our production capabilities. As of the Latest Practicable Date, we planned to further expand our production capacity for products including acoustic enhancement materials, electronic ceramic materials and electronic adhesives. For details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

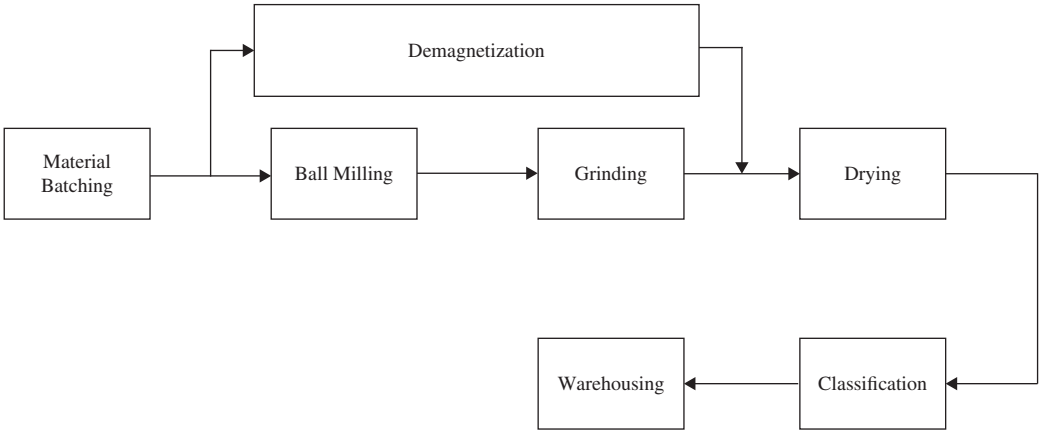
Our Production Process

The following charts set forth the typical manufacturing processes of our major products:

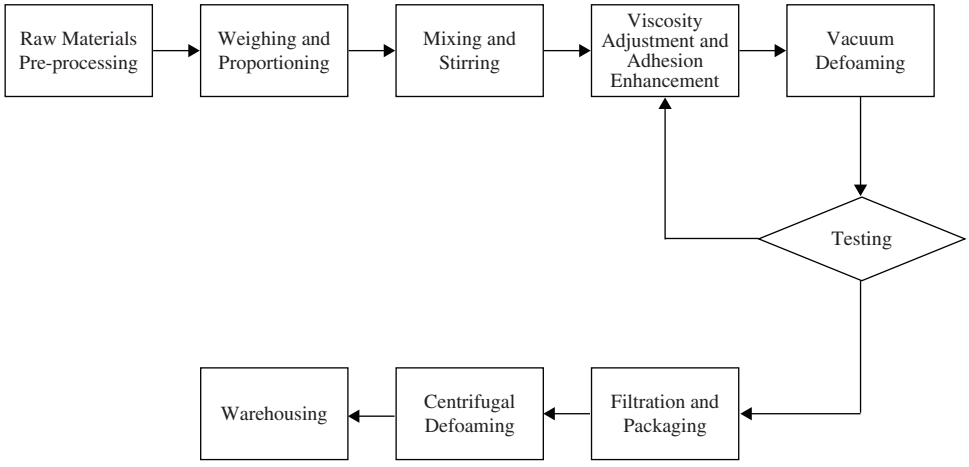
Acoustic enhancement materials



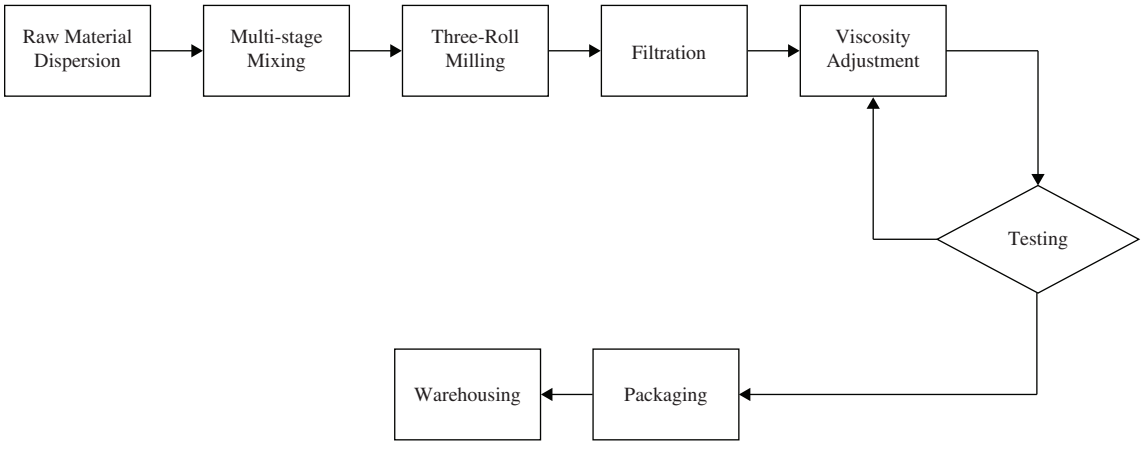
Electronic ceramic materials



Electronic adhesives products



Energy enhancement materials



Production Management

We have implemented a comprehensive production planning management system to ensure efficient utilization of our manufacturing resources and to align production volume with market demand and customer orders. Our production department formulates annual and monthly production plans based on sales orders, projected market demand, and current production capacity. These plans serve as the basis for assigning specific production tasks to our manufacturing facilities. Through close collaboration between our procurement and sales departments, we aim to streamline production processes, optimize resource allocation, and minimize production disruptions to ensure operational efficiency and timely delivery.

SALES, MARKETING AND CUSTOMERS

We continue to enhance our service capabilities to address customer demands, and enhance our brand recognition. Leveraging these service capabilities, we are able to retain and strengthen long-term relationships with existing customers.

As of June 30, 2026, we had a sales and marketing team of 23 personnel, focusing on business development, customer service, brand promotion and sales contract management. We have adopted a distinctive marketing model by offering long term technical support to our key clients. During the product introduction and mass production phases, we deployed our employees permanently stationed at certain key customers' production bases to provide continuous on-site technical support. Under such deployment, we would assign our employees on a rolling basis and on site support could be extended or continued subject to project requirements and the time required to resolve specific technical issues. After the product launched or completed mass production, our employees would provide online support to our client and no longer station in the client's production bases to provide on-site support. By integrating into customers' daily operations, we establish a real-time, efficient demand response mechanism, enabling precise tracking of dynamic needs during product development cycles and ensuring timely, accurate information flow. In addition, our senior sales members typically possess a composite background in application engineering and materials science, supported by relevant academic training or industry experience. This expertise allows them to better understand clients' specific requirements from the perspective of fundamental technical principles. Such professional competence enables us to accurately interpret customer technical parameters, anticipate acoustic challenges in product design, and provide customized solutions based on material properties.

Our Sales Network

During the Track Record Period and up to the Latest Practicable Date, we primarily sold our products to customers in China. The following table sets forth the breakdown of our revenue by geographical location (based on the places of registration of direct customers) for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Chinese Mainland	289,628	90.4	289,040	81.4	518,483	82.9	235,723	83.2	308,449	84.5
Outside of Chinese Mainland	30,835	9.6	66,022	18.6	106,613	17.1	47,675	16.8	56,510	15.5
– Vietnam	520	0.2	20,433	5.8	54,713	8.8	25,938	9.1	32,880	9.0
– South Korea	30,315	9.4	45,589	12.8	51,900	8.3	21,737	7.7	20,166	5.5
– Malaysia	–	–	–	–	–	–	–	–	3,464	1.0
Total	**320,463**	**100.0**	**355,062**	**100.0**	**625,096**	**100.0**	**283,398**	**100.0**	**364,959**	**100.0**

The table below sets forth the breakdown of our gross profit and gross profit margin by geographical location (based on the places of registration of direct customers) for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Chinese Mainland	147,382	50.9	142,854	49.4	205,222	39.6	97,304	41.3	91,000	29.5
Outside of Chinese Mainland	25,785	83.6	56,429	85.5	85,911	80.6	39,161	82.1	40,858	72.3
– Vietnam	273	52.5	16,027	78.4	43,931	80.3	20,522	79.1	27,439	83.5
– South Korea	25,512	84.2	40,402	88.6	41,980	80.9	18,639	85.7	14,206	70.4
– Malaysia	–	0.0	–	0.0	–	0.0	–	0.0	(787)	(22.7)
Total	**173,167**	**54.0**	**199,283**	**56.1**	**291,133**	**46.6**	**136,465**	**48.2**	**131,858**	**36.1**

During the Track Record Period and up to the Latest Practicable Date, (i) all of our production activities were carried out in China; (ii) all of our purchases were sourced from domestic suppliers in China; and (iii) the majority of our revenue was generated from customers within China, with a small portion derived from customers in South Korea, Vietnam and Malaysia. We did not export products directly to the U.S., and our sales were not directly subject to U.S. import tariffs. No U.S. export control licensing requirement or sanctions restriction applied to our business operations and transactions during the Track Record Period and up to the Latest Practicable Date.

We primarily adopt the direct sales model. Through direct sales, we have established a close and direct connection with our customers. Our technical support team and sales team will visit the customers at their premises, to better understand customers' technologies and business development plans, propose technical solutions and product selection, and help customers solve problems with efficiency.

Under our direct sales model, a portion of our revenue during the Track Record Period was recognized on a Vendor Managed Inventory ("**VMI**") basis. This primarily applies to the sales of our PV cell additives and electronic ceramic materials. Under this model, we stock standardized products at customer-designated warehouses, maintain agreed inventory levels, monitor consumption, and replenish when inventory reaches the reorder point. Customers pull inventory as needed and are invoiced based on actual consumption. We typically retain title until the customer takes possession of the goods. During the Track Record Period, we had VMI consignment arrangements with four customers. This VMI consignment model is widely used in our industry, according to Frost & Sullivan. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, we generated revenue on VMI basis of RMB52.8 million, RMB48.3 million, RMB72.2 million and RMB41.5 million, respectively, accounting for approximately 16.5%, 13.6%, 11.6% and 11.4% of our total revenue for the corresponding year/period. As of December 31, 2023, 2024, 2025 and June 30, 2026, amount of inventory under VMI basis amounted to RMB1.4 million, RMB1.0 million, RMB1.5 million and RMB11.6 million, respectively. For details on our inventory management for this model, please refer to "— Warehousing, Logistics and Inventory Management" in this prospectus.

We generally enter into legally binding sales framework agreements with our major customers, followed by individual sales contract for each individual purchase. The table below sets out the principal terms of our typical sales framework agreements with our major customers:

Duration	:	One year to five years, with certain subject to automatic renewal provisions.
Pricing and specification	:	The price and specification are generally specified in each purchase agreement. For details on our pricing policies, please refer to "Pricing" below.
Minimum purchase amount	:	We generally do not stipulate a binding minimum purchase amount.
Payment terms and payment method	:	We generally provide our customers with a credit term of 30 to 120 days and customers are generally required to make partial payment before we deliver the products. Payments are generally settled through bank transfer or bank acceptance.
Transportation arrangement	:	We are generally responsible for delivering the products to locations designated by the customers at our expense. The risks of the products are generally being transferred to our customers upon acceptance by our customers.
Product warranty and return policy	:	We generally provide our customers with a product warranty period ranging six to 12 months for our products. We generally do not accept product returns unless there is defective packaging prior to the customers' confirmation of acceptance.
Termination	:	The agreement may be terminated by mutual consent or material breach of contract by either party as stipulated in the relevant agreements.

Pursuant to the sales framework agreements, we typically enter into separate sales contracts with our customers for each order they place. These sales contracts generally stipulate the product specifications, quantities, prices, model, configuration and features.

We generally provide our customers with a product warranty period ranging six to 12 months for our products. We generally do not accept product returns unless material product quality defects. According to Frost & Sullivan, our return and warranty policies are generally in line with industry norms.

In response to customer complaints, we have established clear service standards, which require immediate on-site dispatch to investigate reasons of customer complaints. Our investigative team must arrive punctually or earlier, to investigate reasons collaboratively. Upon return, a report is required to be submitted within one working day, followed by a meeting within two working days to establish corrective actions. During the Track Record Period and up to the Latest Practicable Date, we had not received any material product return, exchange, complaints or product liability claims from our customers.

Pricing

Our products are not directly subject to governmental regulatory pricing guidelines and we price our products considering a variety of factors, primarily including customer demands, raw material costs, product specification and competitive landscape of the market. Specifically, we adopt a tiered pricing model for our acoustic enhancement materials. For such sector, we generally set a benchmark price of US$1,850 per kilogram, which is subject to adjustment based on customers' historical and forecast procurement volumes. For electronic adhesives and electronic ceramic materials, we primarily implement a cost-plus pricing strategy. The final pricing is

determined by comprehensively considering three core factors: the pricing levels of competitors in the market, the scale of customers' demand, and our own production and operation costs. For energy enhancement materials, (i) pricing of PV back-glass coating materials is determined through a systematic bidding process conducted on a monthly or quarterly basis; (ii) for PV conductive paste, the selling price is determined by reference to the silver price prevailing when the order is placed, plus a processing fee; and (iii) for PV cell additives, we mainly purchase the products and resell them to our customers at a certain margin. According to Frost & Sullivan, our pricing for products generally aligns with current market trends.

Marketing

We implement the KAKP (Key Account & Key Project) sales management system, with a focus on key projects of our major customers. In the course of new product development process, we concentrate resources to achieve advancements in specific areas and establish benchmark cases. We adopt a "customer-centric synergy" development strategy, offering customized solutions that meet specific requirement of customers. This enables us to serve customers through a multi-product portfolio, thereby enhancing customer stickiness.

We place great emphasis on the continuous improvement of product quality and conversion efficiency, and we are also dedicated to providing a comprehensive service experience. This includes provision of end-to-end material application solutions during the pre-sales phase, the facilitation of sales coordination efforts throughout the procurement process, and provision of comprehensive after-sales technical support. To grasp potential business opportunities and promote our products, we sponsor industry forums and participate in exhibitions as part of our marketing strategies. We have also engaged in collaboration with core upstream and downstream enterprises in the industrial chain on numerous occasions to jointly formulate group standards as to expand the influence of our products. In addition, we have been able to source new customers through our sales and marketing efforts, word-of-mouth and referrals from our existing customers, many of whom made recommendations based on their positive experience with our quality products, reliable services and competitive pricing. In an effort to further expand our business, we intend to further increase our sales and marketing effort as well as expansion of our geographical coverage and deepen our existing markets' penetration.

Seasonality

The sales performance of our major products may be subject to the fluctuations of their respective downstream application markets.

For our acoustic materials and electronic adhesives, one of the current key end markets is the global consumer electronics industry. As most major smartphone brands typically launch new models in August and September each year, downstream manufacturers usually ramp up procurement of components and raw materials in the second half of the year to support new product production and rollout. This leads to higher sales volume and revenue contribution from our acoustic materials and electronic adhesives business in the second half of the year compared to the first half.

Similarly, our electronic ceramic materials products are currently primarily applied in the new energy industry including new energy vehicle and energy storage sectors. The industry's operational rhythm, including production scheduling for new energy vehicle models and the year-end delivery peak, results in stronger demand for our electronic ceramic materials products in the second half of the year, thereby boosting the corresponding revenue in the latter half of the year.

During the Track Record Period and up to the Latest Practicable Date, our revenue did not exhibit any material seasonal fluctuations. For risks associated with seasonality, please refer to "Risk Factors — Risks Relating to our Industry and Business — Our results of operations may fluctuate due to seasonality" in this prospectus.

Major Customers

Our customer base primarily comprises component manufacturers in the consumer electronics and new energy sectors. Specifically, customers for our acoustic enhancement materials are primarily component manufacturers for Android smartphone brands. The table below sets forth the revenue contribution by our end markets for the years/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*	*%*
Consumer electronics	213,998	66.8	228,351	64.3	321,192	51.4	153,260	54.1	139,498	38.2
New energy	106,465	33.2	126,711	35.7	303,904	48.6	130,138	45.9	225,461	61.8
Total	**320,463**	**100.0**	**355,062**	**100.0**	**625,096**	**100.0**	**283,398**	**100.0**	**364,959**	**100.0**

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, sales to our five largest customers in each year/period amounted to RMB282.6 million, RMB292.1 million, RMB489.6 million and RMB276.2 million, respectively; accounted for 88.2%, 82.3%, 78.4% and 75.7% of our total revenue for the same years/periods, respectively; and sales to our largest customer amounted to RMB91.0 million, RMB74.3 million, RMB139.3 million and RMB121.4 million, respectively; accounted for 28.4%, 20.9%, 22.3% and 33.3% of our total revenue for the same years/periods, respectively.

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

Rank	Customer	Background	Year of commencement of business relationship	Products/ services sold	Credit terms	Sales amounts	% of total revenue for the year/period
						RMB'000	*%*
For the year ended December 31, 2023							
1	Customer A[(1)]	A company incorporated in China and listed on the Hong Kong Stock Exchange, with a registered capital of USD141.6 million, that primarily engages in the manufacturing of acoustic, optical sensor and other electronic components	2019	Acoustic enhancement materials, electronic adhesives	60-75 days	91,007	28.4

Rank	Customer	Background	Year of commencement of business relationship	Products/ services sold	Credit terms	Sales amounts	% of total revenue for the year/period
						RMB'000	*%*
2 . .	Customer B	A company incorporated in China and listed on the Shenzhen Stock Exchange, with a registered capital of RMB3,538.9 million, that primarily engages in the research and development, manufacturing, and sales of acoustic, optical components and smart terminals, and high-end equipment with its principal operations conducted on a global basis	2018	Acoustic enhancement materials	30 days	65,760	20.5
3 . .	Customer C	A clean energy company incorporated in China and listed on the Shanghai Stock Exchange, with a registered capital of RMB10.3 billion, that primarily engages in the PV and energy storage business	2018	Energy enhancement materials	30-90 days	57,008	17.8
4 . .	Customer-Supplier D	A company incorporated in China and listed on the Shanghai Stock Exchange, with a registered capital of RMB400.0 million, that primarily engages in the photovoltaic industry, with its principal operations conducted in the PRC	2022	Energy enhancement materials	30-90 days	38,542	12.0
5 . .	Customer E	A company incorporated in South Korea that primarily engages in the consumer electronics industry, with an annual revenue of exceeding USD10.0 million to the best of our knowledge	2018	Acoustic enhancement materials	30-60 days	30,315	9.5
	Total					**282,632**	**88.2%**

Rank	Customer	Background	Year of commencement of business relationship	Products/ services sold	Credit terms	Sales amounts	% of total revenue for the year/period
						RMB'000	*%*
For the year ended December 31, 2024							
1 . .	Customer A[(1)]	As stated above	2019	Acoustic enhancement materials, electronic adhesives	60-75 days	74,300	20.9
2 . .	Customer B	As stated above	2018	Acoustic enhancement materials	30 days	66,015	18.6
3 . .	Customer-Supplier D	As stated above	2022	Electronic adhesives, energy enhancement materials	30-90 days	53,974	15.2
4 . .	Customer C	As stated above	2018	Energy enhancement materials	30-90 days	52,260	14.7
5 . .	Customer E	As stated above	2018	Acoustic enhancement materials	30-60 days	45,589	12.8
	Total					**292,138**	**82.3**
For the year ended December 31, 2025							
1 . .	Customer-Supplier D	As stated above	2022	Electronic adhesives, energy enhancement materials	30-90 days	139,274	22.3
2 . .	Customer A[(1)]	As stated above	2019	Acoustic enhancement materials, electronic adhesives	60-75 days	129,084	20.7
3 . .	Customer F	A new materials group incorporated in China and listed on the Shenzhen Stock Exchange, with a registered capital of RMB981.3 million, that primarily engages in the battery materials business, with its principal operations conducted in the PRC	2021	Electronic ceramic materials	120 days	87,654	14.0
4 . .	Customer B	As stated above	2018	Acoustic enhancement materials	30 days	85,716	13.7
5 . .	Customer E	As stated above	2018	Acoustic enhancement materials	30 days	47,901	7.7
	Total					**489,629**	**78.4**

Rank	Customer	Background	Year of commencement of business relationship	Products/ services sold	Credit terms	Sales amounts	% of total revenue for the year/period
						RMB'000	*%*
For the six months ended June 30, 2026							
1 . .	Customer-Supplier D	As stated above	2022	Electronic adhesives, energy enhancement materials	30 days	121,396	33.3
2 . .	Customer A	As stated above	2019	Acoustic enhancement materials, electronic adhesives	60 days	62,916	17.2
3 . .	Customer F	As stated above	2021	Electronic ceramic materials	120 days	40,286	11.1
4 . .	Customer B	As stated above	2018	Acoustic enhancement materials	30-60 days	36,146	9.9
5 . .	Customer E	As stated above	2018	Acoustic enhancement materials	30 days	15,457	4.2
	Total					**276,201**	**75.7**

Note:

(1) Customer A is a non-controlling shareholder of us, holding approximately 2.82% of our Shares as of the Latest Practicable Date.

During the Track Record Period, transactions with major customers were generally settled through bank transfer or bank acceptance bills.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers. None of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers in each year/period of the Track Record Period.

Customer Concentration

During the Track Record Period, we generated a large proportion of revenue from a group of major customers. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, revenue from our top five customers in each year/period amounted to RMB282.6 million, RMB292.1 million, RMB489.6 million and RMB276.2 million, respectively, accounting for approximately 88.2%, 82.3%, 78.4% and 75.7% of our total revenue for the respective years/periods. Our Directors are of the view that, as advised by Frost & Sullivan, customer concentration is an industry norm in the electronic functional enhancement materials industry primarily due to concentrated nature of downstream markets.

The customer concentration during the Track Record Period was primarily due to concentrated nature of downstream markets. Such market concentration involves both component manufacturers and brand owners in the consumer electronics and new energy sectors. As advised by Frost & Sullivan, market concentration of downstream component manufacturers of acoustic enhancement materials and electronic ceramic powders industries is relatively high due to combination of technical complexity, massive capital requirements and strategic supply chain dynamics.

Specifically, our acoustic enhancement materials and electronic adhesives are primarily applied in the consumer electronics industry. During the Track Record Period and up to the Latest Practicable Date, our customers for these two product lines were primarily speaker manufacturers for smartphones. According to Frost & Sullivan, the global smartphone market has been highly concentrated in recent years. The top five brands accounted for over 68% of global smartphone shipment volume in 2025. These leading smartphone brand owners impose stringent requirements on acoustic performance, and they generally select only industry-leading companies as their speaker suppliers. Given that we operate as a secondary supplier to these prominent smartphone brand owners, providing key acoustic materials to their designated top-tier speaker manufacturers, our customer base in these two business sectors is naturally concentrated among a limited number of leading industry participants. This explains the relatively high customer concentration associated with our acoustic enhancement materials and electronic adhesives business units.

In the electronic ceramic materials sector, our customers during the Track Record Period and up to the Latest Practicable Date were primarily manufacturers of LIB separators coating materials and cathode additives. According to Frost & Sullivan, the market for LIB separator coating materials manufacturers is relatively concentrated. In 2025, the top five manufacturers accounted for approximately 78.0% of the market share in terms of shipment volume. Our electronic ceramic material products are characterized by small particle size, which are specifically designed for ultra-thin separator applications. Such products are typically adopted by leading separator coating materials manufacturers, resulting in a high level of customer concentration in this business unit. Among them, Customer F is a leading domestic manufacturer of separators coating materials in the battery materials industry. Following our acquisition of Zhejiang AITEK, we have maintained a sound and cooperative relationship with Customer F. In 2025 and for the six months ended June 30, 2026, revenue derived from Customer F represented approximately 65.4% and 45.3% of our electronic ceramic materials business unit, respectively. With the technological advancement in the separator industry, we expect an increasing number of industry players to adopt ultra-thin separator technology. Leveraging our established product positioning, we anticipate further expansion and diversification of our customer base. By continuously optimizing our product portfolio, enhancing product performance, we aim to penetrate deeper into existing market sector while exploring new customer groups and application scenarios.

In the energy enhancement materials sector, we primarily focus on the development and supply of differentiated PV conductive paste products. The technical routes we adopted were mainly tailored to the production processes of PV cells manufactured by Customer-Supplier D. Meanwhile, given the intense competition in the PV industry and our long-term development strategy, we did not conduct proactive customer expansion for such products. As a result, our sales of PV conductive paste are relatively concentrated. In addition, with respect to our PV cell additives, we mainly identified the specific product demand of Customer C. Leveraging our established customer relationship and operational capabilities, we procured and supplied PV cell additives that met Customer C's requirements. From 2023 to 2024, Customer C was the principal customer for this product line. Since 2025, we strategically scaled down the sales of PV cell additives due to the intense market competition.

We have maintained stable collaborative relationships with our five largest customers in each year/period during the Track Record Period. We have entered into long-term agreements with the majority of our major customers with a term of over three years, and have maintained business relations with our key customers of acoustic enhancement material products for over seven years. We have maintained our customers' loyalty through providing high-quality products that have met,

and continue to meet, our customers' functional needs and technical requirement. Our performance over the years, market share and consistent supply capabilities have enabled us to secure recurring business opportunities from these customers. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our top five customers during each year/period of the Track Record Period. Going forward, we will further expand our customer base by expanding our product portfolio.

We have been actively expanding our electronic ceramic materials to new application fields, which has allowed us to secure new customers. In 2025, we established a new business division for the computing power and advanced packaging industries, through which we develop new products and engage with potential customers in these sectors. Our Directors are of the view that our relationships with our major customers are unlikely to be terminated nor materially and adversely changed, on the basis that: (i) we have maintained long-standing and stable business relationships with our five largest customers in each year/period during the Track Record Period for four to eight years. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any termination of, or material adverse change in, our relationships with any of our major customers, nor had we been involved in any material disputes with them; (ii) we hold a leading position in the acoustic enhancement materials market. According to Frost & Sullivan, we ranked first in both the global and PRC acoustic enhancement materials markets in terms of revenue in 2025; there are limited alternative suppliers capable of meeting the technical and performance requirements of our customers; (iii) our products are qualified by and embedded into our customers' production processes. According to Frost & Sullivan, replacing a qualified supplier requires fresh qualification and verification, alongside potential production line adjustments, which would impose substantial time and cost burdens on our customers; and (iv) we possess research and development capabilities that allow us to keep pace with evolving customer technical requirements and sustain our competitive position.

For risks associated with our customer concentration, please refer to "Risk Factors — Risks Relating to our Industry and Business — A substantial portion of our revenue has been derived from a small number of customers. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, financial condition and results of operations." in this prospectus.

RAW MATERIALS, PROCUREMENT AND SUPPLIERS

During the Track Record Period and up to the Latest Practicable Date, with respect to our core product N'BASS Materials, we primarily procured raw materials including various basic inorganic materials, catalysts and granule-forming additives for in-house production following our proprietary formulations and processes. Key raw materials for our other products are set forth as follows: (i) for electronic ceramic powders: alumina powder; (ii) for electronic adhesives: resins (mainly including acrylic resin, epoxy resin, silicone resin and polyurethane resin), as well as thixotropic agents and diluents; and (iii) for energy enhancement materials: silver powder, resin, glass frit and electronic chemicals. All of our purchases during the Track Record Period and up to the Latest Practicable Date were sourced from domestic suppliers.

We dynamically formulate our procurement plans based on production schedules, sales demands, and prevailing market conditions. We closely monitor market conditions and regularly negotiate pricing and procurement terms with our suppliers. Silver powder is a major raw material exclusively used for the production of our PV conductive pastes products. It is a precious metal, with its price subject to fluctuations in line with prevailing market conditions. We typically lock in the price of silver powder with upstream suppliers at the time when customers place orders. Meanwhile, we also implement economic hedging arrangements to further mitigate potential adverse impacts arising from fluctuations in silver powder prices. For details, please refer to "— Internal Control and Risk Management – Economic Hedging Activities" in this prospectus. We strategically adjust inventory levels based on anticipated price fluctuations, ensuring an optimal balance between cost control and supply stability. For further details of our inventory management,

see "– Warehousing, Logistics and Inventory Management." During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues or shortages with our procurement that materially affected our operations.

During the Track Record Period and up to the Latest Practicable Date, all of our purchases of raw materials had been sourced from domestic suppliers, who engaged in providing various inorganic materials and basic chemicals. We also procured all PV cell additives and a portion of PV conductive paste from domestic suppliers, which was subsequently sold to our customers.

Our procurement and resale of PV cell additives commenced in 2020. The business was established to penetrate the fast-growing PV cell additives market and provide diversified supporting materials for key downstream customers, building a market and customer foundation for our business operations. PV cell additives are subject to high technical barriers and we do not operate production lines for such products. Our domestic PV cell additive suppliers possess mature technical capabilities to overcome the high technical barriers involved in product development and mass production, and have established stable long-term cooperation with us. We adopt a supplier-sourcing and resale model for PV cell additives as a strategically efficient and cost-effective business arrangement. While we do not operate dedicated production lines for such additives in-house, we leverage the core technical strengths of our Inorganic Powder Technology Platform and Polymer Materials Technology Platform, covering formulation design, surface modification and raw material optimization, to accurately identify downstream customer demands, interpret customized technical specifications to assist our suppliers in quickly adjusting and optimizing products to satisfy customer specifications. Such collaborative model integrates our customer resources and technical service capabilities with our suppliers' manufacturing strengths, allowing us to efficiently and reliably deliver PV cell additive products to key downstream customers. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, revenue from reselling externally sourced PV cell additives amounted to RMB65.3 million, RMB56.7 million, RMB11.4 million and RMB2.4 million, respectively, with corresponding gross profit of RMB9.3 million, RMB8.1 million, RMB2.5 million and RMB0.4 million, as well as corresponding gross profit margin of 14.3%, 14.2%, 22.3% and 14.7%, respectively.

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, revenue from our self-manufactured PV conductive pastes amounted to RMB38.4 million, RMB44.3 million, RMB113.4 million and RMB100.0 million, accounting for approximately 98.9%, 78.3%, 81.2% and 82.3% of total revenue from sale of PV conductive pastes for the respective years/periods. Meanwhile, revenue from reselling externally sourced PV conductive pastes amounted to RMB0.4 million, RMB12.3 million, RMB26.3 million and RMB21.5 million, accounting for 1.1%, 21.7%, 18.8% and 17.7% of total revenue from sale of PV conductive pastes for the respective years/periods. The overall gross profit margins from sales of PV conductive pastes for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026 amounted to 7.4%, 8.3%, 2.0% and 1.7%, respectively. Silver powder constitutes the primary raw material for our silver conductive paste products. Our silver conductive paste pricing mechanism is structured as silver powder price plus processing fees. During the Track Record Period, the average price of silver powder increased across the years/periods as presented below. Our unit cost and the average selling price of silver conductive paste also increased over these years/periods. We were generally able to pass silver price increases on to our customers, while our unit gross profit varied with our product mix. The 2024 unit cost, average selling price and unit gross profit figures for silver conductive paste below exclude the impact of the resale transaction described below. All percentage increases below are relative to 2023. Specifically,

(i) the average price of silver powder increased from RMB5,855 per kg in 2023 to RMB7,521 per kg in 2024 (an increase of 28.4%), further to RMB10,017 per kg in 2025 (an increase of 71.1%) and RMB20,381 per kg for the six months ended June 30, 2026 (an increase of 248.1%);

(ii) the unit cost of our silver conductive paste increased from RMB4,436 per kg in 2023 to RMB6,571 per kg in 2024 (an increase of 48.1%), RMB8,121 per kg in 2025 (an increase of 83.1%) and RMB15,837 per kg for the six months ended June 30, 2026 (an increase of 257.0%);

(iii) the average selling price of our silver conductive paste increased from RMB4,790 per kg in 2023 to RMB6,938 per kg in 2024 (an increase of 44.9%), RMB8,286 per kg in 2025 (an increase of 73.0%) and RMB16,118 per kg for the six months ended June 30, 2026 (an increase of 236.5%); and

(iv) our unit gross profit was RMB354 per kg in 2023, RMB366.9 per kg in 2024, RMB165.8 per kg in 2025 and RMB281.1 per kg in the six months ended June 30, 2026. The lower unit gross profit in 2025 reflected changes in product mix, as certain product models generated lower unit gross profit.

In 2024, certain returned products manufactured using silver powder purchased at lower prices in 2023 were resold at selling prices reflecting higher silver prices in 2024. The higher gross profit on this specific resale transaction increased our overall gross profit margin for silver conductive paste to 8.3% in 2024. Excluding the impact of this transaction, our gross profit margin for silver conductive paste in 2024 would have been 5.3%. Apart from this transaction, rising silver powder prices increased our average selling prices without a proportionate increase in unit gross profit, thereby diluting gross profit margins. The decline in gross profit margin in 2025 also reflected the lower unit gross profit arising from changes in product mix.

We primarily adopted such arrangements for PV conductive paste under the following circumstances: (i) to ensure stable and consistent supply to our customers amid rapid shifts in their demand, when we were temporarily unable to adjust our product portfolio and achieve mass production in a timely manner; and (ii) the in-house production of certain product models was uneconomical given their specific technical requirements, and we therefore sourced such products externally for resale. To guarantee the quality of our externally sourced PV cell additives and PV conductive paste, we have established a standardized supplier quality management procedure. Under this framework, our procurement team selects qualified suppliers based on comprehensive criteria covering quality control capability, pricing competitiveness, service quality and delivery time. Following initial supplier screening and assessment, our procurement team coordinates with relevant functional teams to conduct in-depth quality evaluation, whereby suppliers are graded from Grade A to Grade D according to their quality performance. We conduct regular assessments on low-grade suppliers and issue rectification requirements for identified quality deficiencies. Should relevant suppliers fail to take effective remedial actions to address non-compliance issues, we will terminate our cooperation with such suppliers.

We have established a comprehensive supplier management policy that covers the entire engagement process, including supplier selection, evaluation, and continuous monitoring. We consider a variety of factors when selecting suppliers, including production capabilities and contractual performance track records. New suppliers must undergo rigorous qualification processes, which require them to provide essential documents such as qualifications, product technical specifications, third-party test reports, and transportation qualifications.

We continuously monitor the performance of our suppliers, evaluating factors such as cost-effectiveness, delivery timelines, and adherence to environmental and safety regulations. We conduct evaluations of our suppliers to assess their performance periodically. Our supplier evaluation focuses on multiple criteria, including quality, delivery time, price, and customer service. We aim to build long-term partnerships with our suppliers while ensuring the high quality and compliance of the materials they provide.

During the Track Record Period and up to the Latest Practicable Date, we generally entered into purchase agreements with our suppliers on an order-by-order basis. The table below sets out the salient terms of the typical purchase agreement with our suppliers:

Duration	:	Generally no fixed term.
Pricing and product specification	:	The product type, specification, price and quantity are generally specified in the agreement.
Payment terms and payment method:	:	We are generally granted with a credit period from nil to 120 days upon the receipt of goods and products. Payments are generally settled through bank acceptance bills or bank transfer.
Transportation arrangement	:	Our suppliers are responsible for delivering the products to locations designated by us at their own expenses. The risks associated with the products are generally transferred to us upon our acceptance.
Product warranty and return policy:	:	We are generally granted with a product warranty period of 180 days to one year upon acceptance by us depending on specific product type. We are generally granted with the right for product return if there are material quality defects.
Termination	:	The agreement is generally terminated by mutual consent or material breach of contract by either party.

Major Suppliers

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, our purchases from our five largest suppliers in each year/period amounted to RMB124.3 million, RMB97.4 million, RMB184.3 million and RMB127.6 million, respectively, representing 91.3%, 76.8%, 67.0% and 65.3% of our total purchase amounts for the same years/periods, respectively; our purchases from our largest suppliers in each respective year/period amounted to RMB56.3 million, RMB45.5 million, RMB84.4 million and RMB72.6 million, representing 41.3%, 35.9%, 30.7% and 37.1% of our total purchase amounts for the same years/periods, respectively.

The following table sets forth the details of our five largest suppliers for other products in each year/period during the Track Record Period.

Rank	Supplier	Background	Year of commencement of business relationship	Products/ services purchased	Credit terms	Purchase amounts	% of total purchase for the year/ period
						RMB'000	*%*
For the year ended December 31, 2023							
1	Customer-Supplier D	A company incorporated in China and listed on the Shanghai Stock Exchange, with a registered capital of RMB400.0 million, that primarily engages in the photovoltaic industry, with its principal operations conducted in the PRC	2020	PV cell additives	120 days	56,250	41.3

Rank	Supplier	Background	Year of commencement of business relationship	Products/ services purchased	Credit terms	Purchase amounts	% of total purchase for the year/ period
						RMB'000	*%*
2 . .	Supplier B	A private company incorporated in China, with a registered capital of RMB145.3 million, that primarily engages in new materials business	2022	PV conductive paste	N/A	25,250	18.5
3 . .	Supplier C	A private company incorporated in China, with a registered capital of RMB6.7 million, that primarily engages in the manufacturing of inorganic raw material	2023	Silver powder	N/A	19,973	14.7
4 . .	Supplier D	A private company incorporated in China, with a registered capital of RMB10.0 million, that primarily engages in wholesale business	2023	Silver powder	N/A	19,840	14.6
5 . .	Supplier E	A private company incorporated in China, with a registered capital of RMB1.0 million, that primarily engages in the manufacturing of inorganic raw material	2023	Glass frits	N/A	2,975	2.2
	Total					**124,288**	**91.3**
For the year ended December 31, 2024							
1 . .	Customer-Supplier D	As stated above	2020	PV cell additives	120 days	45,533	35.9
2 . .	Supplier B	As stated above	2022	PV conductive paste	N/A	16,581	13.1
3 . .	Supplier F	A private company incorporated in China, with a registered capital of RMB10.0 million, that primarily engages in the manufacturing of inorganic raw material	2024	PV conductive paste	N/A	14,187	11.2
4 . .	Supplier G	A private company incorporated in China, with a registered capital of RMB2.0 million, that primarily engages in the manufacturing of equipment and wholesale business	2024	PV conductive paste	N/A	11,519	9.1

Rank	Supplier	Background	Year of commencement of business relationship	Products/ services purchased	Credit terms	Purchase amounts	% of total purchase for the year/ period
						RMB'000	*%*
5 . .	Supplier H	A private company incorporated in China, with a registered capital of RMB43.1 million, that primarily engages in the manufacturing of inorganic raw material	2024	Silver powder	N/A	9,541	7.5
	Total					**97,361**	**76.8**
For the year ended December 31, 2025							
1 . .	Supplier I	A private company incorporated in China, with a registered capital of RMB21.0 million, that primarily engages in the manufacturing of inorganic raw material	2023	Silver powder	N/A	84,376	30.7
2 . .	Supplier J	A private company incorporated in China, with a registered capital of RMB50.0 million, that primarily engages in the manufacturing of inorganic raw material	2021	Alumina powder	30 days	38,764	14.1
3 . .	Supplier K	A private company incorporated in China, with a registered capital of RMB15.0 million, that primarily engages in international trading business	2025	Oxide intermediate	N/A	31,207	11.3
4 . .	Supplier G	As stated above	2024	PV conductive paste	N/A	16,242	5.9
5 . .	Supplier L	A private company incorporated in China, with a registered capital of RMB21.2 million, that primarily engages in the research and development and sale of new materials	2022	Alumina powder	30-60 days	13,686	5.0
	Total					**184,275**	**67.0**

Rank	Supplier	Background	Year of commencement of business relationship	Products/ services purchased	Credit terms	Purchase amounts	% of total purchase for the year/ period
						RMB'000	*%*
For the six months ended June 30, 2026							
1 . .	Supplier I	As stated above	2023	Silver powder	N/A	72,573	37.1
2 . .	Supplier M	A private company incorporated in China, with a registered capital of RMB2.0 million, that primarily engages in sale of specialized electronic materials	2025	PV conductive paste	N/A	18,928	9.7
3 . .	Supplier J	As stated above	2021	Oxide intermediate	30 days	13,805	7.1
4 . .	Supplier K	As stated above	2025	PV conductive paste	N/A	12,588	6.4
5 . .	Supplier L	As stated above	2022	Alumina powder	60 days	9,729	5.0
	Total					**127,623**	**65.3**

During the Track Record Period and up to the Latest Practicable Date, our transactions with major suppliers were mainly settled through bank transfer and bank acceptance bills during each year/period of the Track Record Period.

To the best of the knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers in each year/period of the Track Record Period.

Supplier Concentration

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, our purchases from the five largest suppliers in each year/period during the Track Record Period amounted to approximately 91.3%, 76.8%, 67.0% and 65.3% of our total purchase amounts, respectively.

The relatively high concentration of our five largest suppliers in each year/period of the Track Record Period is attributable to the following two factors:

On one hand, a significant portion of our purchase amounts comprised silver powder (being the core raw material for production of PV conductive paste) and PV conductive paste (being purchased for resale to customers to effectively meet their demand). Our Directors are of the view that, as advised by Frost & Sullivan, given the precious metal nature of silver, which has a relatively high unit price, such purchases contributed substantially to our total purchase amounts during the Track Record Period. This situation is consistent with industry norms.

On the other hand, we also purchased a large amount of PV cell additives during the Track Record Period for resale to customers in response to their procurement needs. We have strategically scaled down this product line in the second half of 2025 due to the lower profitability as a result of the intensified market competition, allowing us to focus resources on our proprietary material products.

To enhance our supply chain resilience, we plan to diversify our supplier base and maintain strategic partnership with our suppliers to ensure stable supply of raw materials. Specifically, raw materials such as inorganic chemicals, silver, alumina power, resins and electronic chemicals are commodity materials widely available in the market. For other key materials, we actively explore opportunities to enter into long-term supply agreements while maintaining multiple qualified suppliers for each category to ensure stable supply. For associated risks, please refer to "Risk Factors — Risks Relating to our Industry and Business — Any changes to our business relationships with our major suppliers may adversely affect our business, results of operations, financial results and prospects." in this prospectus.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, we primarily purchased PV cell additives from Customer-Supplier D. In the meantime, we sold PV conductive paste to them. For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the revenue generated from sales to Customer-Supplier D amounted to RMB38.5 million, RMB54.0 million, RMB139.3 million, RMB51.4 million and RMB121.4 million, respectively, accounting for approximately 12.0%, 15.2%, 22.3%, 18.1% and 33.3% of our total revenue for the respective years/periods; and our purchase amounts from Customer-Supplier D for the same years/periods were RMB56.3 million, RMB45.5 million, RMB7.7 million, RMB6.3 million and RMB4.0 million, respectively, accounting for approximately 41.3%, 35.9%, 2.8%, 5.6% and 2.0% of our total purchase amounts for the respective years/periods. Our purchase from Customer-Supplier D decreased for the year ended December 31, 2025, mainly because we have strategically scaled down the product line of PV cell additives due to the lower profitability as a result of the intensified market competition.

Customer-Supplier D is a listed company in China primarily engaged in the photovoltaic industry. It operates three core different business units spanning materials, equipment and cells. During the Track Record Period and up to the Latest Practicable Date, we maintained a normal commercial supplier-customer relationship with Customer-Supplier D on an arm's length basis. Specifically, we procured PV cell additives from Customer-Supplier D, which are products under its materials segment, and we supplied PV conductive paste to Customer-Supplier D for use in its PV cell manufacturing process, which falls under its PV cell segment. These two product lines belong to separate and independent business segments operated by Customer-Supplier D. Additionally, all of our sales and purchases with the Customer-Supplier D were not inter-connected or inter-conditional with each other.

This reciprocal customer-supplier arrangement is driven by clear commercial rationale and the complementary positioning of both parties within the PV industrial chain, as well as the independent operational nature of Customer-Supplier D's relevant business segments. On one hand, from a procurement perspective, Customer-Supplier D is a leading provider of high-quality PV cell additives in the PRC, with established production capacity, stringent quality control systems and a reputation in the materials segment. Leveraging its reliable supply, we are able to source these critical PV materials to fulfil the specific procurement needs of our customers, thereby expanding our product offering. On the other hand, from a sales perspective, our PV conductive paste offers performance characteristics that align with the manufacturing requirements of Customer-Supplier D's PV cell segment. Our products support it in enhancing the efficiency and reliability of its PV cells, making us a valued supplier for its core PV cell manufacturing business.

During the Track Record Period and up to the Latest Practicable Date, the sales and procurement transactions between us and Customer-Supplier D were independent transactions, and all conducted in accordance with commercial terms negotiated on an arm's length basis. This is because the materials and PV cell segments of Customer-Supplier D operate with separate management teams, independent procurement and sales functions, and distinct business objectives. Each transaction is negotiated and executed based on prevailing market prices, product specifications and commercial terms that are customary for the relevant product categories. As advised by Frost & Sullivan, this type of arrangement is in line with industry norm, having

considered supply chain stability requirements and certification barriers in the industry. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would indicate that the gross profit margins derived from sales to Customer-Supplier D were not comparable to those derived from sales to other customers in respect of similar products.

QUALITY CONTROL

Our Quality Control Department

We have established a comprehensive quality management system that ensures rigorous control from the raw material supply chain to product manufacturing. We rigorously adhere to product safety and quality control standards, implementing corresponding control measures across each stage of our production process to ensure that all products comply with applicable national and international standards. Our quality control director has approximately 15 years of quality control and work experience.

Our Quality Accreditations and Assurance

Our commitment to high quality and reliability helps strengthen the recognition and trust among our customers. We have obtained multiple certifications primarily including: (i) IATF 16949 Certification (International Automotive Task Force 16949 Certification) for our Quality Management System (QMS), accredited by United Registrar of Systems (URS); (ii) ISO 9001 Certification (International Organization for Standardization 9001 Certification) for our QMS, accredited by China Federation of Logistics & Purchasing Certification Center (CFLPCC); (iii) ISO 14001 Certification for our Environmental Management System (EMS), accredited by CFLPCC; (iv) ISO 45001 Certification for our Occupational Health and Safety Management System (OHSMS), accredited by CFLPCC; and (v) IPMS Certification (Intellectual Property Management System Certification) accredited by China Intellectual Property Certification Co., Ltd. (CIPCC).

In order to monitor production quality and to ensure that our products meet all the stringent benchmarks and specifications of our customers and ourselves, we take a comprehensive approach to quality control, establishing a quality management system that complies with relevant national and international standards, covering procurement, production, finished products and logistics.

We procure raw materials from suppliers who have passed quality and reliability assessments and meet both our standards and those of our customers. We occasionally conduct onsite inspections of our suppliers' raw material facilities and make regular evaluations on our suppliers. Upon receiving the raw materials, we perform sample testing on each batch of raw materials. Our quality control system is designed to identify and address any defective or substandard materials at an early stage in the production process.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any product quality issues that had a material adverse effect on our business, results of operations or financial condition.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

As of June 30, 2026, we operated one self-owned warehouse and two leased warehouses in China.

Our inventories primarily consist of raw materials, components, work-in-progress products and finished products. Our inventory management system is supported by efficient internal procedures, including standardized submission and approval processes for logistics and purchase orders. Before placing into our warehouses, raw materials must be inspected and approved by our Quality Department and labelled as qualified to complete our system approval process. We have

adopted a "First in, First out" principle to optimize the turnover days for our inventory receipt and storage, by requiring stocks from different batches to be separated and placed in a chronological order, specifying that the goods which are received at the earliest should be placed at the front of warehouses. The goods must be issued in the order of their entry into the warehouse. Furthermore, the storage duration of our materials is monitored adopting the warehouse management system to ensure that the "First in, First out" principle is effectively implemented.

Our inventory management system allows us to monitor stock movements in real-time, ensuring alignment with product delivery schedules and customer demands. We strive to maintain an optimal inventory level and conduct regular inventory checks to enhance accuracy and completeness of records. As part of our quality control for inventory storage, we have also implemented operation procedures for our warehousing facilities, which include record keeping in a timely manner, proper and clear labelling and periodic stocktaking.

To optimize inventory levels, we also adopt the Vendor Managed Inventory ("**VMI**") model, pursuant to which we store finished products at warehouses designated by our customers, and customers take delivery of such products upon placement of orders. Under this model, we retain ownership of the products until customers extract the finished goods against specific orders. We will dynamically adjust the inventory volumes based on the demand forecasts provided by our customers to ensure that inventory levels are consistently maintained at or above the minimum thresholds as stipulated in the relevant contracts. Under the VMI model, we have established warehouse management standards that set out requirements applicable to VMI warehouses, including inventory ownership management, inventory alert thresholds, inventory reconciliation, and physical inventory count management. We have also implemented a regular reconciliation mechanism to verify and confirm actual customer consumption. In particular, customers sign stock collection forms upon each withdrawal of goods from the warehouses. These documents allow us to monitor actual inventory levels at individual warehouses. We also conduct monthly settlements with customers to complete account reconciliation and invoicing. In addition, we conduct annual physical inventory counts at VMI warehouses. In the event of any inventory discrepancies, we will investigate the causes thereof and determine liability in accordance with the relevant agreements. During the Track Record Period and up to the Latest Practicable Date, no material inventory discrepancies have been identified. None of our inventories held under the VMI model became slow-moving or obsolete as a result of lower-than-expected customer withdrawals. Accordingly, all related inventory provisions, write-downs, reversals and inventory retrievals were nil. Our Directors believe that our existing internal control measures are adequate to effectively monitor and track inventory movements under the VMI model.

Based on the independent due diligence work conducted, nothing has come to the attention of the Sole Sponsor that would reasonably cast doubt on our Directors' views that our existing internal control measures are adequate to effectively monitor and track inventory movements under the VMI model.

As of December 31, 2023, 2024, 2025 and June 30, 2026, our inventories amounted to RMB27.2 million, RMB40.6 million, RMB58.1 million and RMB61.3 million, respectively. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, our inventory turnover days were 66 days, 78 days, 53 days and 46 days, respectively.

We generally contract third-party logistics providers to handle product deliveries. Typically, finished products that successfully pass our quality inspection are transported by our logistics providers directly from our production facilities to our customers, designated warehouses, or other customer-specified locations.

We select logistics partners based on stringent criteria, including their reputation, operational scale, track record, and pricing. Agreements with these providers are typically structured as long-term contracts or short-term contracts with automatic renewal clauses. During the Track

Record Period and up to the Latest Practicable Date, we did not encounter any significant disruptions in our warehousing or delivery operations, nor did we suffer material losses attributable to delayed deliveries or mishandling by our service providers.

We coordinate with suppliers to confirm the overall raw material procurement status, including procurement lead times and/or any potential delays, which are then submitted to our planning team for record-keeping. The team calculates safety stock levels based on procurement lead times, while also aligning with forecasted customer demand. To maintain our competitive edge and meet evolving market demands, we have implemented a series of measures to optimize inventory levels, including reducing inventory backlogs and enhancing inventory management processes.

A dedicated working group oversees inventory audits and inspections, with findings and discrepancies promptly reported to senior management. Based on these measures, our Directors confirm that our inventory management systems and policies have been effective throughout the Track Record Period and up to the Latest Practicable Date. We have not experienced any material supply shortages or significant overstocking issues during this period.

COMPETITION

We primarily operate in the electronic functional enhancement materials industry, with our products mainly applied downstream in the consumer electronics and new energy sectors. The industry's dynamic and competitive landscape varies by segment and application. For the electronic functional enhancement materials industry in 2025, (i) acoustic enhancement materials market was relatively concentrated, with over 50 market participants globally and over 20 in the PRC, and the top five suppliers collectively accounted for 69.1% of the global market and 81.9% of the PRC market; (ii) the electronic ceramic powders market was relatively fragmented, with over 500 market participants globally and over 200 in the PRC, and the top five suppliers collectively accounted for approximately 15.1% of the global market and 13.5% of the PRC market; (iii) the electronic adhesives market comprised over 300 market participants globally and over 150 in the PRC, with the top five suppliers collectively accounting for approximately 45.1% of the global market and 39.7% of the PRC market; and (iv) the energy enhancement materials market was relatively concentrated, with over 100 market participants globally and over 50 in the PRC, and the top five suppliers collectively accounted for approximately 37.1% of the global market and 44.2% of the PRC market. For details, please refer to "Industry Overview" for further information.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant government authorities that are material to our business operations in China. The table below sets forth our material licenses, approvals and permits.

Holder	Name of License, Approval and Permit	Expiration Date
Our Company	Pollutant Discharge License	May 2029
Our Company	Permit for Discharge of Urban Waste Water into the Drainage Network	February 2027[(1)]
Zhejiang AITEK . . .	Fixed Pollution Source Discharge Registration Receipt	August 2029
Suzhou Routao . . .	Fixed Pollution Source Discharge Registration Receipt	March 2028

Note:

(1) The permit will expire on February 16, 2027. We will prepare the renewal application and expect to submit it at least 30 days before the permit's expiry. Upon consent from the original issuing authority, no further review will be required, and the permit will be renewed for a further five-year term. Our PRC Legal Advisers have advised that there are no material legal impediments to the renewal.

We are required to renew such certificates, permits and licenses from time-to-time, and we are continuingly overseeing the compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal.

INFORMATION TECHNOLOGIES

Our information technology systems are essential to our business operations. We have developed or employ various information technology systems covering all material aspects of our operations, including sales, supply chain management, inventory management, production and quality control. Our information technology department is responsible for developing and maintaining information technology systems to support our business operations and growth. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure that had a material adverse effect on our business operations.

EMPLOYEES

As of June 30, 2026, we had 332 full-time employees, with substantially all of them locating in China. The table sets forth a breakdown of our employees by function as of June 30, 2026.

Function	Number	Percentage of Total Number
		(%)
Manufacturing	175	52.7
Research and Development	68	20.5
Operation	48	14.5
Sales and marketing	23	6.9
Administrative	18	5.4
Total	**332**	**100.0**

We consider our employees as a vital asset to our business operations and are committed to attracting, retaining, and motivating skilled personnel across all levels. Our recruitment strategies include on-campus recruitment, employment websites, and internal referrals. We offer a comprehensive remuneration structure comprising base salaries, performance-based bonuses, and other allowances. Employee performance is assessed on a regular basis to determine salary adjustments and promotions.

We emphasize continuous learning and development for our employees, aiming to enhance their professional skills and align their growth with our business objectives. Upon joining, all new hires undergo induction training covering administrative procedures, quality control, safety protocols, and accommodation arrangements. In addition to orientation programs, we implement periodic training sessions for managerial staff, focusing on enhancing leadership skills, technical capabilities, and compliance awareness. High-performing employees are enrolled in targeted development programs to advance to supervisory and senior roles.

We enter into standard employment agreements with all full-time employees. We have established a sound intellectual property and trade secret protection system. Specifically, we generally sign non-compete agreements and confidentiality agreements with all employees. These agreements strictly restrict employees from engaging in businesses competitive with ours during and after employment, and obligate them to keep confidential all our core technical information, customer resources, and business data to effectively safeguard our core competitiveness and operational security.

We maintain good working relationships with our employees, and we had not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Social Insurance and Housing Provident Funds

During the Track Record Period and up the Latest Practicable Date, we had not made adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations, primarily because certain employees were unwilling to pay their full share of social insurance and housing provident fund contributions, as this would require additional payments from them.

For the years ended December 31, 2023, 2024, 2025 and the nine months ended September 30, 2026, the shortfall in our social insurance and housing provident fund contributions amounted to approximately RMB0.9 million, RMB1.2 million, RMB3.0 million and RMB2.4 million, respectively. As advised by our PRC Legal Advisers, pursuant to the applicable PRC laws and regulations, if an employer fails to make full social insurance and housing provident funds contributions, the relevant authorities may (i) order the employer to pay the outstanding social insurance amount within a prescribed time limit, together with an additional overdue fine calculated at a daily rate of 0.05%. If the employer still fails to pay the overdue contributions within such time limit, a fine of one to three times the outstanding amount may be imposed on the employer; and (ii) order the employer to pay the outstanding housing provident fund contributions within a prescribed time period, failing which the relevant PRC authorities may apply to the People's Court for compulsory enforcement. Therefore, we could be subject to fines of up to one to three times the total amount of the social insurance contribution shortfall during the Track Record Period and up to the Latest Practicable Date and a late fee of 0.05% of the outstanding amount for each day of delay. As advised by our PRC Legal Advisers, we may be subject to a maximum penalty of approximately RMB14.5 million for the shortfall in our social insurance and housing provident funds during the Track Record Period and up to the Latest Practicable Date. We plan to gradually adjust the contribution bases for employees' social insurance and housing provident funds to ensure full contributions in accordance with applicable laws and regulations. As the contribution bases are generally subject to annual adjustment during specific windows designated by local authorities, we intend to commence rectification during the applicable adjustment window within one year following Listing by increasing the contribution bases for those employees and senior management who agree to such adjustments.

Notwithstanding our active communication efforts, certain employees have expressed unwillingness to adjust their contribution bases. This is mainly because (i) some employees prefer to continue making housing provident fund contributions in their place of household registration, which may differ from their place of work, in order to facilitate home purchase or mortgage applications; and (ii) an increase in contribution bases would reduce their take-home income, and certain employees, for personal financial reasons, prefer to maintain contributions at a lower level. As a result, we will not be able to complete rectification for all employees prior to the Listing. While respecting employees' choices and maintaining a certain degree of flexibility in employee benefits, we are implementing rectification in phases. We will continue to communicate proactively with our employees to obtain their consent to adjustments of their contribution bases.

In addition, as advised by our PRC Legal Advisers, the likelihood that we would be subject to be integrated collection or material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions is remote provided that there are no significant changes in current policies, regulations, local government supervision, and law enforcement requirements related to social insurance and housing provident fund and based on the following reasons: (i) during the Track Record Period and up to the Latest Practicable Date, we had not received any notification from relevant government authorities requiring us to pay shortfalls or the penalties with respect to social insurance or housing provident funds; (ii) we had not been subject to any administrative penalties with respect to social insurance or housing provident funds;

(iii) we and our material subsidiaries in the PRC have obtained written confirmations from competent local government authorities which confirmed that no administrative penalties had been imposed on us with respect to social insurance or housing provident funds during the Track Record Period and up to the Latest Practicable Date; and (iv) our Directors confirm that we will make full contributions or pay any shortfall within prescribed time limit if requested by the relevant social insurance and housing provident fund authorities. Based on above, we have not made provisions for the shortfalls of social insurance and housing provident funds contributions during the Track Record Period and up to the Latest Practicable Date.

According to the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) ("**The New Judicial Interpretation**"), which was promulgated by the Supreme People's Court in July 2025 and came into effect in September 2025, an employer and an employee conclude an agreement, or an employee makes a promise to an employer, that there is no need to pay social insurance premiums, such agreement or promise shall be determined invalid; where an employer fails to pay social insurance premiums in accordance with the law, and the relevant employee requests to terminate the labor contract and requests such employer to pay economic compensation, the people's court shall support such requests in accordance with the law. In the event that an employer, after making up the social insurance contributions, requests such relevant employee to return the social insurance compensation already paid, the people's court shall support such request. As advised by our PRC Legal Adviser, the New Judicial Interpretation does not repeal or change the existing social insurance laws and regulations and therefore does not by itself increase our social insurance exposure, its impact on our business, financial performance and position, as well as our operations and compliance with the relevant laws and regulations, is not significant.

In respect of our social insurance and housing provident funds contributions, we have adopted or plan to adopt remedial measures, including: (i) we have enhanced our compliance policy with respect to social insurance and housing provident fund contribution in accordance with the PRC laws and regulations; (ii) we have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a regularly basis; (iii) we will consult our PRC counsels on a regular basis for advice on the relevant PRC laws and regulations to keep us abreast of relevant regulatory development; and (iv) new joiners of us are informed the latest social insurance and housing provident laws, regulations and company policies.

INSURANCE

Pursuant to PRC social insurance regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in the PRC.

We also maintain insurance policies to cover various aspects of our business, including personal accident insurance, and property insurance, to safeguard our business continuity. In line with general market practice, we do not maintain any business interruption insurance or insurance policies covering damages to our network or information technology systems. We regularly review our insurance policies to ensure compliance with statutory requirements. Our existing insurance coverage is adequate for our operations and aligns with industry standards.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material claim of insurance. However, we may still be exposed to potential claims and liabilities exceeding our insurance coverage. For further details, please refer to "Risk Factors — Risks relating to our Industry and Business — Our insurance coverage may be insufficient to cover the risks or losses related to our business and operations." in this prospectus.

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we owned the land use rights of one land parcel in Zhenjiang, Jiangsu, China, with an aggregate land area of approximately 26.9 thousand sq.m., which are mainly used as our Zhenjiang production base and office premises. As of the Latest Practicable Date, we owned a total aggregate GFA of approximately 15.2 thousand sq.m. of buildings in China which were primarily used for production and operation purposes. As advised by our PRC Legal Advisers, we have obtained the land use right certificates and building ownership certificates for all our owned properties since our commencement.

Lease Properties

As of the Latest Practicable Date, we leased 38 properties mainly for production and operations in the PRC, with an aggregate GFA of approximately 20,929 sq.m., which were mainly used for production and office premises. Our leases generally have a term ranging from one to five years. We are generally allowed to terminate lease agreements with a prior notice, which provides us with operational flexibility. There is sufficient supply of properties in the PRC, and we do not rely on the existing leases for our business operations. Our current facilities are adequate to meet our current needs.

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant government authorities. As of the Latest Practicable Date, our lease agreements relating to our 37 leased properties in China with approximately 12,859 sq.m had not been filed with the relevant PRC housing administration authorities, primarily due to a lack of cooperation from the lessors. The registration process requires lessors to submit their personal documents to the relevant authorities, and we have limited influence over their cooperation. Given such difficulty, we do not expect such registration to be completed prior to the Listing. To minimize the potential negative impact of such non-compliance, we have requested and will continue to maintain regular communications with the relevant lessors to seek their cooperation for the supplementary registration of the executed lease agreements. However, according to the relevant PRC laws, a company may be subject to an administrative fine up to a maximum of RMB10,000 for each lease agreement that is not filed with the relevant PRC housing administration authority, if the company fails to rectify such non-compliance under the prescribed time limit. As advised by our PRC Legal Advisers, (i) the absence of registration will not affect the validity of the lease agreements, nor materially and adversely affect our operations; and (ii) we may be subject to a maximum penalty of approximately RMB0.4 million for failure to complete such lease registration. Please also refer to "Risk Factors — Risks relating to our Industry and Business — Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations." in this prospectus.

Property Valuation

As of the Latest Practicable Date, (i) we had no property interests of property activities; and (ii) we had no single property interest of non-property activities with a carrying amount of 15% or more of our total assets. On this basis, we are not required by Rule 5.01A of the Listing Rules to include any valuation report in this prospectus. A similar exemption applies under section 6 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), with respect to the requirement under section 342(1)(b) of, and paragraph 34(2) of the Third Schedule to, the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

We value the diverse experience of directors and have formulated and implemented the Board of Directors' Diversity Policy (《董事會多元化政策》) to ensure that Board members maintain balance and diversity in terms of gender, age, race, nationality, cultural and educational background, professional skills, industry experience, and other aspects.

We have established an ESG organizational structure with clear responsibilities and formulated the Environmental, Social and Governance Work Management System (《環境、社會及管治工作管理制度》) to advance the implementation of ESG initiatives and enhance the quality of ESG information disclosure.

The Board of Directors is the highest decision-making body for our ESG efforts and assumes full responsibility for our ESG strategies and reporting. The Audit Committee serves as a specialized committee for ESG management, overseeing ESG matters and regularly reporting significant ESG-related matters to the Board. To support the Board in implementing ESG-related work, we have established an ESG Working Group under the Audit Committee, responsible for overall planning, comprehensive promotion, supervision and feedback, and continuous improvement, ensuring the effective integration of ESG strategies into corporate governance and operations. The ESG Working Group and the Board of Directors communicate regularly to ensure the effective implementation of various ESG policies and continuously enhance the effectiveness of ESG governance. The remuneration and appraisal directors and senior management are linked to ESG performance to ensure no major safety production accidents or product quality incidents occur, guarantee the timeliness and completeness of ESG information disclosure, and prevent the occurrence of fraud cases.

ESG Materiality Assessment And Risk Management

To better understand the needs and expectations of our stakeholders, and in accordance with the Environmental, Social and Governance Reporting Code of Hong Kong Exchanges and Clearing Limited, we systematically identify ESG issues and potential risks that have a material impact on our business development and are of concern to stakeholders. Based on the materiality assessment results, the highly material ESG issues we have identified include product quality, customer service, research and development and innovation, sustainable supply chain, occupational health and safety, carbon emissions management, climate change response, and energy management.

We have formulated the Risk Control and Management System (《風險控制管理制度》). We also continuously optimize and upgrade our internal control policy framework to build a comprehensive prevention and control network. By conducting risk assessment and control, we identify, analyze, and manage risks across all aspects of our operations. We also leverage risk management tools to support the entire risk control process, ensuring that unacceptable risks trigger timely re-evaluation and improvement mechanisms for continuous enhancement. This systematically elevates our risk resilience and operational management capabilities.

Environment

Environmental Management

We strictly adhere to the Environmental Protection Law of the People's Republic of China and other relevant laws, regulations, and applicable environmental standards. We continuously enhance our environmental management system, designate the Chief Executive Officer as the primary person responsible for environmental protection and overseeing all corporate environmental work, and authorize the Comprehensive Pollution Control Leading Group for specific management. We have formulated and implemented systems such as the Environmental Protection Responsibility System

(《環境保護責任制》), Environmental Supervision and Assessment Management Rules (《環保監督與考核管理細則》), and Environmental Protection Training and Education Management System (《環境保護培訓教育管理制度》) to ensure the effective operation of environmental protection facilities, reduce pollutant emissions, and improve regional environmental quality. We strictly comply with the Jiangsu Provincial Regulations on Biodiversity Conservation (《江蘇省生物多樣性保護條例》). Through regular awareness campaigns and training, we integrate biodiversity conservation and environmental protection concepts into our daily operations, continuously enhance employees' environmental awareness, promote green practices, and genuinely fulfill our corporate social responsibility.

Based on our current business development and environmental management, we have set the following environmental management targets to promote green and low-carbon initiatives:

- *Greenhouse gas (GHG) emission reduction target:* We actively respond to the national strategy of carbon peaking and carbon neutrality, and plan to achieve a reduction of 5% in carbon emissions per unit of revenue by 2030, using 2025 as the base year. Currently, the majority of GHG emissions are attributable to Scope 2, primarily resulting from purchased electricity. To support progress toward our GHG emission reduction target, we will gradually install rooftop photovoltaic systems at eligible factories and office buildings.

- *Waste management target:* 100% of our factories responsibly dispose of hazardous wastes in accordance with regulations. To support our target, we have established a waste classification list and a waste management record to ensure accurate identification and complete recordkeeping of hazardous waste. Hazardous waste is entrusted to third-party treatment providers holding valid qualifications for hazardous waste disposal. We conduct regular verification of these providers' credentials and disposal records to ensure compliance with applicable environmental regulations.

- *Energy efficiency target:* We continuously enhance energy efficiency, and are committed to implementing various energy-saving initiatives to maximize the benefits of energy use. We also plan to achieve a reduction of 5% in energy consumption per unit of revenue by 2030, using 2025 as the base year. We will progressively phase out high-energy-consuming equipment and replace it with energy-efficient alternatives. Concurrently, production scheduling will be optimized to minimize equipment idling and standby energy consumption, thereby enhancing overall energy efficiency.

- *Water efficiency target:* We will continue to explore solutions for reclaimed and reusable water in our factories. We also plan to achieve a reduction of 5% in water consumption per unit of revenue by 2030, using 2025 as the base year. To support out target, we identify key water consumption processes and assess water-saving potential across all manufacturing facilities. Concurrently, we are actively increasing the utilization of reclaimed and recycled water to enhance overall water efficiency.

Emissions Management

We strictly comply with laws and regulations such as the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, and the Law of the People's Republic of China on the Prevention and Control of Noise Pollution. Moreover, we have formulated internal management systems, including the Wastewater, Waste Gas, and Noise Pollution Control Management Procedures (《廢水、廢氣、噪聲污染控制管理程序》), the Environmental Protection Management System for Production Processes (《生產過程環境保護管理制度》), and the Environmental Monitoring Management System (《環境監測管理制度》).

- *Waste gas management:* the air pollutants generated during production and operations primarily include nitrogen oxides, sulfur dioxide, and particulate matter. For waste gas generated during the manufacturing process, we have established an online pollutant monitoring system to monitor emission concentrations in real-time. We use collection and treatment equipment such as VOC adsorption devices to ensure that air pollutants are discharged in accordance with the relevant standards.

- *Wastewater management:* during the production process, our production departments reasonably control water consumption according to production plans. They also adopt a cooling water circulating system and upgrade the wastewater treatment and advance purification system to ensure wastewater discharge meets standards and enhance water resource utilization efficiency.

- *Waste management:* for hazardous wastes such as waste oil and slag generated during the production process, we strictly classify them and entrust qualified professional entities for proper disposal. For non-hazardous wastes such as office wastes, domestic wastes, and kitchen wastes, we encourage employees to sort and dispose of them.

- *Noise management:* we effectively control noise through standardized management. Equipment, such as air compressors, chillers, fans, and air conditioners, is inspected daily, regularly maintained, and immediately repaired if abnormal noise is detected. External vehicles are prohibited from honking in no-honking zones so as to minimize honking. If mechanical equipment produces abnormal noise during operation, it's reported for repair promptly. Through various collaborative measures, the impact of noise on the working environment and employee health is effectively reduced.

The table below sets out details of our waste discharges for the years/periods indicated:

		For the year ended December 31,			For the six months ended June 30,
Indicator	**Unit**	**2023**	**2024**	**2025[1]**	**2026[2]**
Emissions of exhaust gas	Kilograms	312	417	1,511	609
Of which: Nitrogen oxides emissions	Kilograms	270	332	982	343
Of which: Sulfur dioxide emissions	Kilograms	16	24	194	33
Of which: Particulate matter emissions	Kilograms	26	61	336	233
Total hazardous wastes generated	Tons	80	100	120	68
Total non-hazardous waste generated	Tons	3	5	7	2

1 The environmental data of Zhejiang AITEK has been included in our unified disclosure scope since 2025.

2 The environmental data of Suzhou Routao is not included within our reporting scope for the six months ended June 30, 2026.

Resource Usage Management

We adhere to laws and regulations such as the Energy Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, and the Water Law of the People's Republic of China. By promoting green office practices, water conservation, and the use of clean energy, we enhance resource utilization efficiency to drive green and low-carbon operations. In 2024, we were designated as a National Green Factory.

- *Energy management:* We utilize energy-efficient lighting equipment for all indoor production lighting (including emergency lighting) and outdoor street lighting in our factories, achieving a 100% utilization rate of energy-efficient lighting equipment. Our factories implement energy-saving retrofits for production equipment. General energy-consuming equipment they use, such as air conditioners, are all high-efficiency energy-saving products.

- *Water resource management:* We primarily rely on municipal water for its water supply. We vigorously promote water-saving technological transformation, widely adopt water-saving fixtures in our factories, and conduct water-saving awareness campaigns for employees to reduce water consumption during production and office processes.

- *Consumables management:* We strictly control the use of product packaging materials such as plastics, cartons, and aluminum cans. We implement precise packaging design and quantitative control of packaging materials for standard products, and recycle and reuse some recyclable waste packaging materials to effectively reduce packaging material usage, resource waste, and environmental burden.

The table below sets forth details of our resource consumption for the years/periods indicated:

		For the year ended December 31,			For the six months ended June 30,
Indicator	**Unit**	**2023**	**2024**	**2025[3]**	**2026[4]**
Electricity consumption	kWh	1,961,698	3,841,512	16,054,651	8,776,604
Water consumption	Cubic meters	7,590	17,232	58,124	42,285
Gasoline consumption	Liters	11,860	10,744	17,709	4,803
Diesel consumption	Liters	0	1,059.84	0	80
Natural gas consumption	Cubic meters	15,040	37,458	1,058,737	699,506
Packaging material usage	Tons	20	57	258	156

Addressing Climate Change

To mitigate the potential impacts of climate change on our financial performance and sustainable development, we systematically identify the risks and opportunities it brings through policy research and business analysis. We also formulate corresponding strategies to effectively manage these risks while seizing growth opportunities and actively taking measures to enhance our climate resilience.

3 The environmental data of Zhejiang AITEK has been included in our unified disclosure scope since 2025.

4 The environmental data of Suzhou Routao is not included within our reporting scope for the six months ended June 30, 2026.

Impact category		Response measures
Physical risks	Extreme weather events, including floods, typhoons, heavy rainfall and heatwaves, may damage the factory buildings and production equipment, pose risks to employee health and safety, and disrupt normal business operations.	During the project site selection phase, we seek to avoid establishing facilities in areas prone to extreme weather. During the operational phase, we have developed emergency response plans for extreme weather events. Concurrently, we provide employees with heatstroke and cold prevention supplies and equip flood prevention facilities to reduce personnel and property losses caused by extreme weather events.
Transition risks	**Legal and policy risks:** International and domestic laws and regulations related to environmental management, climate change, and carbon emission reduction are becoming stricter, leading to increased compliance costs.	At the compliance level, we continuously monitor environmental and climate-related legal and regulatory requirements in our operating locations and promptly carry out compliance work; at the management level, we establish special working groups to implement response measures for new regulations and mitigate risks.
	Technological risks: Increased demand downstream for low-carbon green products, rapid technological iteration for some products, and short product upgrade cycles present us with continuous pressure for technological adaptation and innovation.	We have established a green technology research and development fund to systematically support the research and development and implementation of low-carbon technologies, energy-saving process, and sustainable innovation projects.
	Market risks: Customers and investors are increasingly concerned about environmental responsibility, and impose clear requirements for product carbon footprint certification. At the same time, entry standards for green supply chains continue to rise, and compliance thresholds are steadily increasing.	We actively respond to low-carbon development trends by systematically advancing emission reduction initiatives, such as installing photovoltaic panels. In the meantime, we comprehensively enhance our carbon management capabilities by applying for Green Factory certification and actively exploring pathways to obtain carbon footprint certification and relevant green qualifications.

Impact category	Response measures
Opportunities. Utilizing low-carbon energy and circular economy projects may help a company reduce operational costs, improve resource utilization efficiency, and enhance its competitiveness.	We install photovoltaic power generation equipment on suitable factory rooftops and continuously increase the coverage of such equipment. We also build energy storage facilities, purchase green electricity, and implement lean production and circular economy projects to reduce electricity procurement costs.

The table below presents our GHG emissions for 2023, 2024, 2025 and the six months ended June 30, 2026:

		For the year ended December 31,			For the six months ended June 30,
Indicator	**Unit**	**2023**	**2024**	**2025[5]**	**2026[6]**
Scope 1 GHG emissions	Tons of CO_2 equivalent	157.08	182.13	2,437.89	1,526.68
Scope 2 GHG emissions	Tons of CO_2 equivalent	1,052.65	2,061.36	8,614.93	4,656.87
Total GHG emissions (Scope 1 and Scope 2)	Tons of CO_2 equivalent	1,209.73	2,243.49	11,052.82	6,183.55
Scope 1 and Scope 2 GHG emissions intensity	Tons of CO_2 equivalent per RMB1 million revenue	3.77	6.32	17.68	16.94
Scope 3 GHG emissions	Tons of CO_2 equivalent	115,981.59	99,503.50	135,595.64	87,247.47

Note: Scope 1 GHG emissions primarily result from the consumption of direct energy sources (e.g., gasoline, diesel, natural gas) during our operations; Scope 2 GHG emissions primarily come from the consumption of indirect energy sources (purchased electricity) during our operations; and Scope 3 GHG emissions include Category 1: Purchased goods and services, Category 6: Business Travel. The calculation methodology for greenhouse gas emissions refers to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the Sixth Assessment Report (AR6) published by the Intergovernmental Panel on Climate Change (IPCC). Relevant emission factors and parameters refer to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the Announcement on the Release of 2022 and 2023 Electricity CO_2 Emission Factors issued by the Ministry of Ecology and Environment of the People's Republic of China, China Products Carbon Footprint Factors Database, etc.

Social

We strictly adhere to laws and regulations such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China. We have formulated internal management systems, including the Employee Handbook (《員工手冊》), the Employee Diversity Policy (《僱員多元化政策》), and the Assessment and Incentive Management System (《考核及激

5 The environmental data of Zhejiang AITEK has been included in our unified disclosure scope since 2025.

6 The environmental data of Suzhou Routao is not included within our reporting scope for the six months ended June 30, 2026.

勵管理制度》), to establish a compliant employment system. We value the employee care and the protection of their rights and interests. We formulate competitive salary strategies based on market conditions and the comprehensive capabilities of its employees. In addition to basic salary and performance bonuses, we also provide employees with compensatory remuneration. To enhance employees' sense of belonging and well-being, we provide employees with traditional holiday benefits during traditional festivals.

Health and Safety

We strictly adhere to relevant laws and regulations such as the Law of the People's Republic of China on Work Safety and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases. We have formulated systems including the Work Safety Management System (《安全生產管理制度》), the Safety Accident Management System (《安全事故管理制度》), and the Occupational Health and Safety Management Operation Control Procedures (《職業健康安全管理運行控制程序》), explicitly defining the safety responsibilities of leaders at all levels to ensure that safety responsibilities are implemented at every level. We implement an occupational health and safety management system covering occupational health management, work safety control, and emergency rescue disposal to strengthen our work safety management, and have successfully obtained ISO 45001 Occupational Health and Safety Management System certification.

Concurrently, we continuously enhance employees' occupational health and safety awareness through regular safety training, thematic lectures, case exhibitions, and knowledge competitions. Awareness is also promoted through routine methods such as bulletin board announcements, pre-shift safety activities, and accident analysis meetings in a bid to foster a safety culture of full participation and prevention first.

Development and Training

We place great importance on the continuous learning and development of our employees, and have established a comprehensive training system that covers all employees and spans their entire career. We encourage and support employees to participate in various internal and external training programs.

Product Responsibility

We are committed to building a systematic, full-process product quality management system, and by formulating and implementing relevant policies such as the Product Quality Management System (《產品質量管理制度》), we define quality standards and control requirements for all stages from raw material procurement, production and manufacturing, to finished product delivery. We have established a cross-departmental collaborative quality management mechanism, where departments of quality, production, process, and warehousing cooperate through division of labor to ensure stable and reliable product quality through daily inspections, critical process management and control, and multi-level testing. We have obtained the certification of ISO 9001 Quality management systems.

Supply Chain Management

We have established a systematic supply chain management system and formulated the Supplier Quality Management Standard Process Document (《供應商質量管理規範流程文件》), which covers all management aspects such as supplier development and access, daily monitoring, performance evaluation, optimization and elimination. We also implement strict on-site quality audits for critical material suppliers through a comprehensive tiered audit and assessment mechanism. New suppliers must undergo procurement screening and on-site audits in environmental and other aspects, with critical material suppliers being required to pass a quality audit. We conduct regular dynamic evaluations of suppliers based on indicators such as product quality, delivery performance, and response to quality incidents. The evaluation results are directly

linked to their tiered management and cooperation priority, continuously driving improvement in supplier capabilities. For suppliers that repeatedly fail to meet requirements or encounter significant quality issues, we will take measures such as warnings, reduced orders, or even termination of cooperation to ensure the stability, transparency, and sustainability of the supply chain.

Business Ethics and Anti-Corruption

We strictly comply with laws and regulations such as the Anti-Money Laundering Law of the People's Republic of China and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. We have formulated internal policies like the Anti-Fraud, Anti-Bribery, and Anti-Corruption Management System (《反舞弊、反賄賂及反腐敗管理制度》) and the Anti-Money Laundering and Anti-Economic Sanctions System (《反洗錢及反經濟制裁制度》) to require employees to maintain integrity, self-discipline, and adhere to business ethics.

We are committed to fostering a value system of integrity and honesty, requiring our management team to lead by example. Through employee codes of conduct, company-wide training, and specialized education for new hires, we continuously reinforce compliance awareness and business ethics among all employees to promote their participation in building a value system of integrity. We have established accessible reporting channels, including hotlines and email addresses, to accept anonymous or real-name reports. We implement strict confidentiality measures for reporting information and the identity of whistleblowers, prohibiting disclosure of their identities to ensure their rights and interests are fully protected.

Community Contribution

As a technology innovation enterprise, while continuously exploring new technologies and creating new products, we also actively fulfill our corporate social responsibilities and obligations. We continuously invest resources in multiple areas, including rural revitalization, education support, and industrial assistance, growing together with society.

In 2023, we continued to deepen its local community ties by donating RMB10,000 to the Zhenjiang New District Charity Federation to support regional charity projects.

DATA SECURITY AND PRIVACY

The data collected by us comprises administrative data (including office, human resources, operational and inventory data), production data (including production management, production operations and product quality data), research and development data (including product design and workmanship process data), and business operation data (including customer, supplier, sales and logistics data). Such collected data constitutes general data and does not fall within the scope of important data or core data as defined under the PRC Data Security Law. The personal information contained in the data collected by us relates to no more than 1,000 employees, and does not contain personal information of customers.

We have established comprehensive data security policies, including the Data Security Management Policy and the Data Classification and Grading Policy. These policies clearly specify requirements in respect of matters such as the data security management system throughout the entire data lifecycle, data security education and training, and emergency response procedures for data security incidents. We have set up an Information Security Team, which is led by our General Manager and is responsible for formulating data security policies as well as providing guidance and supervision to all departments on the implementation of such policies. We have implemented stringent data security technical measures, including but not limited to isolating the network of research and development equipment, centrally managing data storage, and encrypting the transmission of sensitive data.

During the Track Record Period and up to the Latest Practicable Date: (i) we had not been subject to any claim for infringement of rights asserted by any third party arising from the alleged violation of any laws and regulations relating to data security and personal information protection; (ii) we had not been subject to any investigation or other pending or potential legal proceedings initiated by any governmental authority or any third party in connection with data security and personal information protection; and (iii) no material data security incident involving non-compliance with the PRC laws and regulations relating to data security and personal information protection had occurred to us. Accordingly, our Data Legal Advisers are of the opinion that, during the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the requirements of the relevant laws and regulations concerning data security and personal information protection in the PRC.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions.

According to our PRC Legal Advisers, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

INTERNAL CONTROL AND RISK MANAGEMENT

Economic Hedging Activities

Silver powder constitutes the principal raw material for our PV conductive paste products. As a precious metal, silver is subject to inherent price volatility in the global market. To mitigate the operational and financial risks arising from such silver price fluctuations, we have adopted the following prudent hedging strategy.

Upon receipt of customer purchase orders for PV conductive paste products, we promptly enter into price-locking procedure with both our silver powder suppliers and the respective customers, whereby the silver price applicable to the relevant transactions is fixed at the time of order confirmation. In addition, in anticipation of potential future order volumes from existing and prospective customers, we maintain a certain level of silver powder inventory to ensure the timely fulfillment of customer demand. For the portion of such silver powder inventory without confirmed purchase orders, we further employ forward futures contracts as a derivative instrument to mitigate the adverse impact of potential silver price movements. We generally enter into futures contracts with standard silver powder quantity of 15kg and maximum maturity periods of two months. We select such futures contracts primarily based on the following considerations: (i) they are the dominant contracts at the relevant time, ensuring corresponding close-out transactions can be executed upon sale of physical products; (ii) dominant contracts better reflect real-time silver price movements and are highly aligned with physical silver prices, avoiding material divergence and preserving hedging effectiveness; (iii) given high silver prices and related risks, we generally complete the process from procurement of silver powder to sale of finished products within two months; and (iv) contracts are opened and closed dynamically with purchases and sales. When switching is required, we continue to use dominant contracts and complete such switching within short time to mitigate price fluctuation risks and maintain hedging effectiveness. We do not engage in any speculative activities.

Our futures contracts are recognized in the financial statements as follows: (i) realized gains and losses on closed future positions and unrealized gains and losses on open futures positions are presented in other gains and losses; (ii) deposits related to futures are presented in trade, bills and other receivables; and (iii) open futures positions are presented as derivative financial instruments. In 2023, 2024 and 2025, our realized losses on closed futures positions amounted to RMB0.5 million, RMB3.2 million and RMB1.0 million, respectively. For the six months ended June 30, 2026, our realized gains on closed futures positions amounted to RMB0.2 million. In addition, we recorded unrealized losses on open futures positions of RMB0.3 million in 2023 and unrealized gains on open futures positions of RMB0.3 million, RMB0.0 million and RMB0.7 million in 2024, 2025 and for the six months ended June 30, 2026, respectively.

To ensure the effectiveness of our economic hedging activities, we have established a comprehensive internal control framework. These measures include, but are not limited to, (i) when we hold physical inventories of silver powder that are not matched with confirmed customer purchase orders or sales orders and are therefore exposed to silver price fluctuations, we may establish short futures positions against such exposed silver powder inventory, subject to our internal economic hedging policies and risk limits. When the silver powder subject to economic hedging arrangements is processed into PV conductive paste and sold to customers, we close out the corresponding short futures positions; (ii) the risk level of futures trading accounts is maintained below 25% to ensure account safety and avoid forced liquidation due to rapid increases in silver prices; (iii) professional research reports are reviewed daily to assess upside risks in silver prices, and silver price movements are monitored during both day and night trading sessions; (iv) additional funds are injected promptly when the account risk level approaches approximately 20%, ensuring the risk level remains below 25% to avoid forced liquidation of futures accounts; and (v) reports are prepared on the gains and losses associated with futures and physical position for internal review.

Our economic hedging policies and overall risk management strategies are subject to the oversight of the Board. All transactions involving the entering into of forward futures contracts must be jointly reviewed and approved by our CEO and Chief Financial Officer prior to execution, to ensure that all hedging activities are consistent with our operational needs and risk management objectives and free from speculative purposes.

Based on the independent due diligence work conducted, the Sole Sponsor is of the view that, during the Track Record Period and up to the Latest Practicable Date, since our Group does not apply hedge accounting, all silver futures gains or losses are recognized independently under "other gains and losses" and do not directly affect the reported gross profit margin; economically, based on historical data, these positions functioned as a risk mitigation mechanism to soften raw material price volatility, with the aggregate financial outcomes representing a relatively low proportion of our Group's net profit during the Track Record Period.

Internal Control and Risk Management

We have established a comprehensive risk management and internal control system aimed at identifying, assessing, and mitigating risks across all aspects of our operations. Our Board of Directors oversees the implementation of risk management policies and procedures that address key operational, financial, legal, and market risks, including information system risk, financial reporting risk, human resources risk, and anti-corruption risk. These policies are integral to our internal control framework, which is periodically reviewed to ensure effectiveness and alignment with our strategic objectives.

To further enhance our risk management capabilities, we have implemented internal control procedures designed to systematically identify, assess, and prioritize material risks, including ESG-related risks, through structured risk and opportunity analysis. This ongoing process supports our commitment to maintaining sufficient risk oversight and fostering adherence to compliance

standards throughout the organization. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Global Offering, we have implemented, or will continue to implement, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of the committee members, see "Directors and Senior Management";
- adopt various policies to ensure compliance with the Listing Rules, including, but not limited to, aspects related to risk management and connected transaction;
- provide training periodically to our senior management and employees on professional behavior requirements and ethics standards to enhance their knowledge of, and compliance with, applicable laws and regulations and include relevant policies against non-compliance in our employee discipline measures and supervision guidelines;
- organize training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;
- enhance our reporting and records system for production facilities, including centralizing their quality assurance and safety management systems and conducting regular inspections of the facilities;
- establish a set of emergency procedures in the event of major quality-related issues; and
- provide enhanced training programs on quality assurance and product safety procedures.

We have engaged an internal control consultant to conduct a general internal control review in relation to the Listing. It's associated with our major business processes to identify deficiencies and areas for improvement, provide recommendations, and review the implementation status of these remedial actions. We also conduct periodic reviews of our policies and procedures to mitigate risks and align with regulatory requirements and business objectives.

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received as of the Latest Practicable Date:

Award/Recognition	Award Year	Awarding Institution/Authority
Zhejiang AITEK – 2025 Annual Innovation Award of Fine Alumina Industry (浙江愛科 – 2025年度精細氧化鋁行業創新獎)	2026	Zhuhai Mingding Technology Co., Ltd. (珠海銘鼎科技有限公司)
National Postdoctoral Research Workstation (國家級博士後科研工作站)	2026	Ministry of Human Resources and Social Security (人力資源和社會保障部)
Advanced-level Smart Factory of Jiangsu Province (江蘇省先進級智能工廠)	2025	Department of Industry and Information Technology of Jiangsu Province (江蘇省工業和信息化廳)
2023 Zhenjiang Municipal Industrial Development "Jinshan Award" (2023年度鎮江市產業發展"金山獎")	2024	Zhenjiang Municipal People's Government (鎮江市人民政府)

Award/Recognition	Award Year	Awarding Institution/Authority
2024 National-level Green Factory (2024年國家級綠色工廠)	2024	Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部)
Shanghai Runshi – Municipal-level Specialized, Refined, Characteristic and Innovative Enterprise (上海潤勢–市專精特新企業)	2024	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會)
2024 Jiangsu Province Gazelle Enterprise (2024年江蘇瞪羚企業)	2024	Jiangsu Provincial Productivity Promotion Center (江蘇省生產力促進中心)
Jiangsu Provincial Engineering Research Center for High-Gain Nano Metasurface Acoustic Materials (江蘇省高增益納米超構聲學材料工程研究中心)	2023	Jiangsu Provincial Development and Reform Commission (江蘇省發展和改革委員會)
China Good Technology (中國好技術)	2023	China Productivity Promotion Center (中國生產力促進中心)
National-level Specialized, Refined, Differential and Innovative Little Giant Enterprise (專精特新"小巨人"企業)	2023	Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部)
2022 Zhenjiang Municipal Science and Technology Innovation Mengxi Award (2022年鎮江市科技創新"夢溪獎")	2023	Zhenjiang Municipal People's Government (鎮江市人民政府)
Jiangsu Provincial Potential Unicorn Enterprise (江蘇潛在獨角獸企業)	2021	Jiangsu Provincial Productivity Promotion Center (江蘇省生產力促進中心)
Zhenjiang Municipal Engineering Technology Research Center for Acoustic Metasurface Materials (鎮江市聲學超構材料工程技術研究中心)	2020	Zhenjiang Municipal Bureau of Science and Technology (鎮江市科學技術局)

OVERVIEW

As at the Latest Practicable Date, Zhengxin Dexu directly held approximately 37.72% of the total issued share capital of our Company, and Zhengxin Dexu was wholly owned by Shanghai Lejin, which was controlled by Shanghai Zhengxingu as its general partner. Shanghai Zhengxingu was owned as to 99.90% by Mr. Lin Lijun. See "History, Development and Corporate Structure — Corporate Structure of the Company" for details.

Upon the completion of the Global Offering, Zhengxin Dexu, Shanghai Lejin, Shanghai Zhengxingu and Mr. Lin Lijun will collectively control approximately 33.95% of the total issued share capital of our Company and will be our Controlling Shareholders for the purpose of the Listing Rules.

Zhengxin Dexu, Shanghai Lejin and Shanghai Zhengxingu are investment vehicles of Loyal Valley Capital, which is an equity investment management firm driven by in-depth industry research and insights. Based on thorough industry research, Loyal Valley Capital focuses on making long-term investments in leading enterprises that represent future direction of industrial development, and unlocking portfolio's potential through post-investment value-creation. Over more than a decade, Loyal Valley Capital has invested in over 100 enterprises, among which, more than 40 enterprises have been listed, emerged as global industrial leaders representing China's technological advancement and innovation-driven growth. Mr. Lin Lijun, the founder of Loyal Valley Capital, has been serving as the executive director and general manager of Shanghai Zhengxingu since its establishment in late 2015. See "History, Development and Corporate Structure — Corporate Structure of the Company" for biographical details of Mr. Lin Lijun.

INTERESTS OF THE CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Our Controlling Shareholders confirmed that as of the Latest Practicable Date, none of them or any of their respective close associates had any interest in a business that competes or is likely to compete, either directly or indirectly, with our business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are able to carry on our business independently from our Controlling Shareholders and their respective close associates after the Listing.

Operational Independence

We have full rights to make business decisions and to carry out our business independent of our Controlling Shareholders and their respective close associates. On the basis of the following reasons, our Directors consider that the Company will continue to be operationally independent of our Controlling Shareholders and their respective close associates after Listing:

(a) we are not reliant on trademarks owned by our Controlling Shareholders, or by other companies controlled by our Controlling Shareholders;

(b) we are the holder of all relevant licenses material to the operation of our business and has sufficient capital, equipment and employees to operate our business independently;

(c) we make our own procurement purchases and conduct our own sales and marketing. Save as disclosed in this prospectus, the Group has a large and diversified base of customers and our customers and suppliers are unrelated to our Controlling Shareholders and their respective close associates;

(d) as at the Latest Practicable Date, we leased factory and office space from independent third parties. All the properties and facilities necessary to our business operations are independent from our Controlling Shareholders and their respective close associates;

(e) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments;

(f) as at the Latest Practicable Date, all of our full-time employees were recruited independently from our Controlling Shareholders and their respective close associates and primarily through campus recruiting, job market recruiting, headhunters' recommendations and internal referrals;

(g) our Directors do not expect that there will be any other transactions between our Group and our Controlling Shareholders or their respective close associates upon or shortly after Listing; and

(h) none of our Controlling Shareholders and their respective close associates has any interest which competes or is likely to compete with the business of our Group.

Management Independence

Our business is managed and conducted by our Board and senior management. The Board comprises of seven directors, consisting of two executive Directors, two non-executive Directors and three independent non-executive Directors. See the section headed "Directors and Senior Management" in this prospectus for further details.

Our Directors are of the view that our Directors have relevant experience to ensure the proper functioning of the Board. Our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Controlling Shareholders for the following reasons:

(i) as a part of our preparation for the Global Offering, we have promulgated the Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provides that any Director and senior management member should not place himself or herself in a position where his or her duty and his or her own interests may conflict. In the event of a conflict of interest arising out of any transactions to be entered into by our Group, all Directors with conflicting interest shall abstain from voting in respect of such transactions and shall not be counted in forming a quorum at the relevant Board meetings;

(ii) all of the Directors are independent from our Controlling Shareholders, and decisions of the Board require the approval of a majority vote from the Board;

(iii) our independent non-executive Directors constitute more than one-third of the members of our Board, who have extensive experience in different professions. They will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;

(iv) our daily operational and management decisions are made collectively by our Board and our senior management, all of whom have substantial experience in the industry and will therefore be able to make business decisions that are in the best interests of our Company;

(v) each of our Directors is aware of his or her fiduciary duties as a director, which require, among other things, that he or she acts for our Company's best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests;

(vi) we will establish a series of corporate governance measures and adopt sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. For details, please refer to "— Corporate Governance Measures" in this section.

Financial Independence

We have our own financial management system and we make financial decisions according to our own business needs. During the Track Record Period, we primarily financed our business operation with cash generated from our operating and financing activities. As at the Latest Practicable Date, we did not have any outstanding borrowing or guarantee from our Controlling Shareholders or any of their respective close associates.

Having considered the above, our Directors confirm that we will not rely on our Controlling Shareholders for financing after the Listing as we expect that our working capital will be primarily funded from the Global Offering and cash flow from operations. Therefore, there is no financial dependence on our Controlling Shareholders and their respective close associates.

Corporate Governance Measures

We recognize the importance of good corporate governance in protecting our Shareholders' interests. Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

(i) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or the Directors on the other hand, our Controlling Shareholders and/or the Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through its annual report or by way of announcements;

(ii) where a Shareholders' meeting is held for considering proposed transactions in which our Controlling Shareholders or any of their respective close associates have a material interest, our Controlling Shareholders shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(iii) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisers at our Company's expense as and when appropriate in accordance with the Corporate Governance Code;

(iv) our Company has established internal control mechanisms to identify connected transactions. Upon Listing, our Company will comply with the requirements in connection with connected transactions under the Listing Rules;

(v) the independent non-executive Directors will review, at least on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(vi) we have appointed Altus Capital Limited as our compliance adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

BOARD OF DIRECTORS

Our board currently consists of seven Directors, consisting of two executive Directors, two non-executive Directors and three independent non-executive Directors. The following table sets forth general information regarding our Directors:

Name	Position	Age	Date of appointment as Director	Time of joining the Group	Responsibilities	Relationship with other Directors and senior management
Mr. Li Chengbin (厲成賓)	Chairman of the Board and executive Director	47	March 14, 2017	March 2017	Overall strategic planning and development, business direction and operational management of our Group	None
Dr. Guo Mingbo (郭明波)	Executive Director and chief executive officer	47	June 1, 2019	June 2019	Overseeing the business and daily operations of our Group	None
Mr. Chen Hu (陳虎)	Non-executive Director	52	October 24, 2025	October 2025	Providing recommendations on the strategic development of our Group	None
Ms. Yi Fan Sunny Ruan	Non-executive Director	25	October 24, 2025	October 2025	Providing recommendations on the strategic development of our Group	None
Dr. Huang Wei (黃衛)	Independent non-executive Director	60	December 4, 2021	December 2021	Supervising and providing independent opinion to our Board	None
Mr. Liu Jidong (劉繼東)	Independent non-executive Director	49	September 24, 2021	September 2021	Supervising and providing independent opinion to our Board	None
Ms. Sit Ting Fong (薛定芳)	Independent non-executive Director	52	October 24, 2025	October 2025	Supervising and providing independent opinion to our Board	None

The following sets forth the biographies of our Directors:

Executive Directors

Mr. Li Chengbin (厲成賓), aged 47, is the chairman of the Board and our executive Director. He is primarily responsible for the overall strategic planning and development, business direction and operational management of our Group. Mr. Li has served as the chairman of the Board and a Director of our Company since March 2017, and was redesignated as an executive Director in November 2025.

Mr. Li is a seasoned investor with extensive experience in technology investment fields such as consumer electronics, semiconductors, and new energy. From 2015 to June 2025, Mr. Li served as a technology manufacturing partner at Shanghai Zhengxingu where he was responsible for technology investment and strategic M&A. During such period, he also served as director and/or general manager at certain portfolio companies of Shanghai Zhengxingu, including the executive director and general manager of Sound Solutions International (Zhenjiang) Co., Ltd.* (奥音科技(鎮江)有限公司) from July 2019 to December 2021 and from December 2019 to June 2020, respectively. From July 2007 to April 2015, Mr. Li served as a deputy director at China Universal Asset Management Co., Ltd. (匯添富基金管理股份有限公司).

Mr. Li graduated from Shandong University (山東大學) with a bachelor's degree in finance in July 2000. He obtained a master's degree in business administration from The University of Hong Kong in November 2014.

Dr. Guo Mingbo (郭明波), aged 47, is our executive Director and chief executive officer of our Company. He is primarily responsible for overseeing the business and daily operations of our Group. Dr. Guo was appointed as a Director and chief executive officer of our Company in June 2019. Dr. Guo was redesignated as an executive Director in November 2025.

Dr. Guo previously served as the head of sales management for the Asia-Pacific region at several multinational material corporations, overseeing client management and business development in areas such as semiconductors and new energy. He possesses expertise in materials science combined with extensive sales management experience. Prior to joining our Group, he held the position of business director of Asia-Pacific region at Heraeus Materials Technology Shanghai Ltd.* (上海賀利氏工業技術材料有限公司) from August 2015 to June 2018. From November 2007 to July 2015, he worked at DuPont China Group Co., Ltd.* (杜邦中國集團有限公司) as a strategic account manager and channel sales manager. From September 2005 to May 2007, Dr. Guo served as a management trainee at General Electric China Co., Ltd.* (通用電氣中國有限公司).

Dr. Guo graduated from Shanghai Jiao Tong University (上海交通大學) with a bachelor's degree in applied chemistry in July 2002 and obtained a master's degree in materials science from the same university in March 2005. Dr. Guo graduated from The University of Hong Kong with a master's degree in business administration in November 2014. Dr. Guo received his PhD degree in materials and chemical engineering from Shanghai Jiao Tong University in September 2025. He was awarded "Chuishan Talent" Industry Leading Talent ("圖山人才"產業領軍人才) by Zhenjiang New District in December 2021. In May 2025, Dr. Guo was selected for the Model Workers of Zhenjiang City (鎮江市勞動模範) by Zhenjiang Government.

Non-executive Directors

Mr. Chen Hu (陳虎), aged 52, is our non-executive Director. He is primarily responsible for providing recommendations on the strategic development of our Group. Mr. Chen was appointed as a non-executive Director in October 2025.

Mr. Chen has 16 years of management experience in listed company and is a distinguished entrepreneur with senior corporate executive experience, backed by strong operational expertise and recognized professional credentials in economics and industry governance. Since June 2019, Mr. Chen has been the chairman of the board of Shanghai Jiechu Food Technology Co., Ltd.* (上海捷廚食品科技有限公司). From July 2001 to February 2017, Mr. Chen held various positions at Huabao International Holdings Limited* (華寶國際控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 00336), including general manager, business unit director, and vice president of the member of Huabao International Holdings Limited.

Mr. Chen graduated from Central South University of Technology (中南工業大學) with a bachelor's degree in investment economics in June 1997. He obtained a master's degree in business administration from Nanyang Technological University in July 2014. Mr. Chen was certified as a Senior Economist (高級經濟師) by the Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in January 2016.

Ms. Yi Fan Sunny Ruan, aged 25, is our non-executive Director. She is primarily responsible for providing recommendations on the strategic development of our Group. Ms. Ruan was appointed as a non-executive Director in October 2025.

Since July 2023, Ms. Ruan has been working as a joint general manager at Shaoxing Jinze Enterprise Management Co., Ltd.* (紹興錦澤企業管理有限公司), where she was responsible for operational affairs.

Ms. Ruan graduated from School of Visual Arts in New York City with a bachelor's degree in illustration in May 2023.

Independent Non-executive Directors

Dr. Huang Wei (黃衛), aged 60, is our independent non-executive Director. He is primarily responsible for supervising and providing independent opinion to our Board. Dr. Huang was appointed as an independent non-executive Director in December 2021.

Dr. Huang has over 35 years of experience in chemistry and chemical engineering industry. Dr. Huang has been working at the school of chemistry and chemical engineering of Shanghai Jiao Tong University (上海交通大學) since August 2005, where he served as an associate professor from August 2005 to December 2014, and has been a researcher since January 2012. From December 2020 to July 2025, he served as an independent director at Wuxi Heshuo Feng Technology Group Co., Ltd. (無錫和爍豐科技集團股份有限公司). From August 1997 to February 2000, he held the position of lecturer in the department of chemical engineering at Jiangsu Institute of Petrochemical Engineering* (江蘇石油化工學院). From August 1989 to August 1994, Dr. Huang served as a teaching assistant in the department of organic chemical engineering at Jiangsu Institute of Chemical Engineering (江蘇化工學院).

Dr. Huang graduated from Jiangsu Institute of Chemical Engineering (江蘇化工學院) with a bachelor's degree in basic organic chemical engineering in July 1989. He obtained a master's degree in chemical engineering from East China University of Science and Technology (華東理工大學) in July 1997 and further obtained a PhD degree in materials science from Shanghai Jiao Tong University (上海交通大學) in March 2003. Dr. Huang was certified as a Higher Education Teacher (高等學校教師) in August 1996. In 2019, he was awarded the Shanghai Natural Science First Prize (上海市自然科學一等獎) by the Shanghai Municipal Government (上海市人民政府).

Mr. Liu Jidong (劉繼東), aged 49, is our independent non-executive Director. He is mainly responsible for supervising and providing independent opinion to our Board. Mr. Liu was appointed as an independent non-executive Director in September 2021.

Mr. Liu has extensive experience in accounting and internal audit. Since June 2015, Mr. Liu has been the manager of internal audit department at CNH Industrial (China) Management Co., Ltd.* (凱斯紐荷蘭(中國)管理有限公司). He worked at the finance division of TRW Automotive (Asia Pacific) Co., Ltd.* (天合汽車(亞太)有限公司) from December 2014 to May 2015.

Mr. Liu graduated from Shandong University (山東大學) with a bachelor's degree in public finance in July 2000. He has been a member of the Chinese Institute of Certified Public Accountants since December 2009.

Ms. Sit Ting Fong (薛定芳), aged 52, is our independent non-executive Director. She is mainly responsible for supervising and providing independent opinion to our Board. Ms. Sit was appointed as an independent non-executive Director of our Company in October 2025.

Ms. Sit is a highly accomplished investment and strategy executive with deep expertise in private equity and investor relations across the Asia-Pacific region. Since June 2020, Ms. Sit has been working at Bain & Company as practice vice president for the private equity group in the Asia Pacific region. She has been serving as an independent non-executive director of Sling Group Holdings Limited, a company listed on the Stock Exchange (stock code: 8285), since January 2019. Ms. Sit spent over a decade in investor-facing roles within private equity industry from 2007 to 2020. Between May 2005 and June 2007, Ms. Sit worked at Crimson Investment as an investment vice president.

Ms. Sit graduated from the Chinese University of Hong Kong with a bachelor's degree in business administration in December 1997. She obtained a master's degree in business administration from Harvard University in June 2002.

SUPERVISORY COMMITTEE

Pursuant to our extraordinary general meeting on November 28, 2025, our Shareholders approved a resolution that our Company would no longer set up the supervisory committee from the date of the aforesaid general meeting, and the powers of the supervisory committee will be exercised by the Audit Committee. Accordingly, the term of our current supervisors and the supervisory committee would be terminated immediately at the date of general meeting. Our PRC Legal Advisers have confirmed that such arrangements comply with the relevant PRC laws and regulations.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets out certain information in respect of the senior management of the Group:

Name	Position	Age	Date of appointment as senior management	Time of joining the Group	Role and responsibilities	Relationship with other Directors and senior management
Dr. Guo Mingbo (郭明波)	Executive Director and chief executive officer	47	June 1, 2019	June 2019	Overseeing the business and daily operations of our Group	None
Mr. Ma Yuanhong (馬院紅)	Vice president	44	June 10, 2019	June 2019	Operation and management of the business unit of energy enhancement materials	None

Name	Position	Age	Date of appointment as senior management	Time of joining the Group	Role and responsibilities	Relationship with other Directors and senior management
Mr. Zhang Lei (張磊)	Vice president	44	August 14, 2019	August 2019	Research and development and management of the business unit of acoustic enhancement materials	None
Ms. Dong Fangjie (董芳杰)	Vice president, chief financial officer, Board secretary and joint company secretary	36	September 24, 2021	August 2020	Overall financial management and corporate government matters of our Group	None

Dr. Guo Mingbo (郭明波), see "– Board of Directors – Executive Directors" for details.

Mr. Ma Yuanhong (馬院紅), aged 44, is our vice president. He is primarily responsible for operation and management of the business unit of energy enhancement materials. Mr. Ma has been appointed as our vice president since June 2019.

Mr. Ma has extensive experience in the new energy and advanced materials industries. From October 2016 to November 2018, Mr. Ma held the position of sales manager at Heraeus Materials Technology Shanghai Ltd.* (上海賀利氏工業技術材料有限公司), where he managed sales for major clients. From October 2011 to September 2016, he worked as a technical specialist at DuPont (China) R&D Management Co., Ltd.* (杜邦(中國)研發管理有限公司 ("**DuPont**")), focusing on the promotion of new products and providing after-sales technical support. From January 2010 to July 2011, Mr. Ma worked at Shanghai ShenZhou New Energy Development Co., Ltd.* (上海神舟新能源發展有限公司), where he was responsible for the debugging, monitoring, optimization, and troubleshooting of production processes. From July 2009 to December 2009, Mr. Ma worked at Shanghai Aerospace Automobile Electromechanical Co., Ltd.*(上海航天汽車機電股份有限公司).

Mr. Ma graduated from Tongji University (同濟大學) with a bachelor's degree in chemical engineering and technology in July 2006. He obtained a master's degree in applied chemistry from Tongji University (同濟大學) in June 2009.

Mr. Zhang Lei (張磊), aged 44, is our vice president. He is primarily responsible for the research and development and management of the business unit of acoustic enhancement materials. Mr. Zhang has been appointed as vice president since August 2019.

Mr. Zhang possesses extensive experience in materials research and development and engineering applications, along with working experiences in technical support and research and development management at numerous multinational material enterprises. Prior to joining our Group, Mr. Zhang served as the emerging technology research and development manager at Heraeus Materials Technology Shanghai Ltd.* (上海賀利氏工業技術材料有限公司) from December 2014 to December 2017, during which he was responsible for new technology development including material and application process. From September 2012 to September 2014, Mr. Zhang served as application engineer at XJET Solar and held responsible for new process development for metallization of solar cells. From July 2008 to September 2012, Mr. Zhang served as a technical service engineer at DuPont.

Mr. Zhang received a bachelor's degree in composite materials and engineering from Nanjing University of Technology (南京工業大學) in June 2006. He obtained a master's degree in materials science and engineering from Zhejiang University (浙江大學) in June 2008.

Ms. Dong Fangjie (董芳杰), aged 36, is our vice president, chief financial officer, Board secretary and joint company secretary of our Company. She is primarily responsible for the overall financial management and corporate governance mattes of our Group. Ms. Dong has been appointed as Board secretary, vice president and chief financial officer in September 2021, May 2022 and December 2023, respectively.

Ms. Dong is a qualified audit and corporate governance specialist equipped with extensive professional credentials in accounting, law and valuation. She possesses more than 10 years of experiences in accounting and work of board secretary. From August 2017 to April 2020, she held the position of securities affairs representative at Beijing Dechen Technology Co., Ltd.* (北京德辰科技股份有限公司). From August 2015 to June 2017, Ms. Dong served as a senior audit specialist at Ruihua Certified Public Accountants (Special General Partnership)* (瑞華會計師事務所(特殊普通合夥)).

Ms. Dong graduated with a bachelor's degree in business administration from Southwestern University of Finance and Economics (西南財經大學) in June 2012. She obtained a master's degree in enterprise management from Southwestern University of Finance and Economics (西南財經大學) in June 2015. Ms. Dong has been a member of the Chinese Institute of Certified Public Accountants since 2015 and obtained China Legal Professional Qualification (中國法律職業資格) in 2017. She was also qualified as a Public Valuer of China Appraisal Society (中國資產評估協會) in September 2019 and a Tax Adviser of China Certified Tax Agents Association (中國注冊稅務師協會) in November 2019. She was qualified as the Board Secretary for Shanghai Stock Exchange Sci-Tech Innovation Board (上海證券交易所科創板董事會秘書) in December 2021 and the Board Secretary for the Shenzhen Stock Exchange (深圳證券交易所董事會秘書) in November 2018.

JOINT COMPANY SECRETARIES

Ms. Dong Fangjie (董芳杰), is our vice president, chief financial officer, Board secretary and a joint company secretary of our Company. See "– Senior Management" for details.

Ms. Mak Sin Ki (麥善琪) is a joint company secretary of our Company. She is a manager of company secretarial services of Vistra Group. Ms. Mak has over eight years of experience in company secretary and corporate governance fields. She obtained her bachelor's degree in Chinese and Bilingual Studies from The Hong Kong Polytechnic University and her master's degree in Professional Accounting and Corporate Governance from the City University of Hong Kong.

Ms. Mak is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute ("HKCGI") and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various Board committees. In accordance with the relevant PRC laws and regulations, the Articles and the Listing Rules, we have established our Audit Committee, Remuneration and Appraisal Committee and Nomination Committee.

Audit Committee

We have established an audit committee with terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code on November 28, 2025. The audit committee consists of Mr. Liu Jidong, Ms. Sit Ting Fong and Ms. Yi Fan Sunny Ruan, with Mr. Liu Jidong being the chairman of the committee.

The primary function of the audit committee is to assist our Board in providing an independent view of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by our Board which includes, amongst other things:

- proposing to the Board of Directors the appointment and replacement of external audit firms;
- supervising the implementation of our internal audit system;
- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties conferred by the Board of Directors.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee with terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code on November 28, 2025. The Remuneration and Appraisal committee consists of Ms. Sit Ting Fong, Dr. Huang Wei and Mr. Chen Hu, with Ms. Sit Ting Fong being the chairperson of the committee.

The primary function of the Remuneration and Appraisal committee is to develop remuneration policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefit arrangements which includes, amongst other things:

- establishing, reviewing and making recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management;
- determining the terms of the specific remuneration package of each Director and members of senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and
- other duties conferred by the Board of Directors.

Nomination Committee

We have established a nomination committee with terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code on November 28, 2025. The nomination committee consists of Mr. Li Chengbin, Dr. Huang Wei and Ms. Sit Ting Fong, with Mr. Li Chengbin being the chairman of the committee.

The primary function of the nomination committee is to make recommendations to our Board in relation to the appointment and removal of Directors which includes, amongst other things:

- reviewing the structure, size and composition of our Board on a regular basis and making recommendations to the Board regarding any proposed changes;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;

- assessing the independence of our independent non-executive Directors;
- making recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of our Directors; and
- other duties conferred by the Board of Directors.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as at 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 Company'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 on December 19, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she had no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his appointment.

CORPORATE GOVERNANCE

Board Diversity

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") prior to the Listing in order to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Our Company recognizes and embraces the benefits of having a diverse Board. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director of the Company, the Nomination Committee will consider a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

As at the Latest Practicable Date, our Board consists of five male members and two female members. Our Directors have a balanced portfolio of knowledge and skills, including consumer electronics advanced material, materials research and development, business administration, as well as qualifications in accounting. Our Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain high standard of operation.

Upon the Listing, the Nomination Committee will from time to time review the Board Diversity Policy, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy

remains effective. The Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report.

REMUNERATION

We offer our Directors and senior management members, who are also employees of our Company, emolument in the form of directors' fees, salaries, allowances and benefits in kind, retirement benefit scheme contributions, discretionary performance related bonus and equity-settled share award expenses. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or chairman of Board committees).

The aggregate amount of remuneration which was paid to our Directors (including directors' fees, salaries, allowances and benefits in kind, retirement benefit scheme contributions, discretionary performance related bonus and equity-settled share award expenses) for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 were RMB7.2 million, RMB9.9 million, RMB15.0 million and RMB8.2 million, respectively.

It is estimated that the aggregate amount of remuneration (including directors' fees, salaries, allowances and benefits in kind, retirement benefit scheme contributions, discretionary performance related bonus and equity-settled share award expenses) payable to Directors for the year ending December 31, 2026 will be approximately RMB27.3 million under arrangements in force at the date of this prospectus.

For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, the five highest paid employees of the Group included one, one, two and two Directors of the Company, respectively. The aggregate amount of remuneration which were paid by the Group to the remaining four, four, three and three highest paid individuals for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 were RMB3.0 million, RMB4.2 million, RMB3.9 million and RMB1.8 million, respectively.

During the Track Record Period, no remuneration was paid to, or receivable by, our Directors or the five highest paid individuals of our Company as an inducement to join or upon joining the Company, or as compensation for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Note 12 to the Accountants' Report as set out in Appendix I to this prospectus.

COMPLIANCE ADVISER

We have appointed Altus Capital Limited ("**Compliance Adviser**") as our compliance adviser pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

(a) before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;

(b) where a transaction, which might constitute a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and securities repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 19A.06 of the Listing Rules, Compliance Adviser will, in a timely manner, inform us of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. Compliance Adviser will also inform us of any amendment or supplement to applicable laws and guidelines.

The term of the appointment will commence on the Listing Date and end on the date on which we distribute the annual report of the first full financial year commencing after the Listing pursuant to the Rule 13.46 of the Listing Rules.

SHARE CAPITAL

Immediately before the Global Offering

As at the Latest Practicable Date, the registered share capital of the Company was RMB35,999,178, comprising of 359,991,780 Domestic Unlisted Shares (including 1,799,960 treasury Shares) with a nominal value of RMB0.10.

Upon the Completion of the Global Offering

Immediately after the Global Offering, the share capital of the Company will be as follows.

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the Global Offering
Domestic Unlisted Shares in issue	2,236,180	0.56%
H Shares to be converted from Domestic Unlisted Shares	357,755,600	89.44%
H Shares to be issued pursuant to the Global Offering	39,999,000	10.00%
Total	**399,990,780**	**100.00%**

RANKING

Upon completion of the Global Offering and the conversion of Domestic Unlisted Shares into H Shares, our Shares will consist of H Shares and Domestic Unlisted Shares. H Shares and Domestic Unlisted Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares. However, H Shares may only be subscribed for and traded in Hong Kong dollars. Apart from certain qualified domestic institutional investors in the PRC, as well as certain PRC qualified investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally cannot be subscribed by or traded between legal and natural persons of the PRC.

Domestic Unlisted Shares and H Shares are regarded as one class of Shares under the Articles of Association and will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF OUR DOMESTIC UNLISTED SHARES INTO H SHARES

Our Company has filed for a "full circulation" of the existing 357,755,600 Domestic Unlisted Shares into H Shares on a one-for-one basis, and submitted the application reports, authorization documents of the shareholders of Domestic Unlisted Shares for which an H-share "full circulation" are applied, explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

The relevant filings of the conversion of the existing 357,755,600 Domestic Unlisted Shares held by the existing Shareholders into H Shares on a one-for-one basis have been completed on June 22, 2026.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, the holders of our Domestic Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Shares to H Shares. After the conversion of Domestic Unlisted Shares, such converted Shares may be listed or traded on an overseas stock exchange, provided that prior to the listing and trading of such converted shares any requisite internal approval processes shall have been duly completed and the approval or filing from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required for the listing of such converted shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our Domestic Unlisted Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Domestic Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional Shares after our Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our Listing in Hong Kong.

After the completion of filing and all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Domestic Unlisted Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the ASR to credit such converted Shares via the ASR's UNSRT system. Registration on our H Share register will be conditional on (a) the ASR lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due credit of such converted Shares via the ASR's UNSRT system and (b) the admission of the H Shares to trade on the Stock Exchange in compliance with the Listing Rules, the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

No Shareholder voting by class is required for the listing and trading of the converted Shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which Shareholders' general meeting is required, please refer to "Appendix III – Summary of the Articles of Association" to this prospectus.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

Pursuant to the Notice on Adjustment of Business Acceptance of Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies (中國證券登記結算有限責任公司境外上市公司非境外上市股份登記存管業務實施細則) and the Business Guidelines for the Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies (境外上市公司非境外上市股份登記存管業務指南), an overseas-listed company is required, in accordance with the relevant requirements of the CSRC, to promptly apply to China Securities Depository and Clearing Corporation Limited for the completion of the initial registration procedures for its non-overseas-listed shares.

RESTRICTIONS ON TRANSFER OF SHARES

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the Listing Date.

Shares transferred by our Directors and members of the senior management each year during the term of office determined upon appointment shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares held by the aforementioned persons cannot be transferred within six months after they leave their positions as Directors and members of the senior management in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors and members of senior management of our Company.

So far as our Directors are aware, the following persons will, immediately after the completion of the Global Offering, have an interest or short position in our Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company:

				Immediately upon completion of the Global Offering	
Name	**Nature of interest**	**Description of Shares**	**Number of Shares[1]**	**Approximate percentage of shareholding in Domestic Unlisted Shares/ H Shares**	**Approximate percentage of shareholding in the total issued share capital of our Company**
Zhengxin Dexu	Beneficial interest	H Shares	135,776,570 (L)	34.14%	33.95%
Shanghai Lejin[2]	Interest in controlled corporation	H Shares	135,776,570 (L)	34.14%	33.95%
Shanghai Zhengxingu[2]	Interest in controlled corporation	H Shares	135,776,570 (L)	34.14%	33.95%
Mr. Lin Lijun[2]	Interest in controlled corporation	H Shares	135,776,570 (L)	34.14%	33.95%
Dr. Guo Mingbo[3]	Beneficial interest	H Shares	26,981,570 (L)	6.78%	6.75%
	Interest in controlled corporation	H Shares	5,089,430 (L)	1.28%	1.27%
Hechuang Mingzhu[4]	Beneficial interest	H Shares	29,013,820 (L)	7.29%	7.26%
Shenzhen Hechuang[4]	Interest in controlled corporation	H Shares	29,013,820 (L)	7.29%	7.26%
Nanning Ruizhi[4]	Interest in controlled corporation	H Shares	29,013,820 (L)	7.29%	7.26%
Li Bingshan[4]	Interest in controlled corporation	H Shares	29,013,820 (L)	7.29%	7.26%
Muyu Investment[5]	Beneficial interest	H Shares	24,564,140 (L)	6.18%	6.14%
Li Xiang[5]	Interest in controlled corporation	H Shares	24,564,140 (L)	6.18%	6.14%
Shaoxing Jinze[6]	Beneficial interest	H Shares	23,175,000 (L)	5.83%	5.79%
Ruan Weixiang[6]	Interest in controlled corporation	H Shares	23,175,000 (L)	5.83%	5.79%
Zhenjiang Chanfa[7]	Beneficial interest	Domestic Unlisted Shares	2,236,180 (L)	100.00%	0.56%

Name	Nature of interest	Description of Shares	Number of Shares[1]	Immediately upon completion of the Global Offering: Approximate percentage of shareholding in Domestic Unlisted Shares/ H Shares	Immediately upon completion of the Global Offering: Approximate percentage of shareholding in the total issued share capital of our Company
Hanrui Investment[7] .	Interest in controlled corporation	Domestic Unlisted Shares	2,236,180 (L)	100.00%	0.56%
Zhenjiang Industrial Holding[7]	Interest in controlled corporation	Domestic Unlisted Shares	2,236,180 (L)	100.00%	0.56%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) As at the Latest Practicable Date, Zhengxin Dexu was wholly owned by Shanghai Lejin, which was in turn controlled by Shanghai Zhengxingu as its general partner. Shanghai Zhengxingu was owned as to 99.90% by Mr. Lin Lijun. According to SFO, each of Shanghai Lejin, Shanghai Zhengxingu and Mr. Lin Lijun is deemed to be interested in the Shares held by Zhengxin Dexu.

(3) As at the Latest Practicable Date, Dr. Guo Mingbo owned 52% of the partnership interests in and was the general partner of Zhenjiang Demao. In addition, Shanghai Demao was owned as to less than 0.01% by Shanghai Huicheng Juzhi Technology Development Co., Ltd.* (上海匯成聚智科技發展有限公司) ("**Shanghai Huicheng**") as its general partner, and Shanghai Huicheng was owned as to 50% and 50% by Mr. Li Chengbin and Dr. Guo Mingbo, respectively. According to SFO, Dr. Guo is deemed to be interested in (i) the 26,981,570 Shares directly held by him, (ii) the 3,289,470 Shares held by Zhenjiang Demao, and (iii) the 1,799,960 Shares held by Shanghai Demao.

(4) As at the Latest Practicable Date, Gongqingcheng Hechuang Mingzhu Venture Capital Partnership (Limited Partnership)* (共青城河床明珠創業投資合夥企業(有限合夥)) ("**Hechuang Mingzhu**") was owned as to (i) 0.08% by Shenzhen Hechuang Yucheng Asset Management Co., Ltd.* (深圳市河床玉成資產管理有限公司) ("**Shenzhen Hechuang**") as its general partner and (ii) 47.58% by Nanning Ruizhi Entrepreneurship Investment Co., Ltd.* (南寧市瑞知創業投資有限公司) ("**Nanning Ruizhi**") as one of its limited partners. Shenzhen Hechuang was ultimately controlled by Mr. Li Bingshan (李冰山). According to SFO, Shenzhen Hechuang, Mr. Li Bingshan and Nanning Ruizhi are deemed to be interested in the Shares held by Hechuang Mingzhu.

(5) As at the Latest Practicable Date, the partnership interests of Muyu Investment were owned as to approximately 30.34% by Li Xiang as its general partner. According to SFO, Li Xiang is deemed to be interested in the Shares held by Muyu Investment.

(6) As at the Latest Practicable Date, Shaoxing Jinze was wholly owned by Ruan Weixiang. According to SFO, Ruan Weixiang is deemed to be interested in the Shares held by Shaoxing Jinze.

(7) As of the Latest Practicable Date, Zhenjiang Chanfa was owned as to 98.46% by Jiangsu Hanrui Investment Holding Co., Ltd.* (江蘇瀚瑞投資控股有限公司) ("**Hanrui Investment**"), which was wholly owned by Zhenjiang Industrial Development Holding Group Co., Ltd.* (鎮江產業發展控股集團有限公司) ("**Zhenjiang Industrial Holding**") which was in turn wholly owned by Zhenjiang Municipal People's Government State-owned Assets Supervision and Administration Commission (鎮江市人民政府國有資產監督管理委員會).

Save as disclosed above and in the section headed "Appendix IV – Statutory and General Information – C. Further Information about our Directors and Substantial Shareholders," our Directors are not aware of any person who will, immediately following the Global Offering, have an interest or short position 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 or any member of our Group.

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current view with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical events, current conditions and expected future developments, as well as factors that are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are an electronic functional enhancement materials company principally engaged in the development, manufacture and sales of acoustic enhancement materials, electronic ceramic materials, electronic adhesives and energy enhancement materials. Based on our insights of the industry development and technology evolution and leveraging our research and development capabilities and lean-management expertise, we have built three core technology platforms, namely the Inorganic Powder Technology Platform (無機粉體技術平台), the Polymer Materials Technology Platform (高分子材料技術平台) and the Composite Materials Technology Platform (複合材料技術平台). We have also integrated advanced technologies such as the material simulation system to comprehensively enhance research and development efficiency and commercialization speed of our products.

Our revenue increased by 10.8% from RMB320.5 million in 2023 to RMB355.1 million in 2024, and further increased by 76.1% to RMB625.1 million in 2025. For the six months ended June 30, 2026, our revenue further increased by 28.8% to RMB365.0 million from RMB283.4 million for the corresponding period in 2025.

SIGNIFICANT FACTORS AFFECTING RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by a number of general factors influencing the overall global electronic functional enhancement materials industry. These factors include macroeconomic trends, industry development and competitive landscape in the market. Any adverse development can have a negative impact on our results of operations.

In addition to these general factors, our results of operations are affected by the following specific factors:

Overall Growth of Market Demand and Our Market Position

During the Track Record Period and up to the Latest Practicable Date, we were primarily engaged in the development, manufacture and sale of electronic functional enhancement materials. Our electronic functional enhancement materials are primarily used to enhance acoustical, optical, thermal and electrical performance of components and devices in consumer electronics and new energy sectors. Leveraging our established core technology platforms, we built up four business units comprising the following product offerings: (i) acoustic enhancement materials, (ii) electronic ceramic materials, (iii) electronic adhesives, and (iv) energy enhancement materials. The market growth and downstream demand of our customers' products are subject to a variety of factors beyond our control. These include macroeconomic conditions, rapid technological developments, evolving industry standards, shifting consumer preferences, regulatory requirements, and supply

chain constraints. Any delay or slowdown in technological advancements, disruptions in supply chains, or failure to comply with regulatory policies may hinder the growth of downstream markets. For further detailed analysis, please refer to "Industry Overview" section in this prospectus.

There are expected fluctuations in the downstream consumer electronics industry. Global smartphone shipments reached approximately 1,354.8 million units in 2021, supported by 5G smartphone adoption and technological advances. Shipments then started to decline and reached approximately 1,164.1 million units in 2023, amid macroeconomic uncertainty and weaker consumer demand. Consumers who had previously delayed their upgrades resumed replacing their smartphones in 2024 and 2025 as their existing devices aged. Global smartphone shipments gradually recovered and reached 1,260.3 million units in 2025. The industry then entered a cyclical downward adjustment phase in 2026. Global smartphone shipments declined from 599.5 million units for the six months ended June 30, 2025 to 567.2 million units for the same period in 2026, representing a period-on-period decrease of 5.4%. Further, consumer electronics shipments are projected to decline temporarily in 2026, partially driven by substantial price increases in memory products. According to Frost & Sullivan, memory products refer to smartphone memory components, including DRAM used as working memory and NAND Flash used for data storage. Specifically, rising prices for memory products in 2026, including a significant increase in DRAM prices, led to an increase in manufacturing costs for smartphones. Higher memory costs may prompt smartphone brands to raise retail prices, adjust memory specifications or reduce production and shipment plans. Additionally, higher retail prices may weaken consumer demand and delay replacement purchases. For instance, according to Frost & Sullivan, the average prices of DRAM products (core volatile semiconductor memory component widely adopted in smartphones and consumer electronic devices) surged by 150% to 300% for the six months ended June 30, 2026, compared with the same period in 2025. Such memory price increases partially contributed to the downstream industry fluctuations described above, which in turn reduced overall Android smartphone shipments. Global Android smartphone shipments declined by 9.4% for the six months ended June 30, 2026, compared with the same period in 2025 and are forecast to continue declining throughout 2026. The slowdown of consumer electronics industry in 2026 may adversely affect our revenue and profitability in the short term. Overall, downstream market demand is expected to moderate and revert to its prudent growth expectation in 2027. Meanwhile, the development of the consumer electronics sector may be influenced by national industrial policies such as national subsidy incentives, which bring periodic fluctuations to market demand and partially affect our business growth and profitability. For details, please refer to "Industry Overview – Overview of Global and China Acoustic Enhancement Materials Industry – Market Size Analysis of Global and China Acoustic Enhancement Materials Industry" in this prospectus.

In addition, with the rapid development of emerging sectors such as consumer electronics and new energy in recent years, the downstream application scenarios for electronic functional enhancement materials are expanding at an accelerated pace. Please also refer to "Risk Factors — Risks Relating to Our Industry and Business — We may fail to continuously expand our existing product lines or develop new products or our new products may not be successful, which could adversely affect our business, results of operations and financial condition." in this prospectus.

Maintaining Our Relationship with Our Existing Customers

Our results of operations have been and are expected to be affected by our ability to maintain our relationship with our existing customers, which is in turn affected by numerous factors, including the global consumers' demand for our electronic functional enhancement materials, particularly the market demands within consumer electronics and new energy sectors. In addition to the existing competitors, we may encounter challenges from new market entrants. As our customers face ongoing pressure to launch new products at competitive prices, they in turn require us to advance our technologies to develop, together with our customers, products with specialized features and specifications.

Historically, a relatively small number of customers accounted for a substantial portion of our revenue. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, sales to our five largest customers in each year/period amounted to RMB282.6 million, RMB292.1 million, RMB489.6 million and RMB276.2 million, respectively, accounting for 88.2%, 82.3%, 78.4% and 75.7% of our total revenue for the same years/periods, respectively. If our major customers cease to procure products from us, or fail to maintain and/or increase their current level of business with us, we may experience slow growth, no growth or negative growth.

Further Expansion and Penetration into New End Markets

Our ability to continue to grow our business will depend on our capability to enter or further penetrate new end markets. We have been continuously growing our portfolio of products to capture emerging opportunities from new end markets or application scenarios. In 2021, leveraging our shared customer base with N'BASS Materials, we extended our product lines to the electronic adhesives sector. In 2022, we launched a micro-speaker adhesives solution compatible with N'BASS Materials. Through years of dedicated efforts, we have progressively enhanced our competitiveness in the acoustic adhesives market. Based on our accumulated formulations and modification technologies, we further launched our optical adhesives products in 2024, which demonstrated improved reliability and curing shrinkage rate.

As such, our revenue from these new end markets in the future will be affected by the development of these markets. Our ability to successfully capitalize on such development and acquire new customers in these markets, which depends on, among others, our market research capabilities in these markets, the relationship with existing client base, and the demand of companies in the relevant industry chains, will affect our business and financial condition.

Research and Development Efforts and Achievements

Research and development capabilities are crucial to our sustained business growth, as our competitiveness depends on our ability to develop and implement new technologies and production techniques to address evolving needs of our customers. Therefore, we have consistently allocated resources to research and development initiatives and will maintain this investment momentum going forward. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses amounted to RMB37.6 million, RMB39.4 million, RMB45.2 million, RMB21.1 million and RMB20.5 million, representing 11.7%, 11.1%, 7.2%, 7.5% and 5.6% of our total revenue in the respective years/periods.

Our research and development achievements affect our business in multiple ways, such as (i) whether we will be successful in maintaining our relationships with our existing customers and acquiring new customers, (ii) whether we can expand our portfolio of products, and (iii) whether we can manage our production costs by employing more advanced and automated production equipment. We cannot assure you that our research and development efforts will achieve our intended results, or that we will be able to successfully implement new technologies or technologies resulting from our research and development to achieve our intended benefits. In this case, our business and financial condition will be adversely affected. For also refer to "Risk Factors — Risks Relating to Our Industry and Business — We may fail to keep pace with the continuous technological advancements in our industry, and our research and development initiatives may not deliver commercially viable or otherwise positive outcomes." in this prospectus.

BASIS OF PRESENTATION

Our consolidated financial statements have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**"). Our condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") "Interim Financial Reporting" issued by the IASB.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. During the Track Record Period and up to the Latest Practicable Date, there was no material deviation between our management's estimates or assumptions and actual results, and we did not make any material changes to these estimates or assumptions. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Other significant accounting policies, estimates, assumptions, and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in the Note 4 and 5 to the Accountants' Report as set out in Appendix I to this prospectus.

RESULTS OF OPERATIONS

The table below summarizes our results of operations in absolute amounts and as percentages of our total revenue for the years/periods indicated, which are derived from our consolidated statements of profit or loss and other comprehensive income included in the Accountants' Report as set out in Appendix I to this prospectus.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Revenue	**320,463**	**100.0**	**355,062**	**100.0**	**625,096**	**100.0**	**283,398**	**100.0**	**364,959**	**100.0**
Cost of sales	(147,296)	(46.0)	(155,779)	(43.9)	(333,963)	(53.4)	(146,933)	(51.8)	(233,101)	(63.9)
Gross profit	**173,167**	**54.0**	**199,283**	**56.1**	**291,133**	**46.6**	**136,465**	**48.2**	**131,858**	**36.1**
Other income	11,999	3.7	5,968	1.7	11,616	1.9	4,400	1.6	6,304	1.7
Other gains and losses	(94)	(0.0)	1,998	0.6	344	0.1	1,556	0.5	(2,053)	(0.6)
Selling and marketing expenses	(9,254)	(2.9)	(10,500)	(3.0)	(16,812)	(2.7)	(9,365)	(3.3)	(6,474)	(1.8)
Administrative expenses	(27,125)	(8.5)	(29,464)	(8.3)	(47,950)	(7.7)	(25,788)	(9.1)	(24,757)	(6.8)
Research and development expenses	(37,629)	(11.7)	(39,441)	(11.1)	(45,163)	(7.2)	(21,138)	(7.5)	(20,483)	(5.6)
Listing expenses	–	–	–	–	(10,245)	(1.6)	–	–	(5,816)	(1.6)
Net impairment (losses) reversal under expected credit loss ("ECL") model	(1,791)	(0.6)	256	0.1	(1,153)	(0.2)	(562)	(0.2)	564	0.2
Finance cost	(207)	(0.1)	(261)	(0.1)	(1,952)	(0.3)	(404)	(0.1)	(565)	(0.2)
Profit before tax	**109,066**	**34.0**	**127,839**	**36.0**	**179,818**	**28.8**	**85,164**	**30.1**	**78,578**	**21.5**
Income tax expenses	(12,910)	(4.0)	(15,308)	(4.3)	(24,510)	(3.9)	(10,643)	(3.8)	(8,977)	(2.5)
Profit for the year/period	**96,156**	**30.0**	**112,531**	**31.7**	**155,308**	**24.8**	**74,521**	**26.3**	**69,601**	**19.1**
Profit (loss) attributable to:										
Owners of our Company	97,321	30.4	114,090	32.1	152,462	24.4	73,409	25.9	66,022	18.1
Non-controlling interests	(1,165)	(0.4)	(1,559)	(0.4)	2,846	0.5	1,112	0.4	3,579	1.0

Revenue

During the Track Record Period and up to the Latest Practicable Date, we were primarily engaged in the development, manufacture and sale of electronic functional enhancement materials. Leveraging our established core technology platforms, we built up four business units comprising the following product offerings: (i) acoustic enhancement materials, (ii) electronic ceramic materials, (iii) electronic adhesives, and (iv) energy enhancement materials.

Revenue by business units

The table below sets forth the breakdown of our revenue by business unit in absolute amounts and as percentages of our total revenue for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Acoustic enhancement materials	211,726	66.1	219,128	61.7	303,514	48.6	145,658	51.4	132,359	36.3
Electronic ceramic materials	–	–	–	–	133,939	21.4	60,606	21.4	88,852	24.3
Electronic adhesives	2,272	0.7	9,223	2.6	22,359	3.6	8,673	3.1	11,376	3.1
Energy enhancement materials	106,465	33.2	126,711	35.7	165,284	26.4	68,461	24.1	132,372	36.3
Total	**320,463**	**100.0**	**355,062**	**100.0**	**625,096**	**100.0**	**283,398**	**100.0**	**364,959**	**100.0**

The table below sets forth the sales volume and average selling prices by business unit for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales volume	Average selling price[1]	Sales volume	Average Selling price[1]	Sales volume	Average selling price[1]	Sales volume	Average Selling price[1]	Sales volume	Average selling price[1]
	(kg)	*(RMB/kg)*	*(kg)*	*(RMB/kg)*	*(kg)*	*(RMB/kg)*	*(kg)*	*(RMB/kg)*	*(kg)*	*(RMB/kg)*
Acoustic enhancement materials	28,446	7,443	28,973	7,563	40,927	7,416	19,936	7,306	18,500	7,155
Electronic ceramic materials	–	–	–	–	6,411,076	21	2,964,600	20	4,129,076	22
Electronic adhesives	3,010	755	11,880	776	80,869	276	16,178	536	83,018	137
Energy enhancement materials[2]	4,929,839	22	6,344,770	20	1,940,775	85	1,385,424	49	784,702	169

Notes:

(1) Average selling price is calculated through dividing revenue by the relevant sales volume during the same years/periods, which represented the average price at which our products were sold to our customers.

(2) Primarily PV back-glass coating materials, PV conductive paste and PV cell additives.

The minor variances between the calculated sales amount (sales volume multiplied by average selling price) and the actual sales revenue are mainly attributable to the fact that our PV cell additives are mainly liquid products, and its sales volume is originally recorded in liters rather than kilograms. For consistency in this table, we have converted the sales volume of PV cell additives from liters to kilograms based on an estimated average density.

For detailed analysis about our period-to-period comparison of revenue in relation to the fluctuations of sales volume and average selling prices, please refer to the "— Period-to-Period Comparison of Results of Operations" below.

Revenue by geographic region

Geographical location is based on the places of registration of our direct customers. During the Track Record Period and up to the Latest Practicable Date, we sold our products to customers in regions within and outside Chinese Mainland. The table below sets forth the breakdown of our revenue by geographical location for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Chinese Mainland	289,628	90.4	289,040	81.4	518,483	82.9	235,723	83.2	308,449	84.5
Outside of Chinese Mainland	30,835	9.6	66,022	18.6	106,613	17.1	47,675	16.8	56,510	15.5
– Vietnam	520	0.2	20,433	5.8	54,713	8.8	25,938	9.1	32,880	9.0
– South Korea	30,315	9.4	45,589	12.8	51,900	8.3	21,737	7.7	20,166	5.5
– Malaysia	–	–	–	–	–	–	–	–	3,464	1.0
Total	**320,463**	**100.0**	**355,062**	**100.0**	**625,096**	**100.0**	**283,398**	**100.0**	**364,959**	**100.0**

During the Track Record Period, a majority of our revenue was derived from customers located within the Chinese Mainland. Our revenue from the Chinese Mainland remained relatively stable at RMB289.6 million in 2023 and RMB289.0 million in 2024, increased to RMB518.5 million in 2025, and further increased from RMB235.7 million for the six months ended June 30, 2025 to RMB308.4 million for the corresponding period in 2026. This growth was primarily attributable to the expansion of our business operations and customer base in this market.

Cost of Sales

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our cost of sales amounted to RMB147.3 million, RMB155.8 million, RMB334.0 million, RMB146.9 million and RMB233.1 million, respectively, accounted for 46.0%, 43.9%, 53.4%, 51.8% and 63.9% of our total revenue for the same years/periods, respectively.

The table below sets forth the breakdown of our cost of sales by nature in absolute amounts and as percentages of our cost of sales for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Raw materials cost	106,159	72.1	124,506	79.9	249,242	74.6	105,668	71.9	190,081	81.5
Manufacturing costs[(1)]	38,707	26.3	28,242	18.2	73,328	22.0	36,325	24.7	37,012	15.9
Labor cost	2,430	1.6	3,031	1.9	11,393	3.4	4,940	3.4	6,008	2.6
Total	**147,296**	**100.0**	**155,779**	**100.0**	**333,963**	**100.0**	**146,933**	**100.0**	**233,101**	**100.0**

Note:

(1) Mainly represented depreciation and amortization, costs of auxiliary materials, utilities, and expenses for production management personnel.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our cost of sales attributable to the procurement cost of silver powder amounted to RMB31.7 million, RMB45.2 million, RMB120.9 million, RMB44.4 million and RMB105.7 million, respectively, accounting for 29.9%, 36.3%, 48.5%, 42.0% and 55.6% of total raw material costs for the corresponding years/periods. Our procurement cost of silver powder kept increasing during the Track Record Period, primarily due to our increased procurement volumes for the production of PV conductive paste. Meanwhile, silver powder prices exhibited volatility but registered an overall upward trend during the Track Record Period. Subsequent to the Track Record Period and up to the Latest Practicable Date, silver was traded at lower levels compared with the average selling price of silver powder for the six months ended June 30, 2026.

The table below sets forth the breakdown of our cost of sales by product units in absolute amounts and as percentages of our cost of sales for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Acoustic enhancement materials	50,655	34.3	36,080	23.2	52,943	15.9	27,042	18.4	21,971	9.4
Electronic ceramic materials	–	–	–	–	105,025	31.4	48,493	33.0	70,980	30.5
Electronic adhesives	2,000	1.4	3,517	2.3	12,055	3.6	3,679	2.5	8,539	3.7
Energy enhancement materials	94,641	64.3	116,182	74.5	163,940	49.1	67,719	46.1	131,611	56.5
Total	**147,296**	**100.0**	**155,779**	**100.0**	**333,963**	**100.0**	**146,933**	**100.0**	**233,101**	**100.0**

Gross Profit and Gross Profit Margin

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our gross profit amounted to RMB173.2 million, RMB199.3 million, RMB291.1 million, RMB136.5 million and RMB131.9 million, respectively. Our overall gross profit margin recorded 54.0%, 56.1%, 46.6%, 48.2% and 36.1% during the same years/periods, respectively. The table below sets forth the breakdown of our gross profit and gross profit margin by business unit for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Acoustic enhancement materials	161,071	76.1	183,048	83.5	250,571	82.6	118,616	81.4	110,388	83.4
Electronic ceramic materials	–	–	–	–	28,914	21.6	12,113	20.0	17,872	20.1
Electronic adhesives	272	12.0	5,706	61.9	10,304	46.1	4,994	57.6	2,837	24.9
Energy enhancement materials	11,824	11.1	10,529	8.3	1,344	0.8	742	1.1	761	0.6
Total	**173,167**	**54.0**	**199,283**	**56.1**	**291,133**	**46.6**	**136,465**	**48.2**	**131,858**	**36.1**

The table below sets forth the breakdown of our gross profit and gross profit margin by geographical location for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Chinese Mainland	147,382	50.9	142,854	49.4	205,222	39.6	97,304	41.3	91,000	29.5
Outside of Chinese Mainland	25,785	83.6	56,429	85.5	85,911	80.6	39,161	82.1	40,858	72.3
– Vietnam	273	52.5	16,027	78.4	43,931	80.3	20,522	79.1	27,439	83.5
– South Korea	25,512	84.2	40,402	88.6	41,980	80.9	18,639	85.7	14,206	70.4
– Malaysia	–	0.0	–	0.0	–	0.0	–	0.0	(787)	(22.7)
Total	**173,167**	**54.0**	**199,283**	**56.1**	**291,133**	**46.6**	**136,465**	**48.2**	**131,858**	**36.1**

The gross profit margin of our products sold in Chinese Mainland remained relatively stable at 50.9% in 2023 and 49.4% in 2024. The gross profit margin of our products sold in Chinese Mainland declined from 49.4% in 2024 to 39.6% in 2025, primarily due to the addition of electronic ceramic powder products with a gross profit margin of 21.6% in 2025, as well as an increase in the revenue share of energy enhancement materials accompanied by a decline in its gross profit margin. The gross profit margin of our products sold in Chinese Mainland decreased from 41.3% for the six months ended June 30, 2025 to 29.5% for the corresponding period in 2026, primarily due to the increase in revenue share of energy enhancement materials with a gross profit margin of 0.6%.

The gross profit margin of our overseas sales remained relatively stable at 83.6% in 2023 and 85.5% in 2024. The gross profit margin of our overseas sales declined from 85.5% in 2024 to 80.6% in 2025, primarily due to a decline in the gross profit margin of our products sold in South Korea having from 88.6% in 2024 to 80.9% in 2025. This was mainly attributable to increased overseas sales by Zhejiang AITEK, as electronic ceramic materials command a relatively lower gross profit margin, thereby leading to a decrease in overall gross profit margin in the region. The gross profit margin of our overseas sales decreased from 82.1% for the six months ended June 30, 2025 to 72.3% for the corresponding period in 2026, primarily due to a decline in both the revenue share and gross profit margin of our sales in South Korea. In addition, our sales of PV back-glass coating materials in Malaysia recorded a negative gross profit margin in the first half of 2026. This was primarily due to the early operation stage of our business in the region with low shipment volume. The limited production scale led to insufficient absorption of fixed production costs and, accordingly, higher unit production costs.

For detailed analysis about our period-to-period comparison of gross profit and gross profit margin by business unit, please refer to the "— Period-to-Period Comparison of Results of Operations" below.

Other Income

Our other income consists of (i) government grants, (ii) interest income, (iii) additional deduction of input VAT, and (iv) other miscellaneous items. The table below sets forth the breakdown of our other income in absolute amounts and as percentages of our total other income for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(Unaudited)*	*%*	*RMB'000*	*%*
Government grants – unconditional subsidy income[(1)]	4,657	38.8	1,776	29.8	4,401	37.9	643	14.6	3,301	52.4
– related to assets[(2)]	421	3.5	362	6.1	362	3.1	180	4.1	180	2.9
Interest income	5,918	49.3	2,971	49.8	5,167	44.5	3,040	69.1	1,710	27.1
Additional deduction of input VAT	967	8.1	817	13.7	1,625	14.0	481	10.9	1,058	16.8
Others	36	0.3	42	0.6	61	0.5	56	1.3	55	0.8
Total	**11,999**	**100.0**	**5,968**	**100.0**	**11,616**	**100.0**	**4,400**	**100.0**	**6,304**	**100.0**

Notes:

(1). Representing unconditional government grants we received from local governments in connection with our operating activities during the Track Record Period.

(2). Representing government grants provided by the relevant PRC government authorities to us for the purposes of financing our purchase of plant. The amounts are recognized as income to match with the related expenses or on systematic basis over the useful lives of the relevant assets starting from the completion of inspection by the related government authorities. For the related deferred income, please refer to Note 30 to the Accountants' Report as set out in Appendix I to this prospectus.

Other Gains and Losses

Our other gains and losses consists of (i) net gain or loss on disposal of property, plant and equipment, (ii) net gain on termination of right-of-use assets and lease liabilities, (iii) net foreign exchange gain or loss, (iv) net gain in fair value changes of financial assets at FVTPL, (v) net loss in fair value changes of derivative financial instruments, or gains and (vi) others. The table below sets forth the breakdown of our other gains and losses for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Net gain (loss) on disposal of property, plant and equipment	228	(221)	107	–	(105)
Net gain on termination of right-of-use assets and lease liabilities	357	–	7	–	–
Net foreign exchange gain (loss)	199	1,210	(3,207)	(596)	(4,233)
Net gain in fair value changes of financial assets at FVTPL	54	3,966	4,862	2,356	1,676
Net (loss) gain in fair value changes of derivative financial instruments	(794)	(2,881)	(991)	(80)	900
Others	(138)	(76)	(434)	(124)	(291)
Total	**(94)**	**1,998**	**344**	**1,556**	**(2,053)**

Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) employee compensation and staff costs, (ii) business development and travel expenses, (iii) promotion and service expenses, (iv) freight charges and samples expenses, and (v) others. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our selling and marketing expenses amounted to RMB9.3 million, RMB10.5 million, RMB16.8 million, RMB9.4 million and RMB6.5 million, respectively, representing 2.9%, 3.0%, 2.7%, 3.3% and 1.8% of our total revenue for the same years/periods, respectively.

The table below sets forth the breakdown of our selling and marketing expenses for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Employee compensation and staff costs	5,670	61.4	6,313	60.1	10,364	61.6	5,986	63.9	3,323	51.3
Business development and travel expenses	2,548	27.5	2,993	28.5	2,963	17.6	1,277	13.6	1,446	22.3
Promotion and service expenses	531	5.7	747	7.1	624	3.7	460	4.9	193	3.0
Freight charges and samples expenses	196	2.1	289	2.8	2,557	15.2	1,531	16.3	1,387	21.4
Others	309	3.3	158	1.5	304	1.9	111	1.2	125	1.9
Total	**9,254**	**100.0**	**10,500**	**100.0**	**16,812**	**100.0**	**9,365**	**100.0**	**6,474**	**100.0**

Our freight charges and sample expenses increased by approximately 784.8% from RMB0.3 million in 2024 to RMB2.6 million in 2025. The substantial increase was primarily attributable to the inclusion of Zhejiang AITEK into our consolidated income statement in 2025. Excluding the impact of Zhejiang AITEK, our freight charges and sample expenses in 2025 amounted to RMB0.1 million.

Administrative Expenses

Our administrative expenses primarily comprise of (i) employee benefits, (ii) service consulting fees, (iii) depreciation and amortization expenses, (iv) share-based payment expenses, (v) intermediary fees, (vi) business development and travel expense, and (vii) others, including, amongst others, office, utilities, meeting and cleaning expenses. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our administrative expenses amounted to RMB27.1 million, RMB29.5 million, RMB48.0 million, RMB25.8 million and RMB24.8 million, respectively, representing 8.5%, 8.3%, 7.7%, 9.1% and 6.8% of our total revenue for the same years/periods.

The table below sets forth the breakdown of our administrative expenses for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Employee benefits	11,798	43.5	13,121	44.5	23,046	48.1	11,488	44.5	11,640	47.0
Service consulting fees	3,080	11.4	4,468	15.2	7,157	14.9	2,436	9.4	3,314	13.4
Depreciation and amortization	1,935	7.1	2,043	6.9	4,340	9.1	2,382	9.2	2,256	9.1
Share-based payment expenses[(1)]	3,106	11.5	4,236	14.4	3,279	6.8	2,118	8.2	3,814	15.4
Intermediary fees	2,714	10.0	1,075	3.6	3,859	8.0	3,506	13.6	508	2.1
Business development and travel expenses	1,386	5.1	1,295	4.4	1,862	3.9	771	3.0	918	3.7
Others	3,106	11.4	3,226	11.0	4,407	9.2	3,087	12.1	2,307	9.3
Total	**27,125**	**100.0**	**29,464**	**100.0**	**47,950**	**100.0**	**25,788**	**100.0**	**24,757**	**100.0**

Note:

(1) For details, please refer to Note 32 to the Accountants' Report as set out in Appendix I to this prospectus.

Research and Development Expenses

Our research and development expenses consisted of: (i) staff costs, (ii) depreciation and amortization, (iii) material, patent application fee and technical service fee, and (iv) others. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses amounted to RMB37.6 million, RMB39.4 million, RMB45.2 million, RMB21.1 million and RMB20.5 million, representing 11.7%, 11.1%, 7.2%, 7.5% and 5.6% of our total revenue in the respective years/periods.

The table below sets forth the breakdown of our research and development expenses for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Staff costs	18,934	50.3	20,538	52.1	24,698	54.7	10,513	49.7	11,096	54.2
Depreciation and amortization	12,032	32.0	11,551	29.3	11,019	24.4	6,688	31.6	4,917	24.0
Material, patent application fee and technical service fee	4,230	11.2	4,743	12.0	4,778	10.6	1,452	6.9	1,732	8.5
Others	2,433	6.5	2,609	6.6	4,668	10.3	2,485	11.8	2,738	13.3
Total	**37,629**	**100.0**	**39,441**	**100.0**	**45,163**	**100.0**	**21,138**	**100.0**	**20,483**	**100.0**

Listing Expenses

We recorded RMB10.2 million and RMB5.8 million of listing expenses for the year ended December 31, 2025 and six months ended June 30, 2026, respectively, mainly representing fees paid to professional parties for preparation of the Listing.

Net Impairment Losses or Reversal Under Expected Credit Loss ("ECL") Model

We recognize impairment losses or reversal under expected credit loss ("ECL") model in relation to trade receivables and bill receivable and other receivables. We recorded a net loss of RMB1.8 million, a net reversal of RMB0.3 million, a net loss of RMB1.2 million, a net loss of RMB0.6 million and a net reversal of RMB0.6 million in respect of net impairment losses or reversal under the ECL model in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

The table below sets forth the breakdown of our net impairment losses (reversal) under ECL model for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Trade and bills receivables	1,851	(298)	1,212	558	(572)
Other receivables	(60)	42	(59)	4	8
Total	**1,791**	**(256)**	**1,153**	**562**	**(564)**

Finance Costs

Our finance costs comprises interest on borrowings, lease liabilities and amount due to a non-controlling shareholder. The table below sets forth the breakdown of our finance costs for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interests on amount due to a non-controlling shareholder[(1)]	–	–	283	157	21
Interests on borrowings	–	30	1,329	56	422
Interests on lease liabilities	207	231	340	191	122
Total	**207**	**261**	**1,952**	**404**	**565**

Note:

(1) Representing interests arising from a loan agreement entered into between Zhejiang AITEK and a non-controlling shareholder of us. For further details, please refer to Note 26 to the Accountants' Report as set out in Appendix I to this prospectus. We have fully settled such loan in April 2026.

Income Tax Expenses

Our income tax expenses primarily consist of current income tax and deferred income tax. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our income tax expenses were RMB12.9 million, RMB15.3 million, RMB24.5 million, RMB10.6 million and RMB9.0 million, respectively. Our effective tax rate remained relatively stable at 11.8%, 12.0%, 13.6%, 12.5% and 11.4% for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

During the Track Record Period and up to the Latest Practicable Date, certain entities within our Group were eligible for a preferential income tax rate of 15%.

No provision for Hong Kong profits tax has been made in our consolidated financial statements as we had no assessable profit subject to Hong Kong profits tax during the Track Record Period.

Pursuant to relevant laws and regulations in the PRC, some of our subsidiaries are eligible as Small Low-profit Enterprises (小型微利企業) and are subject to preferential tax treatments during the Track Record Period and up to the Latest Practicable Date. For Small Low-profit Enterprises, the annual taxable income not exceeding RMB3.0 million was reduced to 25% and taxed at a rate of 20%.

Our Company and Zhejiang AITEK are entitled to an additional deduction of 100% on qualified research and development expenditures during the Track Record Period and up to the Latest Practicable Date.

As of the Latest Practicable Date and during the Track Record Period, our Directors confirmed that we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

Transfer pricing arrangements

During the Track Record Period, we had certain intra-group transactions between our Company and our subsidiaries in Chinese Mainland and Hong Kong, which primarily included the following two types (the "**Covered Transactions**"):

(i) Tangible goods buy-sell transactions: primarily including: (a) Shanghai Nexolar and Shanghai Yuyang sold raw materials and finished goods purchased from third party suppliers to our Company; and (b) our Company sold finished goods to Shanghai Nexolar, Shanghai Yuyang and SSI New Materials HK for further sales. In 2023, 2024, 2025 and the six months ended June 30, 2026, the corresponding total revenue amounted to approximately RMB106.4 million, RMB116.8 million, RMB184.5 million and RMB143.9 million, respectively.

(ii) Service transaction: Shanghai Runshi provided research and development services to our Company. In 2023, 2024, 2025 and the six months ended June 30, 2026, the related service revenue of Shanghai Runshi amounted to approximately RMB15.7 million, RMB18.9 million, RMB19.1 million and RMB9.9 million, respectively.

The roles, business activities and functions of each of the relevant companies involved in the Covered Transactions are as follows:

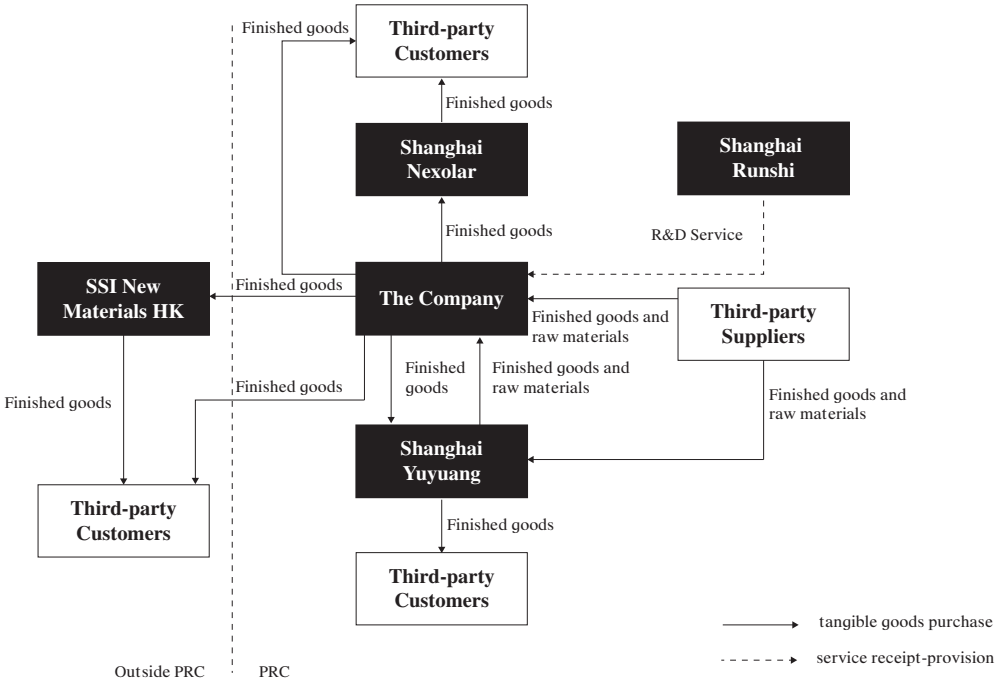
- In the related party sales of raw materials and finished goods which are purchased from third-party suppliers' transactions, the sellers are deemed as routine distributors who undertake sales functions and the relevant sales risks.

- For the transaction in which our Company manufactured finished products and sold to related parties, such related parties are generally deemed as routine distributors who undertake sales functions and the relevant sales risks.

- For the transaction in which Shanghai Runshi provided research and development services to our Company, Shanghai Runshi is deemed as a routine service provider.

Our Covered Transactions principally arose from three key considerations: (i) certain of our subsidiaries are included on the qualified supplier lists of our major customers. To preserve existing business relationships and ensure continuity of supply, we conduct such transactions through these pre-qualified entities; (ii) to protect the confidentiality of our core materials and related technical know-how, we source critical raw materials centrally through designated group entities upstream, which are then supplied to our production bases for further processing; and (iii) as our production base is located in Zhenjiang, Jiangsu Province, centralizing material and production management within a single production base facilitates greater operational efficiency.

The below chart illustrates the transaction flows in respect of the Covered Transactions during the Track Record Period:



Note:

(1) In 2023 and 2024, Shanghai Nexolar also sold raw materials purchased from third party suppliers to the Company.

We engaged the Transfer Pricing Tax Consultant to assist us in conducting a review of the Covered Transactions and whether the transfer pricing of Covered Transactions was consistent with the arm's length principle. The Transfer Pricing Tax Consultant performed procedures based on the information provided by us and certain assumptions to conduct the review, and considered that the transaction prices for the Covered Transactions during the Track Record Period were, in material respects, broadly consistent with the arm's length principle under the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (the "**OECD Transfer Pricing Guidelines**") promulgated by Organization for Economic Co-operation and Development (OECD), and compliant with the applicable transfer pricing regulations in Chinese Mainland and Hong Kong.

Based on the advice of and upon consultation with the Transfer Pricing Tax Consultant, we are also of the view that our Group's Covered Transactions during the Track Record Period were in compliance with OECD Transfer Pricing Guidelines and the applicable transfer pricing regulations in Chinese Mainland and Hong Kong during the Track Record Period in all material aspects.

Having considered the advice of the Transfer Pricing Tax Consultant and the views of the Directors above, nothing has come to the attention of the Sole Sponsor that would reasonably cast doubt on such advice and views, that the Covered Transactions during the Track Record Period were in compliance with OECD Transfer Pricing Guidelines and the applicable transfer pricing regulations in Chinese Mainland and Hong Kong during the Track Record Period in all material aspects.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our total revenue increased by 28.8% from RMB283.4 million for the six months ended June 30, 2025 to RMB365.0 million for the six months ended June 30, 2026.

Our revenue from acoustic enhancement materials decreased by 9.1% from RMB145.7 million for the six months ended June 30, 2025 to RMB132.4 million for the six months ended June 30, 2026, which was attributable to a decrease in sales volume of our acoustic enhancement materials (primarily our N'BASS Materials) from approximately 19.9 thousand kg to approximately 18.5 thousand kg. The decrease was primarily attributable to lower demand from our customers that manufacture components for Android smartphone brands amid high memory product costs, and slower replacement cycle following significant replacement demand fulfilled in 2024 and 2025, as reflected by the decline in global shipments of smartphones and Android smartphones in the first half of 2026. According to Frost & Sullivan, consumers who had previously delayed their upgrades resumed replacing their smartphones in 2024 and 2025 as their existing devices aged, with this upturn followed by a slowdown in 2026. For details, please refer to "Industry Overview — Overview of Global and China Acoustic Enhancement Materials Industry — Market Size Analysis of Global and China Acoustic Enhancement Materials Industry" in this prospectus. Rising prices for memory products in 2026, including a significant increase in DRAM prices, led to an increase in manufacturing costs for smartphones. Higher memory costs may prompt smartphone brands to raise retail prices, adjust memory specifications or reduce production and shipment plans. Additionally, higher retail prices may weaken consumer demand and delay replacement purchases. For instance, according to Frost & Sullivan, the average DRAM price surged by 150% to 300% in the six months ended June 30, 2026 compared with the corresponding period in 2025. Such memory price increases partially contributed to the downstream industry fluctuations described above, which in turn reduced overall Android-branded smartphone shipments. For the six months ended June 30, 2026, global smartphone shipments and global Android smartphone shipments decreased by 5.4% and 9.4%, respectively, compared with the same period in 2025. Weaker downstream demand was translated into lower purchases of our acoustic enhancement materials by our direct customers, including speaker module manufacturers. The decrease was not attributable to a material loss of market share. In addition, there was no material adjustment to downstream customers' inventory policies and no material delay in the launch of terminal products. The sales volume of our acoustic enhancement materials decreased by 7.2% from approximately 19.9 thousand kg for the six months ended June 30, 2025 to approximately 18.5 thousand kg for the six months ended June 30, 2026, contributing to an approximately RMB10.5 million decrease in revenue. Meanwhile, the average selling prices of our acoustic enhancement materials decreased by 2.1% from RMB7,306 per kg for the six months ended June 30, 2025 to RMB7,155 per kg for the six months ended June 30, 2026, contributing to an approximately RMB2.8 million decrease in revenue.

Our revenue generated from electronic ceramic materials increased by 46.6% from RMB60.6 million for the six months ended June 30, 2025 to RMB88.9 million for the six months ended June 30, 2026, which was attributable to an increase in sales volume from approximately 3.0 million kg to approximately 4.1 million kg, driven by rising demand for lithium-ion batteries. As advised by Frost & Sullivan, the global shipments of lithium-ion batteries are expected to reach 3,189.7GWh in 2026 compared to 2,243.1GWh in 2025. The average selling price remained relatively stable at RMB20 per kg for the six months ended June 30, 2025 and RMB22 per kg for the six months ended June 30, 2026.

Our revenue generated from electronic adhesives increased by 31.2% from RMB8.7 million for the six months ended June 30, 2025 to RMB11.4 million for the six months ended June 30, 2026, which was attributable to an increase in sales volume from approximately 16.2 thousand kg to approximately 83.0 thousand kg resulting from the increasing revenue contribution of optical adhesives products. Specifically, sales volume of optical adhesives reached 75.0 thousand kg for the six months ended June 30, 2026 compared to 7.5 thousand kg for the corresponding period in 2025. The increase was partially offset by a decrease in average selling price, having declined from RMB536 per kg for the six months ended June 30, 2025 to RMB137 per kg for the six months ended June 30, 2026, mainly because optical adhesives have a relatively lower price.

Our revenue generated from energy enhancement materials increased by 93.4% from RMB68.5 million for the six months ended June 30, 2025 to RMB132.4 million for the six months ended June 30, 2026, primarily attributable to an increase in our average selling price from RMB49 per kg to RMB169 per kg. This mainly reflected higher selling prices of PV conductive pastes, primarily driven by rising silver powder prices, a core raw material for their production. PV conductive pastes are priced by reference to the silver price prevailing when the order is placed, plus a processing fee. The positive impact of increased average selling prices was partially offset by a decrease in sales volume from 1.4 million kg for the six months ended June 30, 2025 to 0.8 million kg for the six months ended June 30, 2026, primarily because we scaled down PV cell additives in the second half of 2025 amid intensified competition.

Cost of sales

Our cost of sales increased by 58.6% from RMB146.9 million for the six months ended June 30, 2025 to RMB233.1 million for the six months ended June 30, 2026, primarily due to an RMB84.4 million increase in raw material costs. The increase was primarily attributable to an increase in average market price of silver powder, the major materials for our PV conductive pastes, and was consistent with our overall business expansion.

Gross profit and gross profit margin

Our gross profit decreased by 3.4% from RMB136.5 million for the six months ended June 30, 2025 to RMB131.9 million for the six months ended June 30, 2026, and our gross profit margin decreased significantly from 48.2% to 36.1% over the same period. The decrease in our overall gross profit margin was primarily attributable to varying rates of revenue change across our major products, which have shifted their respective revenue contributions to us. The revenue contribution of acoustic enhancement materials, which carried higher gross profit margins, declined from 51.4% to 36.3%, while that of energy enhancement materials, which carried lower gross profit margins, increased from 24.1% to 36.3%. Set forth below are detailed analysis for the fluctuations of gross profit and gross profit margins for each major product:

(1). our gross profit for acoustic enhancement materials decreased by 6.9% from RMB118.6 million for the six months ended June 30, 2025 to RMB110.4 million for the six months ended June 30, 2026 in line with the decrease in sales volume, and the gross profit margin remained relatively stable from 81.4% to 83.4%.

(2). our gross profit for electronic ceramic materials increased by 47.5% from RMB12.1 million for the six months ended June 30, 2025 to RMB17.9 million for the six months ended June 30, 2026 in line with the increase in sales volume, and the gross profit margin remained relatively stable from 20.0% to 20.1%.

(3). our gross profit for electronic adhesives decreased by 43.2% from RMB5.0 million for the six months ended June 30, 2025 to RMB2.8 million for the six months ended June 30, 2026, and the gross profit margin decreased significantly from 57.6% to 24.9%. The decrease primarily reflected: (i) a decrease in gross profit margin of acoustic adhesives for the six months ended June 30, 2026 compared with the corresponding period in 2025, primarily due to capacity expansion for optical adhesives in 2026. During the capacity expansion for optical adhesives in 2026, we incurred additional manufacturing expenses, including depreciation on shared production equipment, before production volumes of optical adhesives had fully ramped up. As optical adhesives and acoustic adhesives share certain production personnel and equipment, a portion of the related depreciation was allocated to acoustic adhesives, contributing to the downward pressure on the gross profit margin of our acoustic adhesives during the period; and (ii) we commenced mass production and supply of optical adhesives in the second half of 2025, resulting in an increased revenue contribution from such lower-margin products (compared with acoustic adhesives) during the six months ended 30 June 2026. The average selling price of electronic adhesives decreased from RMB536 per kg for the six months ended June 30, 2025 to RMB137 per kg for the six months ended June 30, 2026. This was primarily because optical adhesives are priced lower than acoustic adhesives. Mass production of optical adhesives commenced in the second half of 2025, and their increased share of sales volume in the first half of 2026 lowered the average selling price compared with the corresponding period in 2025. Within the electronic adhesives sector, we have been expanding our product portfolio from acoustic adhesives into optical adhesives, driving a shift in our product mix in this sector. High-value-added optical adhesive products are our core focus for the future development of this sector. While our current optical adhesive products carry a lower price than our acoustic adhesives, they form the foundation for our high-value-added optical adhesive offerings. Going forward, we intend to target high-end applications for optical adhesives, including optical modules and related components.

(4). our gross profit for energy enhancement materials increased by 2.6% from RMB0.7 million for the six months ended June 30, 2025 to RMB0.8 million for the six months ended June 30, 2026, and the gross profit margin decreased from 1.1% to 0.6% during same periods. The decrease in gross profit margin was primarily due to (i) the increased price of silver powder, which is a raw material used exclusively for the production of our PV conductive pastes. PV conductive pastes are produced primarily by mixing silver powder with pre-formulated organic carrier and other ingredients, followed by dispersion, filtration and other procedures. The pricing of our PV conductive pastes is determined by reference to the silver price prevailing when the order is placed, plus a processing fee. Silver raw material is the major component of cost of sales, while the processing fee remains relatively stable and represents a modest component of the selling price. Orders placed at higher prevailing silver prices therefore generally carry higher selling prices and unit costs, without a corresponding increase in processing fees. As unit gross profit is the unit selling price less the related unit cost of sales, it need not increase in proportion to selling prices, thereby diluting the gross profit margin percentage even where silver price increases are passed on; and (ii) the fact we scaled down the sales of PV cell additives, which had a relatively higher gross profit margin among products within this sector.

Other income

Our other income increased by 43.3% from RMB4.4 million for the six months ended June 30, 2025 to RMB6.3 million for the six months ended June 30, 2026, primarily due to an increase in unconditional subsidy income received from local governments in connection with our operating activities.

Other gains and losses

We recorded a net loss of RMB2.1 million for the six months ended June 30, 2026, compared with a net gain of RMB1.6 million for the corresponding period in 2025. This change primarily reflected an increase in net foreign exchange losses from RMB0.6 million in the first half of 2025 to RMB4.2 million in the first half of 2026. Our U.S. dollar-denominated cash balances increased as proceeds from overseas sales accumulated from 2025 through June 2026. Our U.S. dollar-denominated trade receivables also increased as overseas revenue rose from RMB47.7 million in the first half of 2025 to RMB56.5 million in the first half of 2026. The depreciation of the U.S. dollar against the RMB in the first half of 2026, together with these higher balances, resulted in greater exchange losses on settlement and revaluation. During the Track Record Period and up to the Latest Practicable Date, we did not adopt any hedging measures against foreign exchange risk. For details on associated risks, please refer to "Risk Factors — Risks Relating to Our Industry and Business — We are exposed to foreign exchange risk and regulatory requirements over foreign currency conversion and remittance" in this prospectus.

Selling and marketing expenses

Our selling and marketing expenses decreased by 30.9% from RMB9.4 million for the six months ended June 30, 2025 to RMB6.5 million for the six months ended June 30, 2026, primarily due to a decrease of RMB2.7 million in employee compensation and staff costs. The decrease was mainly attributable to the higher base of staff expenses recorded in the corresponding period of 2025, whereby additional salary costs were incurred following the acquisition of Zhejiang AITEK.

Administrative expenses

Our administrative expenses decreased by 4.0% from RMB25.8 million for the six months ended June 30, 2025 to RMB24.8 million for the six months ended June 30, 2026, primarily due to a decrease of RMB3.0 million in intermediary fees, mainly due to a decrease in legal consulting fees incurred during the ordinary course of business during the period.

Research and development expenses

Our research and development expense decreased by 3.1% from RMB21.1 million for the six months ended June 30, 2025 to RMB20.5 million for the six months ended June 30, 2026, primarily due to an RMB1.8 million decrease in amortization and depreciation, mainly attributable to the decreased patent amortization allocated to research and development activities. Our patents are shared between research and production functions, and related amortization is allocated based on the working hours of research and development and production personnel. The increase in production working hours during the six months ended June 30, 2026, as compared with the corresponding period in 2025, resulted in a smaller portion of patent amortization being charged to research and development expenses.

Net impairment losses (reversal) under expected credit loss ("ECL") model

Our net impairment loss under ECL model was RMB0.6 million for the six months ended June 30, 2025 and our net impairment reversal under ECL model was RMB0.6 million for the six months ended June 30, 2026, primarily due to a decrease in trade and bills receivables balances.

Finance costs

Our finance costs increased by 39.9% from RMB0.4 million for the six months ended June 30, 2025 to RMB0.6 million for the six months ended June 30, 2026, primarily due to increasing interest expenses on borrowings. The increase in interest expenses was driven by increased borrowings to support our business growth and expansion.

Income tax expenses

Our income tax expenses decreased by 15.7% from RMB10.6 million for the six months ended June 30, 2025 to RMB9.0 million for the six months ended June 30, 2026, primarily due to a decrease in profit before tax.

Profit for the period

As a result of the foregoing, our profit for the period decreased from RMB74.5 million for the six months ended June 30, 2025 to RMB69.6 million for the six months ended June 30, 2026.

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

Revenue

Our total revenue increased by 76.1% from RMB355.1 million in 2024 to RMB625.1 million in 2025.

Our revenue from acoustic enhancement materials increased by 38.5% from RMB219.1 million in 2024 to RMB303.5 million in 2025, which was attributable to

(1). an increase in sales volume of our acoustic enhancement materials (primarily our N'BASS Materials) from approximately 29.0 thousand kg to approximately 40.9 thousand kg. This growth was driven by (i) the steady growth of end markets in consumer electronics smart terminals during the same period. For details, please refer to "Industry Overview — Overview of Global and China Acoustic Enhancement Materials Industry — Market Size Analysis of Global and China Acoustic Enhancement Materials Industry" in this prospectus; (ii) the increased penetration rate of N'BASS Materials in upper mid-end smartphones (smartphones with US$400 retail price < US$600, including only Android smartphones); and (iii) our successive development and launch of new product forms, such as powder sheets;

(2). the average selling price of our acoustic enhancement materials remained relatively stable at RMB7,563 per kg in 2024 to RMB7,416 per kg in 2025.

Our revenue generated from electronic ceramic materials increased from nil in 2024 to RMB133.9 million in 2025, following our acquisition of Zhejiang AITEK at the end of 2024. See "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of Zhejiang AITEK" for further details.

Our revenue generated from electronic adhesives increased by 142.4% from RMB9.2 million in 2024 to RMB22.4 million in 2025, primarily driven by higher sales volume from approximately 11.9 thousand kg to approximately 80.9 thousand kg resulting from: (i) the increasing recognition of our products by customers and the expansion of our product type; and (ii) the launch of our optical adhesives products in 2024 and the subsequent revenue contribution in 2025. Sales volume of optical adhesives reached 61.0 thousand kg in 2025, compared to nil in 2024. Notwithstanding the revenue growth, the overall average selling price in this sector declined from RMB776 per kg

in 2024 to RMB276 per kg in 2025, mainly as a result of the expansion of our product types to optical adhesives, whose pricing was relatively lower than that of acoustic adhesives. Average selling price for acoustic adhesives remained relatively stable during the periods.

Our revenue generated from energy enhancement materials increased by 30.4% from RMB126.7 million in 2024 to RMB165.3 million in 2025, which was attributable to an increase in average selling price from RMB20 per kg in 2024 to RMB85 per kg in 2025, mainly due to the increased price of silver powder we procured as raw materials for PV conductive paste. The pricing of our PV conductive pastes is determined by reference to the silver price prevailing when the order is placed, plus a processing fee. The increase in prices of silver powder has therefore led to an increase in the selling prices of such products. Please refer to "Industry Overview — Raw Material Price Analysis and Prediction" for further details. Meanwhile, we scaled down the sales of PV cell additives during second half of 2025 amid the intensified market competition. According Frost & Sullivan, the average selling price of PV cells in China declined by approximately 17.1% from 2024 to 2025, intensifying cost pressures across the PV value chain. Sales volume of PV cell additives decreased from 5.9 million kg in 2024 to 1.3 million kg in 2025, which resulted in a higher proportion of PV conductive paste in the overall product mix of the energy enhancement sector (from 44.6% in 2024 to 84.6% of the sector's total revenue in 2025), and consequently led to an increase in the average selling price of the sector. Despite the increase in price of silver powder, sales volume of PV conductive pastes was not adversely affected and continued to increase in 2025. This was primarily because customer demands for our PV conductive paste kept growing as it was a key process material for downstream participants in the photovoltaic industry, who operated production on an ongoing basis. Such increase in average selling price is partially offset by the decrease in sales volume of energy enhancement materials from approximately 6.3 million kg in 2024 to approximately 1.9 million kg in 2025, primarily because we strategically scaled down sales of PV cell additives due to the intensified market competition.

Cost of sales

Our cost of sales increased by 114.4% from RMB155.8 million in 2024 to RMB334.0 million in 2025, primarily due to an RMB124.7 million increase in raw material costs, which is in line with our overall business expansion and new revenue contribution from electronic ceramic materials since 2025.

In addition, the proportion of raw material costs to our total cost of sales decreased from 79.9% in 2024 to 74.6% in 2025, mainly because electronic ceramic materials (which commenced revenue contribution since 2025) have a relatively low unit raw material cost and higher unit manufacturing cost due to their product nature.

Gross profit and gross profit margin

Our gross profit increased by 46.1% from RMB199.3 million in 2024 to RMB291.1 million in 2025, while our gross profit margin decreased from 56.1% to 46.6% over the same period:

(1). our gross profit for acoustic enhancement materials increased by 36.9% from RMB183.0 million in 2024 to RMB250.6 million in 2025 in line with the increased sales volume. The gross profit margin of our acoustic enhancement materials remained relatively stable at 83.5% in 2024 and 82.6% in 2025, respectively;

(2). following our acquisition of Zhejiang AITEK at the end of 2024, we recorded gross profit from electronic ceramic materials of RMB28.9 million in 2025 with a gross profit margin of 21.6%;

(3). our gross profit for electronic adhesives increased by 80.6% from RMB5.7 million in 2024 to RMB10.3 million in 2025 in line with the increased sales volume, while the gross profit margin declined significantly from 61.9% to 46.1%, primarily due to a

decrease in average selling price from RMB776 per kg in 2024 to RMB276 per kg in 2025. The decrease was mainly attributable to the mass production and supply of optical adhesives during second half of 2025, which accounted for an increased proportion of sales volume in the electronic adhesives sector (from nil in 2024 to 75.4% in 2025), and the fact that optical adhesives have a lower gross profit margin than that of acoustic adhesives. We commenced mass production of optical adhesives for the following reasons: (i) the optical adhesives are used across various applications, and our development in this sector remains at early stage. As advised by Frost & Sullivan, the global optical adhesives market size is expected to grow from RMB2.1 billion in 2025 to RMB3.4 billion in 2030, representing a CAGR of 10.1%. Against the backdrop of continuous expansion in global PV installed capacity, the market for bifacial double glass solar modules, new generation high efficiency solar cells, such as TOPCon and HJT, and camera modules and lens has grown rapidly, directly driving higher demand for optical adhesive materials. New generation high efficiency solar cells are highly susceptible to moisture and ultraviolet radiation. High end optical adhesives with superior UV resistance, together with high temperature and high humidity resistance, are required to prevent transmittance attenuation caused by yellowing of conventional materials and guarantee the service life of solar modules. Accordingly, optical adhesives represent one of the core auxiliary materials amid technological iteration with high industry wide technical barriers, and are expected to maintain sustained growth at a CAGR of over 10% through 2030. We plan to focus on developing high-value added products and target high-end applications of optical adhesives going forward; and (ii) optical adhesives share technical foundations with our acoustic adhesives but require higher reliability standards. The production of optical adhesives helps strengthen our formulation capabilities, which will facilitate our expansion into high-end optical applications including optical modules and components subject to equivalent reliability requirements; and

(4). our gross profit for energy enhancement materials decreased from RMB10.5 million in 2024 to RMB1.3 million in 2025, and the gross profit margin declined from 8.3% to 0.8%. This was mainly due to (i) the increased price of silver powder which is a raw material used exclusively for the production of our PV conductive pastes, resulting in lower profit margin of PV conductive paste. The pricing of our PV conductive paste is determined based on the silver powder price plus processing fees. Increases in silver powder prices will generally be passed on to customers through corresponding increase in the selling prices of PV conductive pastes. Nevertheless, as our processing fees remain relatively stable, an increase in silver powder prices will dilute the gross profit margin percentage of such products. The decline also reflected the lower unit gross profit of certain PV conductive paste product models in 2025 and the high-margin resale transaction in 2024. For details, please refer to "Business — Raw Materials, Procurement and Suppliers" in this prospectus; and (ii) a shift in our product matrix in this sector with significant reduction in the sales of PV cell additives, which had a relatively higher gross profit margin among products within this sector. Revenue from such products decreased from RMB56.7 million in 2024 to RMB11.4 million in 2025. This shift was primarily because we strategically scaled down this product line in 2025 due to the intensified market competition, allowing us to strategically focus more resources on our self-developed products in other sectors, including acoustic enhancement materials, electronic ceramic materials and electronic adhesives.

Other income

Our other income increased by 94.6% from RMB6.0 million in 2024 to RMB11.6 million in 2025, primarily due to (i) an increase of RMB2.6 million in unconditional subsidy income received from local governments in connection with our operating activities; and (ii) an increase of RMB2.2 million in interest income attributable to our interest-bearing bank deposits.

Other gains and losses

Our other gains and losses shifted from a net gain of RMB2.0 million in 2024 to a net gain of RMB0.3 million in 2025, primarily because we recorded a net gain of RMB1.2 million in foreign exchange in 2024 while we recorded a net loss of RMB3.2 million in 2025 resulting from the depreciation of the U.S. dollar against RMB in 2025 and an increase in our U.S. dollar-denominated cash and bank balances and trade receivables arising from overseas sales, as our overseas revenue increased from RMB66.0 million in 2024 to RMB106.6 million in 2025. Such loss was partially offset by (i) a decrease of RMB1.9 million in net losses in fair value changes of derivative financial instruments; and (ii) an increase of RMB0.9 million in net gains in fair value changes of financial assets at FVTPL.

Selling and marketing expenses

Our selling and marketing expenses increased by 60.1% from RMB10.5 million in 2024 to RMB16.8 million in 2025, primarily due to (i) an increase of RMB4.1 million in employee compensation and staff costs, resulting from the increased number and salaries of our selling and marketing personnel to support our business expansion; and (ii) an increase of RMB2.3 million in freight charges and samples expenses to support our expanded business development activities resulting from acquisition of Zhejiang AITEK.

Administrative expenses

Our administrative expenses increased by 62.7% from RMB29.5 million in 2024 to RMB48.0 million in 2025, primarily due to (i) an increase of RMB9.9 million in employee benefits, arising from our business growth and additional employees as a result of our acquisition of Zhejiang AITEK; and (ii) an increase of RMB2.7 million in service consulting fees, mainly due to our business growth and expansion.

Research and development expenses

Our research and development expenses increased by 14.5% from RMB39.4 million in 2024 to RMB45.2 million in 2025, primarily due to an RMB4.2 million increase in staff costs in line with our continued investment in product innovation.

While our research and development expenses experienced growth, the proportion of such expenses to total revenue declined from 11.1% in 2024 to 7.2% in 2025. This is mainly because (i) we did not increase R&D investment in our energy enhancement materials for such period, as the intensified competition in the PV industry led us to adopt a more cautious approach to capital allocation; and (ii) following our acquisition of Zhejiang AITEK, we prioritized enhancing operational efficiency and integrating its business during the initial phase, rather than pursuing an immediate increase in R&D spending.

Net impairment losses (reversal) under expected credit loss ("ECL") model

Our net impairment reversal under ECL model was RMB0.3 million in 2024 and our net impairment loss under ECL model was RMB1.2 million in 2025, primarily due to an increase in trade and bills receivables.

Finance costs

Our finance costs increased by 647.9% from RMB0.3 million in 2024 to RMB2.0 million in 2025, primarily due to (i) an increase in interests on borrowings of RMB1.3 million, mainly arising from the acquisition of Zhejiang AITEK, which was completed at the end of 2024.

Income tax expenses

Our income tax expenses increased by 60.1% from RMB15.3 million in 2024 to RMB24.5 million in 2025, primarily driven by the growth of revenue leading to an increase in our total profit before tax.

Profit for the year

As a result of the foregoing, our profit for the year increased from RMB112.5 million in 2024 to RMB155.3 million in 2025.

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

Revenue

Our total revenue increased by 10.8% from RMB320.5 million in 2023 to RMB355.1 million in 2024.

Our revenue from acoustic enhancement materials remained relatively stable at RMB211.7 million in 2023 and RMB219.1 million in 2024.

Our revenue from electronic adhesives increased by 305.9% from RMB2.3 million in 2023 to RMB9.2 million in 2024, primarily attributable to an increase in sales volume from approximately 3.0 thousand kg to approximately 11.9 thousand kg. The increase in sales volume was primarily attributable to the mass production of additional types of our acoustic adhesives such as fixing adhesives. These new product types have gained recognition among customers and secured additional orders from both existing and new customers. The average selling price remained relatively stable at RMB755 per kg in 2023 and RMB776 per kg in 2024.

Our revenue from energy enhancement materials increased by 19.0% from RMB106.5 million in 2023 to RMB126.7 million in 2024, primarily driven by an increase in sales volume from approximately 4.9 million kg to approximately 6.3 million kg. The increase in sales volume was primarily attributable to successful customer adoption of our PV back-glass coating materials in 2024, following the commencement of this business in 2023. The average selling price remained relatively stable at RMB22 per kg in 2023 to RMB20 per kg in 2024.

Cost of sales

Our cost of sales increased by 5.8% from RMB147.3 million in 2023 to RMB155.8 million in 2024, which was primarily driven by an RMB18.3 million increase in raw material costs in line with our business growth. This increase in our total cost of sales was partially offset by an RMB10.5 million decrease in manufacturing costs as a result of the continuous improvement in our production technologies and enhanced production efficiency.

In addition, the proportion of raw material costs to our total cost of sales increased from 72.1% in 2023 to 79.9% in 2024, mainly due to the increased price of silver powder we procured as raw materials. Please refer to "Industry Overview — Raw Material Price Analysis and Prediction" for further details.

Gross profit and gross profit margin

Our gross profit increased by 15.1% from RMB173.2 million in 2023 to RMB199.3 million in 2024, and our gross profit margin increased from 54.0% in 2023 to 56.1% in 2024:

(1). our gross profit for acoustic enhancement materials increased by 13.6% from RMB161.1 million in 2023 to RMB183.0 million in 2024, with the gross profit margin increasing from 76.1% in 2023 to 83.5% in 2024. This improvement was primarily the result of the continuous improvement in our production technologies and enhanced production efficiency as well as the economies of scale achieved through increased production volumes. Production volume increased from 20.9 thousand kg in 2023 to 38.5 thousand kg in 2024.

(2). our gross profit from electronic adhesives increased significantly from RMB0.3 million in 2023 to RMB5.7 million in 2024, with the gross profit margin increasing significantly from 12.0% in 2023 to 61.9% in 2024. This was primarily attributable to economies of scale achieved through a substantial increase in production volume of acoustic adhesives after the products exited the ramp-up stage in 2023, which reduced unit costs including labor and allocated fixed costs such as depreciation. Specifically, we upgraded certain production equipment, centralized scattered production schedules and increased batch volumes at dedicated lines. This reduced material wastage per production batch and lowered our fixed costs per unit.

(3). our gross profit for energy enhancement materials decreased by 11.0% from RMB11.8 million in 2023 to RMB10.5 million in 2024, with our gross profit margin decreasing from 11.1% in 2023 to 8.3% in 2024. This was mainly due to the decrease in average selling price from RMB22 per kg to RMB20 per kg as a result of intensified competition in the PV market, which exerted downward pressure on industry wide selling prices, while the decrease in our unit costs did not fully offset the price decline.

Other income

Our other income decreased by 50.3% from RMB12.0 million in 2023 to RMB6.0 million in 2024. This decrease was primarily attributable to: (i) a decrease of RMB2.9 million in unconditional subsidy income received from local governments in connection with our operating activities; and (ii) a decrease of RMB2.9 million in interest income attributable to our interest-bearing bank deposits, as a result of our reduced holdings of relevant bank deposits according to our cash management policy.

Other gains and losses

Our other gains and losses shifted from a net loss of RMB0.1 million in 2023 to a net gain of RMB2.0 million in 2024, primarily due to (i) an RMB3.9 million increase in net gains from fair value changes of financial assets at FVTPL. This was mainly as a result of our investment in wealth management products in 2024, and (ii) an RMB1.0 million increase in net foreign exchange gains mainly driven by the appreciation of the U.S. dollar against RMB in 2024 and an increase in our U.S. dollar-denominated bank balances. These increases were partially offset by increased net losses of RMB2.1 million on derivative financial instruments resulting from the commodities futures contracts we entered into as derivative instruments. For details, please refer to "Business — Internal Control and Risk Management — Economic Hedging Activities" in this prospectus.

Selling and marketing expenses

Our selling and marketing expenses increased by 13.5% from RMB9.3 million in 2023 to RMB10.5 million in 2024, primarily due to (i) an increase of RMB0.6 million in employee compensation and staff costs, resulting from the increased number and salaries of our selling and marketing personnel to support our business expansion; and (ii) an increase of RMB0.4 million of business development and travel expenses to support our expanded business development activities.

Administrative expenses

Our administrative expenses increased by 8.6% from RMB27.1 million in 2023 to RMB29.5 million in 2024, primarily due to (i) an increase of RMB1.4 million of service consulting fees mainly related to product testing activities; and (ii) an increase of RMB1.3 million in employee benefits, in line with our business growth and increased personnel.

Research and development expenses

Our research and development expenses increased by 4.8% from RMB37.6 million in 2023 to RMB39.4 million in 2024, primarily due to an increase of RMB1.6 million in staff costs, which was mainly as a result of our business expansion and continued efforts in product innovation.

The proportion of our research and development expenses to total revenue remained relatively stable at 11.7% in 2023 and 11.1% in 2024.

Net impairment losses (reversal) under expected credit loss ("ECL") model

Our net impairment losses under ECL model was RMB1.8 million in 2023 and our net impairment reversal under ECL model was RMB0.3 million, mainly as a result of our enhanced collection efforts.

Finance costs

Our finance costs increased slightly from RMB0.2 million in 2023 to RMB0.3 million in 2024 in line with our business expansion.

Income tax expenses

Our income tax expenses increased by 18.6% from RMB12.9 million in 2023 to RMB15.3 million in 2024, primarily due to the growth of revenue led to an increase in our total profit before tax.

Profit for the year

As a result of the foregoing, our profit for the year increased from RMB96.2 million in 2023 to RMB112.5 million in 2024.

NET CURRENT ASSETS

The table below sets forth a summary of our net current assets position as of the dates indicated.

	As of December 31,			As of June 30,	As of October 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current assets					
Inventories	27,198	40,552	58,099	61,335	60,592
Trade, bills and other receivables	171,028	206,553	270,260	239,769	267,050
Receivables at FVTOCI	39,362	73,737	79,870	115,031	42,421
Financial assets at fair value through profit and loss ("**FVTPL**")	–	238,514	86,290	86,636	227,851
Derivative financial instruments	–	11	32	762	692
Value-added tax ("**VAT**") recoverable	1,845	2,160	2,377	3,165	3,025
Restricted bank deposits	–	30	–	–	–
Time deposits with original maturity over three months	–	23,154	–	–	–
Cash and cash equivalents	266,262	104,906	182,673	131,079	152,507
Total current assets	**505,695**	**689,617**	**679,601**	**637,777**	**754,138**
Current liabilities					
Trade, bills and other payables	94,340	148,806	208,060	131,153	148,379
Contract liabilities	3,133	3,817	5,197	2,396	2,470
Derivative financial instruments	327	–	–	–	–
Borrowings	1,000	43,925	69,036	60,220	98,965
Lease liabilities	1,642	4,867	4,055	4,003	3,634
Deferred income	362	362	362	362	345
Tax payable	8,114	6,569	5,992	1,842	2,652
Total current liabilities	**108,918**	**208,346**	**292,702**	**199,976**	**256,445**
Net current assets	**396,777**	**481,271**	**386,899**	**437,801**	**497,693**

Our net current asset increased from RMB437.8 million as of June 30, 2026 to RMB497.7 million as of October 31, 2026, primarily attributable to: (i) an increase of RMB141.2 million in financial assets at FVTPL; and (ii) an increase of RMB27.3 million in trade, bills and other receivables. The increase was partially offset by: (i) a decrease of RMB72.6 million in receivables at FVTOCI; and (ii) an increase of RMB38.7 million in borrowings.

Our net current asset increased from RMB386.9 million as of December 31, 2025 to RMB437.8 million as of June 30, 2026, primarily attributable to: (i) a decrease in trade, bills and other payables of RMB76.9 million, primarily due to the payment of a dividend of RMB77.0 million in March 2026; and (ii) an increase in receivables at FVTOCI of RMB35.2 million. The increase was partially offset by a (i) a decrease of RMB51.6 million in cash and cash equivalents; and (ii) a decrease of RMB30.5 million in trade, bills and other receivables, mainly attributable to a more proactive collection strategy and shorter credit terms granted to certain customers.

Our net current assets decreased from RMB481.3 million as of December 31, 2024 to RMB386.9 million as of December 31, 2025. This was primarily attributable to (i) a decrease in financial assets at FVTPL of RMB152.2 million, primarily due to increased cash outflows during the year; and (ii) an increase in trade, bills and other payables of RMB59.3 million, primarily due to an addition of RMB77.0 million in dividend payable resulting from our shareholders' resolution to distribute retained profit as of November 30, 2025 and an addition of RMB6.3 million in accrued listing expenses. This overall decrease was partially offset by an increase in cash and cash equivalents of RMB77.8 million, primarily due to an increase in bank balances.

Our net current assets increased from RMB396.8 million as of December 31, 2023 to RMB481.3 million as of December 31, 2024. This was primarily attributable to (i) an increase of RMB238.5 million in financial assets at FVTPL, primarily as a result of our investment in certain wealth management products; and (ii) an increase of RMB35.5 million in our trade, bills, other receivables, mainly due to the recognition of trade, bills and other receivables of Zhejiang AITEK upon the completion of our acquisition of such company on December 31, 2024. This overall increase was partially offset by (i) a decrease in cash and cash equivalents of RMB161.4 million mainly as a result of our investment in wealth management products; and (ii) an increase in trade, bills and other payables of RMB54.5 million, mainly due to the recognition of trade, bills and other payables of Zhejiang AITEK upon the completion of our acquisition of such company on December 31, 2024.

DISCUSSION OF CERTAIN SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS

Property, Plant and Equipment

Our property, plant and equipment consist of buildings and plants, machinery and equipment, motor vehicles, electronic equipment and furniture, leasehold improvements and construction in progress. The table below sets for the breakdown of our property, plant and equipment 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*
Buildings and plants	38,104	35,511	32,918	32,017
Machinery and equipment	26,713	55,358	57,709	56,365
Motor vehicles	553	1,197	641	612
Electronic equipment and furniture	2,168	2,834	2,976	2,538
Leasehold improvements	2,002	4,795	6,880	6,346
Construction in progress	906	709	1,168	7,969
Total	**70,446**	**100,404**	**102,292**	**105,847**

Our property, plant and equipment increased from RMB70.4 million as of December 31, 2023 to RMB100.4 million as of December 31, 2024. This was mainly because an increase in machinery and equipment of RMB28.6 million mainly as a result of our acquisition of Zhejiang AITEK at the end of 2024. Our property, plant and equipment remained relatively stable at RMB102.3 million and RMB105.8 million as of December 31, 2025 and June 30, 2026, respectively.

Intangible Assets

Our intangible assets consist of patent and computer software. The table below sets forth the breakdown of our intangible 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*
Patent	150,883	131,113	100,729	86,797
Computer software	–	–	28	21
Total	**150,883**	**131,113**	**100,757**	**86,818**

Our intangible assets have been decreasing during the Track Record Period at RMB150.9 million, RMB131.1 million, RMB100.8 million and RMB86.8 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively, mainly because of the continuous amortization of our patents for acoustic enhancement materials. For our amortization policy regarding intangible assets, please refer to Note 17 to the Accountants' Report as set out in Appendix I to this prospectus.

Inventories

Our inventories consisted of raw materials, work-in-progress, finished goods and goods in transit. We closely monitor our inventory levels to optimize our inventory level in response to changes in customer demand and fluctuations in raw material prices. See "Business — Warehousing, Logistics and Inventory Management" for details of our inventory management system.

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	7,239	9,366	7,841	13,668
Work-in-progress	4,235	5,018	7,381	5,804
Finished goods	13,441	23,658	24,037	22,762
Goods in transit	2,283	2,510	18,840	19,101
Total	**27,198**	**40,552**	**58,099**	**61,335**

Our inventories increased from RMB27.2 million as of December 31, 2023 to RMB40.6 million as of December 31, 2024 primarily due to the recognition of inventories of Zhejiang AITEK upon the completion of our acquisition of such company on December 31, 2024. Our inventories further increased to RMB58.1 million as of December 31, 2025, which is mainly due to an increase of RMB16.3 million in goods in transit primarily reflecting a higher volume of goods delivered but not yet accepted. Our inventories increased from RMB58.1 million as of December 31, 2025 to RMB61.3 million as of June 30, 2026, primarily attributable to an increase in raw materials. Such increase was mainly driven by increasing demand for our products, which led us to procure additional raw materials in advance to fulfill orders.

The table below sets forth an aging 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 one year	23,176	38,308	56,230	57,747
Over one year	4,022	2,244	1,869	3,588
Total	**27,198**	**40,552**	**58,099**	**61,335**

The table below sets forth the turnover days of our inventories for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Inventory turnover days[1]	66	78	53	46

Note:

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

Our inventory turnover days increased from 66 days for the year ended December 31, 2023 to 78 days for the years ended December 31, 2024, mainly due to the recognition of inventories of Zhejiang AITEK upon the completion of our acquisition of such company on December 31, 2024, whereas no revenue attributable to Zhejiang AITEK was included in our consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2024. Our inventory turnover days decreased to 53 days for the year ended December 31, 2025 and further decreased to 46 days for the six months ended June 30, 2026, primarily driven by both increased market demand for our products and our continuous efforts in inventory management.

As of October 31, 2026, RMB61.3 million, or approximately 100.0%, of our inventories as of June 30, 2026 had been subsequently sold or utilized.

Trade, Bills and Other Receivables

Our trade and bills receivables primarily arose from credit sales of our products, while our other receivables and prepayments mainly consisted of advances to suppliers, deposits for derivative financial instruments, deferred issue costs and others. The table below sets forth a breakdown of our trade, bills and other 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*
Trade receivables	158,592	195,241	235,211	204,837
Bills receivables	7,976	9,278	25,540	21,971
	166,568	204,519	260,751	226,808
Less: Impairment loss allowance for trade receivables	(3,259)	(2,961)	(3,996)	(3,467)
	163,309	201,558	256,755	223,341
Other receivables and prepayments				
Advance to suppliers	2,143	2,752	6,953	3,122
Deposits paid for derivative financial instruments	4,336	716	1,604	7,274
Deferred issue cost	–	–	2,543	3,939
Export VAT refund receivable	–	–	1,051	–
Other receivables	1,289	2,261	2,488	3,449
	7,768	5,729	14,639	17,784

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less: Impairment loss allowance for other receivables	(32)	(74)	(15)	(23)
	7,736	5,655	14,624	17,761
Total	**171,045**	**207,213**	**271,379**	**241,102**
Analyzed as:				
Current	171,028	206,553	270,260	239,769
Non-current	17	660	1,119	1,333

Our trade, bills and other receivables increased from RMB171.0 million as of December 31, 2023 to RMB207.2 million as of December 31, 2024, primarily due to the recognition of trade, bills and other receivables of Zhejiang AITEK upon the completion of our acquisition of such company on December 31, 2024. Our trade, bills and other receivables further increased to RMB271.4 million as of December 31, 2025, primarily due to the increase in trade receivables from the sales growth of all of our business units, driven by our continuous market expansion, including the acquisition of Zhejiang AITEK. Our trade, bills and other receivables decreased to RMB241.1 million as of June 30, 2026, primarily due to the decrease in trade receivables. We adopted more proactive collection efforts against customer payments, which reduced overdue balances and enabled shorter credit terms for certain customers purchasing PV conductive pastes.

The credit period that we normally granted to customers during the Track Record Period was 30 days to 120 days. The table below sets forth an aging analysis of trade receivables, net of impairment loss allowances, presented based on revenue recognition date 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*
0-30 days	84,822	72,444	60,695	98,039
31-90 days	70,247	90,360	119,760	74,735
91-180 days	264	26,867	50,477	28,083
181-365 days	–	1,503	283	513
Over one year	–	1,106	–	–
Total	**155,333**	**192,280**	**231,215**	**201,370**

We have a comprehensive credit management policy for our customers. We seek to maintain strict control over our receivables. Our credit management team is responsible for minimizing credit risks. Before accepting any new customer, we will internally assess the credit quality of the potential customer and define appropriate credit limits. Our senior management regularly reviews the recoverability of our outstanding balances and, when appropriate, provides for impairment of these trade receivables. We apply the IFRS 9 simplified approach to measure expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables are assessed collectively using a provision matrix based on our historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions.

We recorded impairment loss allowance for trade receivables of RMB3.3 million, RMB3.0 million, RMB4.0 million and RMB3.5 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively, in accordance with our accounting policy.

The table below sets forth the turnover days of our trade and bills receivables for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Trade and bills receivable turnover days[1]	134	188	134	120

Note:

1. Average trade and bills receivables turnover days equal the average of beginning balance and ending balance of trade and bills receivables for relevant year/period divided by total revenue for the same year/period and multiplied by 360 days (for a full year)/180 days (for the six months ended June 30, 2026).

Our trade and bills receivables turnover days increased from 134 days in 2023 to 188 days in 2024, primarily due to the recognition of trade and bill receivables of Zhejiang AITEK upon the completion of our acquisition of such company on December 31, 2024, whereas no revenue attributable to Zhejiang AITEK was included in our consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2024. Our trade and bills receivables turnover days decreased to 134 days for the year ended December 31, 2025, primarily due to the fact that we have consolidated the revenue of Zhejiang AITEK in 2025, thus our trade and bills receivable turnover days returned to normal level for this period. Our trade and bills receivables turnover days decreased from 134 days for the year ended December 31, 2025 to 120 days for the six months ended June 30, 2026, as we adopted more proactive collection efforts against customer payments, which enabled shorter credit terms for certain customers purchasing PV conductive pastes.

As of October 31, 2026, RMB194.9 million, or approximately 95.1%, of our trade receivables as of June 30, 2026 had been subsequently settled.

Financial Assets at FVTPL

As of December 31, 2023, 2024, 2025 and June 30, 2026, we recorded financial assets at FVTPL of nil, RMB238.5 million, RMB86.3 million and RMB87.3 million, respectively. These fluctuations reflected changes in the fair value of wealth management products we held as of the end of each year/period during the Track Record Period. The wealth management products are managed by licensed financial institutions in the PRC to invest principally in certain financial assets, including bonds, trusts or cash funds, in accordance with the entrusted agreements entered into between the parties involved. These investments are classified as current as we expect to realize these financial assets within twelve months after each reporting year/period.

To monitor and control the investment risks associated with the wealth management products, we have established a set of internal risk management policies. We make investment decisions related to wealth management products on a case-by-case basis after thoroughly considering a number of factors, including macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions, and the expected profit or potential loss of the investment. The finance department is responsible for managing and coordinating the analysis and decisions on our investment of wealth management products, as well as the ongoing monitoring of such investments. We have established a set of investment policies and internal control measures governing investments in financial assets, including:

- ***Permitted investment scope and restrictions:*** Investments are mainly limited to low-risk wealth management products featuring high safety and liquidity. Investments in equities and derivatives are prohibited.

- ***Investment proposal and approval mechanism:*** We have implemented a tiered investment approval structure based on the nature and size of the investment. Investment proposals are initiated by the responsible personnel in the Finance Department and submitted for approval in accordance with the authorization level set out in our investment policy. Specially, small-scaled investments with the investment amounts below 10% of our total assets can be solely approved by the Chairman of the Board, medium-scaled investments with the investment amounts exceeding 10% of our total assets must be submitted to the Board for approval, and large-scale investments with investment amounts exceeding 50% of our total assets require the approval by the Shareholders' meeting.

- ***Internal control and monitoring:*** Our wealth management investment policies shall be approved by the Chairman of the Board. Specific wealth management products shall be applied for and initiated by the Finance Department, and may only be implemented upon approval by Chairman of the Board, the Board and Shareholders' meeting in terms of the amount of investment. For the subscription of wealth management products, vouchers shall be prepared by the cashier and reviewed by the Chief Financial Officer. In respect of our wealth management arrangements, we place primary emphasis on capital safety and liquidity under internal control frameworks. Subscriptions to wealth management products shall not impair our operating liquidity.

Our investments in wealth management products will be subject to the compliance with the requirements under Chapter 14 of the Listing Rules.

Trade, Bills and Other Payables

Our trade and bills payables primarily represented payables to our suppliers during the ordinary course of our business, while our other payables mainly included payables for share buyback obligations pursuant to the employee share incentive plan, conditional government grants, payroll and welfare payables and amounts due to non-controlling shareholders. The table below sets forth our trade, bills and other payables 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*
Trade payables	22,731	49,580	32,183	55,750
Bills payables	24,186	30,231	17,740	18,448
	46,917	79,811	49,923	74,198
Other payables				
Payables for acquisition of property, plant and equipment	1,838	2,860	2,227	2,704
Other taxes payables	5,469	3,128	5,253	1,746
Payroll and welfare payables	10,259	16,071	24,357	16,351
Payables for share buyback obligations pursuant to the employee share incentive plan[(3)]	25,000	25,000	4,500	4,500
Conditional government grants[(1)]	18,000	18,900	18,000	22,420

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to non-controlling shareholders[(2)]	2,830	16,926	9,875	3,774
Payables for incentives to vendors	–	–	3,000	–
Dividend payable	–	–	77,000	–
Accrued listing expenses	–	–	6,287	3,676
Accrued issue cost	–	–	1,541	758
Other accrued expenses	690	705	879	801
Others	1,337	3,405	5,218	4,645
	65,423	86,995	158,137	61,375
Total	**112,340**	**166,806**	**208,060**	**135,573**
Analyzed as:				
Current	94,340	148,806	208,060	131,153
Non-current	18,000	18,000	–	4,420
Total	**112,340**	**166,806**	**208,060**	**135,573**

Notes:

(1) The amount represents (a) RMB18.0 million of government grants received by us for a production project in 2022 (the "**Project**"), which was originally scheduled to be inspected by the relevant government body by June 2026. Part of the government grants may be required to be repaid if the specified conditions have not been fulfilled. As of the Latest Practicable Date, the Project had yet to meet all the specified conditions for the grant, and the final inspection remained outstanding. Under the terms of the relevant agreement, (i) if we fail to perform the contract without just cause, or if the contract cannot be implemented due to causes other than force majeure; and (ii) if the Project fails to achieve the overall objectives, the relevant government body shall propose handling recommendations, which shall be submitted to the Provincial Development and Reform Commission and the Provincial Department of Finance for review. Following such review, the Project may be adjusted, terminated or revoked, and the corresponding special grants may be recovered as appropriate. As of the Latest Practicable Date, part of the Project, which we have completed the mid-project acceptance, have not yet been completed due to changes in the downstream market and technological routes. Specifically, the relevant part of the Project relates to the production of high-performance composite films for PV POE (polyolefin elastomer) encapsulant films used in PV modules. At the time of project initiation, the PV industry was transitioning from P-type to N-type cells, which was expected to drive a shift in encapsulant films from EVA (ethylene-vinyl acetate copolymer) to POE. The production technology and formulation design of POE film share fundamental commonalities with our existing expertise in adhesives and films, and therefore we were preparing to conduct product pre-research and enter the market. As the project progressed, however, EVA film suppliers improved product performance through material modification and structural optimization, and hybrid solutions such as co-extruded EPE (EVA-POE-EVA) emerged as cost-effective alternatives, offering a 10% to 15% cost advantage while meeting the PID (Potential Induced Degradation) resistance requirements of N-type cells — performance previously achievable only with pure POE. According to Frost & Sullivan, these developments have significantly reduced the incremental value of pure POE films in the mainstream market, materially diminishing the economic rationale for a full transition to POE. As a result, this part of the Project has been suspended. As advised by PRC Legal Advisers, these government grants may be subject to legal recovery. As the Project has not yet completed final inspection, these grants have not been recognized as revenue and are classified under "other payables." Should repayment become required, we still have sufficient cash and cash equivalents to settle the full amount. Such repayment will not result in any material adverse effect on our financial results or operations. Based on the independent due diligence work conducted, the Sole Sponsor is of the view that, in the event of the repayment of the government grants, our Group's business operations or financial performance will not be materially affected; (b) RMB0.9 million of government grants received by Zhejiang AITEK, which was subject to refund under the circumstance that Zhejiang AITEK failed to maintain its business registration and tax domicile at the location stipulated in the contract with the relevant government department within five years. Zhejiang AITEK has returned the government grants in full on September 30, 2025 having not fulfilled the aforesaid conditions; and (c) government grants amounting to RMB4.4 million as of June 30, 2026, received by us for several projects, which are subject to refund unless certain specific conditions are fulfilled by September 2028 and October 2028.

(2) The amount represents (a) the payables for technical service provided by a non-controlling shareholder, amounting to RMB2.8 million, RMB3.8 million, RMB3.8 million and RMB3.8 million as of December 31, 2023, 2024, 2025 and as of June 30, 2026, respectively. Such amount is trade in nature. The outstanding balance of these technical service fees is expected to be fully settled by us prior to the Listing. We have explored the cooperation in respect of technical services with various customers and primarily procured adhesive testing services from this non-controlling shareholder for the research and development of our acoustic adhesives. The development of electronic adhesives products is complicated and intrinsically linked to the customers' specific application scenarios, which require customization to meet their respective requirements. For instance, the performance of many adhesives can only be accurately assessed through device-level testing once such products are incorporated into finished components. Against this backdrop, we partnered with this non-controlling shareholder to expand our presence in the electronic adhesives market. Our non-controlling shareholder is a leading enterprise in the acoustic and optical device segment of the consumer electronics industry, capable of providing us with access to testing scenarios, detailed test results and optimization recommendations in relation to our electronic adhesives products; and (b) the payables amounting to RMB13.2 million and RMB6.1 million as of December 31, 2024 and 2025, respectively. Such payables are arising from business transactions between Zhejiang AITEK and a non-controlling shareholder of our Company (also a former controlling shareholder and a current non-controlling shareholder of Zhejiang AITEK). As of December 31, 2024, when our recognition of trade, bills and other payables of Zhejiang AITEK upon the completion of acquisition of such company, RMB13.2 million of other payables was consolidated arising from the aforesaid transaction, of which RMB12.4 million was non-trade in nature, as Zhejiang AITEK and the above-mentioned non-controlling shareholder entered into a loan agreement for settlement of such payables on January 1, 2022 and renewed the loan agreement on January 1, 2025. The above-mentioned loan is unsecured and unguaranteed. This loan has been fully settled in April 2026. For further details, please refer to Note 26 to the Accountants' Report as set out in Appendix I to this prospectus.

(3) The payables arise from the restricted share incentive scheme in June 2020 ("**June 2020 Scheme**"). Pursuant to the June 2020 Scheme, Dr. Guo Mingbo was granted 1,315,789 restricted shares at a consideration of RMB25.0 million with vesting subject to a five-year service condition. Our Company has the right to repurchase, or appoint a third party to repurchase, the underlying unvested restricted shares from Dr. Guo Mingbo at the original subscription price of RMB25.0 million if he resigns from our Group prior to the vesting of such restricted shares. As a result, a corresponding amount of RMB25.0 million has been recognized as other payables, with Dr. Guo Mingbo as the beneficial payee.

Our trade, bills and other payables increased from RMB112.3 million as of December 31, 2023 to RMB166.8 million as of December 31, 2024, primarily due to the recognition of trade, bills and other payables of Zhejiang AITEK upon the completion of our acquisition of such company on December 31, 2024. Our trade, bills and other payables increased from RMB166.8 million as of December 31, 2024 to RMB208.1 million as of December 31, 2025, primarily due to an addition of RMB77.0 million in dividend payable resulting from our shareholders' resolution to distribute retained profit as of November 30, 2025 and an addition of RMB6.3 million in accrued listing expenses. Our trade, bills and other payables decreased from RMB208.1 million as of December 31, 2025 to RMB135.6 million as of June 30, 2026, primarily due to the payment of the RMB77.0 million dividend payables in March 2026.

The table below sets forth an aging analysis of our trade payables presented based on the invoice dates 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*
0-30 days	9,820	16,680	16,328	31,112
31-60 days	7,168	13,517	8,459	13,517
61-180 days	1,368	14,665	3,021	6,745
Over 180 days	4,375	4,718	4,375	4,376
Total	**22,731**	**49,580**	**32,183**	**55,750**

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

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Trade and bills payables turnover days[1]	99	147	70	48

Note:

1. Average trade and bills payables turnover days are derived by dividing the average of the beginning and ending trade and bills payables balance by cost of sales for the relevant year/period and multiplied by 360 days (for a year)/180 days (for the six months ended June 30, 2026).

Our trade and bills payables turnover days increased from 99 days in 2023 to 147 days in 2024, primarily due to the recognition of trade payables of Zhejiang AITEK upon the completion of our acquisition of such company on December 31, 2024, whereas no cost of sales attributable to Zhejiang AITEK was included in our consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2024. Our trade and bills payables turnover days decreased from 147 days in 2024 to 70 days for the year ended December 31, 2025, primarily attributable to a change in the revenue composition of our energy enhancement materials for the year ended December 31, 2025 as compared with the corresponding period in 2024, given that credit terms granted by suppliers of different raw materials vary based on product nature and industry trend. Our trade and bills payables turnover days decreased from 70 days for the year ended December 31, 2025 to 48 days for the six months ended June 30, 2026, primarily attributable to our increasing procurement of silver powder as a key raw material in 2026, for which we are generally requested to make prepayments.

As of October 31, 2026, RMB50.6 million, or approximately 90.7%, of our trade and bills payables as of June 30, 2026 had been subsequently settled.

ACQUISITION OF ZHEJIANG AITEK

On December 31, 2024, our Company and Zhejiang AITEK entered into a shareholders' agreement pursuant to which our Company agreed to subscribe for RMB28,000,000 of the newly-increased registered capital of Zhejiang AITEK with a cash consideration of RMB30,000,000, representing 50% equity interests of Zhejiang AITEK. Upon the completion of the transaction on December 31, 2024, according to the Articles of Association of Zhejiang AITEK, our Group has the majority voting power in the board of directors of Zhejiang AITEK, by which the relevant activities that significantly affect the return of Zhejiang AITEK are determined on a simple majority basis at the board of director's meetings. Accordingly, Zhejiang AITEK is accounted for as a non-wholly owned subsidiary of our Group at the acquisition date of December 31, 2024. The acquisition has been accounted for as acquisition of business using the acquisition method. For details, please refer to Note 33 to the Accountants' Report as set out in Appendix I to this prospectus.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital Sufficiency

Historically, we funded our operations primarily with cash generated from operating activities and bank borrowings. Taking into account the financial resources available to us, including our existing cash and cash equivalents, availability of banking facilities, estimated net proceeds from the Global Offering and cash flows from our operations, our Directors are of the view that, after due and careful inquiry, we have sufficient working capital for at least the next 12 months commencing from the date of this prospectus.

Our future cash requirements will depend on many factors, including our operating income, capital expenditures on property, plant and equipment and intangible assets, market acceptance of our products or other changing business conditions and future developments, including any investments or acquisitions we may decide to pursue. We may require additional cash due to changing business conditions or other future developments. If our existing cash is insufficient to meet our requirements, we may seek to issue equity and/or debt securities or borrow from lending institutions.

Cash Flows

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

	For the year ended December 31,			For the six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Net cash from operating activities	28,738	143,681	108,184	71,129	91,124
Net cash from (used in) investing activities	70,299	(260,411)	168,925	44,505	(51,975)
Net cash used in financing activities	(33,134)	(44,626)	(199,342)	(46,674)	(90,743)
Net increase/(decrease) in cash and cash equivalents	65,903	(161,356)	77,767	68,960	(51,594)
Cash and cash equivalents at beginning of the year	200,359	266,262	104,906	104,906	182,673
Cash and cash equivalents at end of the year	**266,262**	**104,906**	**182,673**	**173,866**	**131,079**

Net Cash Generated from Operating Activities

For the six months ended June 30, 2026, our net cash generated from operating activities amounted to RMB91.1 million. This was derived from a profit before tax of RMB78.6 million, adjusted for: (i) amortization of intangible assets of RMB15.2 million, (ii) depreciation of property, plant and equipment of RMB7.0 million and (iii) share-based payment expenses of RMB4.0 million. The amount was further adjusted by (i) decrease in trade, bills and other receivables of RMB32.4 million, and (ii) increase in trade, bills and other payables of RMB7.8 million, which was partially offset by the increase in receivables at FVTOCI of RMB35.2 million.

In 2025, our net cash generated from operating activities amounted to RMB108.2 million. This was derived from a profit before tax of RMB179.8 million, adjusted for: (i) amortization of intangible assets of RMB30.4 million, (ii) depreciation of property, plant and equipment of RMB14.7 million and (iii) share-based payment expenses of RMB3.3 million, which were partially offset by net gain on fair value changes of financial assets at FVTPL of RMB4.9 million and interest income of RMB5.2 million. The amount was further adjusted by (i) movements in working capital such as an increase in trade, bills and other receivables of RMB64.2 million and an increase in inventories of RMB18.5 million and (ii) income tax paid of RMB24.6 million.

In 2024, our net cash generated from operating activities amounted to RMB143.7 million. This was derived from a profit before tax of RMB127.8 million, adjusted for (i) amortization of intangible assets of RMB28.6 million, (ii) depreciation of property, plant and equipment of RMB8.7 million and (iii) share-based payment expenses of RMB4.3 million, which were partially offset by net gain on fair value changes of financial assets at FVTPL of RMB4.0 million. The amount was further adjusted by (i) in working capital such as an increase in receivables at FVTOCI of RMB33.2 million and a decrease in trade, bills and other receivables of RMB19.2 million and (ii) income tax paid of RMB16.6 million.

In 2023, our net cash generated from operating activities amounted to RMB28.7 million. This was derived from a profit before tax of RMB109.1 million, adjusted for (i) amortization of intangible assets of RMB28.3 million and (ii) depreciation of property, plant and equipment of RMB7.6 million, which were partially offset by interest income of RMB5.9 million. The amount was further adjusted by (i) movements in working capital such as an increase in trade, bills and other receivables of RMB93.8 million, an increase in receivables at FVTOCI of RMB27.7 million and an increase in trade, bills and other payables of RMB18.4 million and (ii) income taxes paid of RMB8.9 million.

Net Cash Generated from/(Used in) Investing Activities

For the six months ended June 30, 2026, we had net cash used in investing activities of RMB52.0 million, primarily consisting of (i) purchase of financial assets at FVTPL of RMB245.5 million and (ii) purchase of investment in an associate measured at FVTPL of RMB30.0 million. These outflows were partially offset by proceeds from disposal of financial assets at FVTPL of RMB246.8 million.

In 2025, we had net cash generated from investing activities of RMB168.9 million, primarily consisting of (i) proceeds from disposal of financial assets at FVTPL of RMB859.0 million and (ii) withdrawal of time deposits with banks with original maturity over three months of RMB23.1 million. These inflows were partially offset by (i) purchases of financial assets at FVTPL of RMB701.9 million and (ii) purchase of property, plant and equipment of RMB14.7 million.

In 2024, we had net cash used in investing activities of RMB260.4 million, primarily consisting of (i) purchases of financial assets at FVTPL of RMB637.9 million and (ii) placement of time deposits with banks with original maturity over three months of RMB22.9 million. These outflows were partially offset by proceeds from disposal of financial assets at FVTPL of RMB403.3 million.

In 2023, we had net cash generated from investing activities of RMB70.3 million, primarily consisting of (i) withdrawal of time deposits with banks with original maturity over three months of RMB210.0 million and (ii) proceeds from disposal of financial assets at FVTPL of RMB85.4 million. These were partially offset by (i) placement of time deposits with banks with original maturity over three months of RMB210.0 million and (ii) purchase of property, plant and equipment of RMB10.2 million.

Net Cash Used in Financing Activities

For the six months ended June 30, 2026, we had net cash used in financing activities of RMB90.7 million, primarily consisting of (i) dividend paid of RMB77.0 million and (ii) repayments of borrowings of RMB43.7 million. These outflows were partially offset by new borrowings raised of RMB34.9 million.

In 2025, we had net cash used in financing activities of RMB199.3 million, primarily consisting of (i) repayments of borrowings of RMB50.9 million and (ii) dividends paid of RMB240.8 million. These outflows were partially offset by new borrowings raised of RMB75.3 million.

In 2024, we had net cash used in financing activities of RMB44.6 million, primarily consisting of (i) dividend paid of RMB40.8 million and (ii) payments of lease payments of RMB2.6 million.

In 2023, we had net cash used in financing activities of RMB33.1 million, primarily due to dividend paid of RMB34.6 million, which was partially offset by capital contribution from non-controlling shareholders of RMB2.4 million.

INDEBTEDNESS

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

	As of December 31,			As of June 30,	As of October 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current					
Borrowings	1,000	43,925	69,036	60,220	98,965
Lease liabilities	1,642	4,867	4,055	4,003	3,634
Other payables	–	12,350	6,101	–	–
	2,642	61,142	79,192	64,223	102,599
Non-current					
Borrowings	–	701	–	–	–
Lease liabilities	3,954	5,320	2,179	2,404	2,232
Total	**6,596**	**67,163**	**81,371**	**66,627**	**104,831**

Borrowings

As of December 31, 2023, 2024, 2025, June 30, 2026 and October 31, 2026, we had borrowings of RMB1.0 million, RMB44.6 million, RMB69.0 million, RMB60.2 million and RMB99.0 million, respectively, mainly representing bank borrowings primarily to supplement our working capital. For details, please refer to Note 28 to the Accountants' Report as set out in Appendix I to this prospectus. As of October 31, 2026, our borrowings were unsecured and unguaranteed.

As of October 31, 2026, we had committed unutilized bank facilities of RMB99.0 million.

In respect of borrowings as of December 31, 2023, 2024, 2025, June 30, 2026 and October 31, 2026, we are not required to comply with significant financial covenants throughout the continuance of the relevant borrowings. Our Directors confirm that we had not experienced any difficulty in obtaining bank and other borrowings, default in payments of bank and other borrowings, or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

The table below sets forth the lease liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of October 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current					
Lease liabilities	1,642	4,867	4,055	4,003	3,634
Non-current					
Lease liabilities	3,954	5,320	2,179	2,404	2,232
Total	**5,596**	**10,187**	**6,234**	**6,407**	**5,866**

Our lease liabilities are in relation to properties that we lease for our offices and manufacturing facilities. As of December 31, 2023, 2024, 2025, June 30, 2026 and October 31, 2026, we recognized total lease liabilities of RMB5.6 million, RMB10.2 million, RMB6.2 million, RMB6.4 million and RMB5.9 million, respectively. The fluctuation in our lease liabilities was primarily due to the addition of new leased plant and machinery as a result of our business expansion as well as the expiration of certain leases, and the acquisition of Zhejiang AITEK at the end of 2024. As of October 31, 2026, our lease liabilities amounting to RMB5.9 million were secured by some rental deposits and unguaranteed, while remaining lease liabilities amounting to approximately RMB5,000 were unsecured and unguaranteed.

Indebtedness statement

Save as disclosed above, as of October 31, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Since October 31, 2026 and up to the date of this prospectus, other than as disclosed above, our Directors have confirmed that there had been no material change in our indebtedness.

CAPITAL EXPENDITURES

We incurred capital expenditures of approximately RMB16.7 million, RMB6.1 million, RMB14.7 million and RMB15.0 million for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Our capital expenditure primarily related to purchase of property, plant and equipment and intangible assets.

CAPITAL COMMITMENTS

Our capital commitments were RMB0.2 million, RMB3.1 million, RMB5.4 million and RMB10.7 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively, primarily related to capital expenditure in respect of acquisition of property, plant and equipment and intangible assets contracted for but not provided in the condensed consolidated financial statements.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any material contingent liabilities.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates or for the years/periods indicated.

	As of/For the year ended December 31,			As of/For the six months ended June 30,
	2023	2024	2025	2026
Current ratio[(1)]	4.64	3.31	2.32	3.19
Quick ratio[(2)]	4.39	3.12	2.12	2.88
Gearing ratio[(3)]	1.11%	7.57%	12.26%	9.53%
Return on equity[(4)]	16.3%	17.1%	23.2%	10.7%
Return on total assets[(5)]	13.5%	13.1%	16.6%	7.7%
Net debt to equity ratio[(6)]	(42.4)%	(8.3)%	(18.5)%	(10.3)%

Notes:

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. Gearing ratio is calculated based on derivative financial instruments, borrowings and lease liabilities divided by the ending balance of total equity and multiplied by 100%.
4. Return on equity equals profit for the year/period divided by total average of the opening and closing balances of total equity of the respective year/period, multiplied by 100%.
5. Return on assets equals profit for the year/period divided by total average of the opening and closing balances of total assets of the respective year/period, multiplied by 100%.
6. Net debt to equity ratio was calculated based on net debts (being total loans and borrowings net of cash and cash equivalents) as at the respective date divided by total equity as at the respective date.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISK MANAGEMENT

We are exposed to various market risks, including interest rate risk, credit risk, and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. For more details, please refer to Note 37 (b) to the Accountants' Report as set out in Appendix I of this prospectus.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to restricted bank deposits and time deposits with original maturity over three months, fixed-rate borrowings and lease liabilities. Our Group is also exposed to cash flow interest rate in relation to variable-rate bank balances. Our Group's cash flow interest rate risk is mainly concentrated on the fluctuations of the market rates from bank balances. Our Group currently does not hedge our exposure to cash flow and fair value interest rate risk, nevertheless, our Directors monitor interest rate exposure and will consider hedging significant interest rate risk should the need arise.

We manage our interest rate exposures by assessing the potential impact of interest rate movements, taking into account current rates and economic outlook. Our management regularly reviews the proportion of fixed and variable rate borrowings to ensure these remain within reasonable limits.

Credit Risk

Credit risk refers to the risk that our Group's counterparties will default on their contractual obligations resulting in financial loss to our Group. Our Group's credit risk exposures are primarily attributable to trade, bills and other receivables, receivables at FVTOCI, restricted bank deposits, time deposits with original maturity over three months and bank balances.

Liquidity Risk

Our Directors have adopted an appropriate liquidity risk management framework for the management of our Group's short-term and long-term funding and liquidity management requirements. Our Group manages liquidity risk by closely and continuously monitoring our Group's consolidated financial position. Our Directors also review the forecasted cash flows on an on-going basis to ensure that our Group will be able to meet our financial obligations falling due and have sufficient capital for operation.

RELATED PARTY TRANSACTIONS

During the Track Record Period and up to the Latest Practicable Date, we entered into certain related party transactions from time to time, primarily related to the remuneration of our directors and other members of key management. For more details, please refer to Note 39 to the Accountants' Report as set out in Appendix I to this prospectus. Our Directors believe that our transactions with related parties during the Track Record Period and up to the Latest Practicable Date were conducted in the ordinary and usual course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

DIVIDENDS

In 2023, a dividend of RMB34.6 million was declared by our Company to our equity shareholders, of which RMB34.6 million was paid in the same year. In 2024, a dividend of RMB40.8 million was declared by our Company to our equity shareholders, of which RMB40.8 million was paid in the same year. In April 2025, we declared and paid a dividend of RMB40.8 million. During the same year, we declared a special dividend of RMB 277.0 million to our equity shareholders, of which RMB 200.0 million was paid in the same year. In March 2026, we paid a dividend of RMB77.0 million, and no further dividend was declared during the six months ended June 30, 2026. For details, please refer to Note 13 to the Accountants' Report as set out in Appendix I to this prospectus.

Currently, we do not have a formal dividend policy nor a fixed payout ratio. Any future declarations and payments of dividends will be at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. Any future net profit that we make may be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, according to applicable PRC laws and regulations, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we had retained profits of RMB93.0 million available for distribution to our shareholders.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Please refer to "Appendix II — Unaudited Pro Forma Financial Information" for details.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and fees incurred in connection with the Listing and the Global Offering. As of June 30, 2026, we incurred listing expenses of RMB20.0 million (or approximately HK$23.4 million), of which (i) RMB16.1 million (or approximately HK$18.8 million) was charged to the consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2025 and the six months ended June 30, 2026, and (ii) RMB3.9 million (or approximately HK$4.6 million) was directly attributable to the issuance of our Offer Shares and will be deducted from equity upon the Listing. Our total listing expenses are estimated to be approximately HK$48.09 million (including underwriting commission), accounting for 18.50% of the gross proceeds of the Global Offering (based on the Offer Price of HK$6.50 per H Share). Among our total listing expenses, approximately HK$13.56 million is directly attributable to the issuance of H Shares and will be charged to equity upon completion of the Listing, and approximately HK$34.53 million was and will be charged to our consolidated statements of profit or loss and other comprehensive income. Our total listing expenses would consist of (i) approximately HK$10.42 million underwriting related expenses and fees (including commissions and fees), (ii) approximately HK$26.28 million non-underwriting-related expenses and fees of the Sole Sponsor, legal advisers and reporting accountant, and (iii) approximately HK$11.39 million for other non-underwriting-related fees and expenses.

The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

We anticipate that our net profit may decline for the year ending December 31, 2026, primarily attributable to an expected decrease in revenue contribution from our acoustic enhancement materials as well as an expected increase in share-based payments and listing expenses, partially offset by growth in other product categories. According to Frost & Sullivan, the potential decline in revenue contribution from acoustic enhancement materials is primarily attributable to expected lower shipments of Android smartphones, in line with the cyclical fluctuation in downstream consumer electronic industry. As the downstream consumer electronics market is expected to maintain a growth trend in the medium and long term, as disclosed in the "Industry Overview", shipments of Android smartphones are expected to resume growth, which may support demand for our acoustic enhancement materials.

Our Directors confirmed that, save as disclosed above, as of the date of this prospectus, there has been no material adverse change in our financial position since June 30, 2026, and there has been no event since June 30, 2026 that would materially affect the information as set out in the Accountants' Report in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE HONG KONG LISTING RULES

Our Directors confirm 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 Hong Kong Listing Rules.

FUTURE PLANS

Please refer to the section headed "Business — Our Strategies" in this prospectus for a detailed discussion of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK$6.5 per Share (being the mid-point of the indicative Offer Price range), we estimate that we will receive net proceeds of approximately HK$211.9 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering.

In alignment with our strategy and development plans, we intend to allocate the net proceeds for the following purposes:

(i) approximately 43.2% of the net proceeds (equivalent to HK$91.5 million) will be used to expand the production capacity of our major products, and facilitate the development and commercialization of our new products.

- approximately 29.2% of the net proceeds (equivalent to HK$61.8 million) will be used to expand the production capacities of our acoustic enhancement materials, electronic ceramic materials and electronic adhesives products:

(a) approximately 11.0% of the net proceeds (equivalent to HK$23.3 million) will be used to expand the production capacities of acoustic enhancement materials. We expect to complete the capacity expansion project by 2031, which will deliver an additional annual production capacity of 60 tons of acoustic enhancement materials. The expansion includes both the automation upgrade of existing production lines and the construction of a new production line, with an estimated total capital expenditure of RMB70.5 million (equivalent to approximately HK$82.4 million). As of the Latest Practicable Date, we had not commenced the construction for the expansion plan. Any future funding shortfalls in relation to the project will be funded by our operating income or bank borrowings. Set out below are the expected production expansion schedule and the corresponding allocation of the net proceeds raised.

Year	Expected production expansion schedule	Planned additional production personnel	Estimated additional production capacity	Use of Proceeds[1]
2027	Construction of a new production line: purchase of 10 sets of new production equipment	10	10 tons	HK$5.3 million
2028	Construction of a new production line: purchase of 10 sets of new production equipment	10	10 tons	HK$3.3 million

Year	Expected production expansion schedule	Planned additional production personnel	Estimated additional production capacity	Use of Proceeds[1]
2029	Construction of a new production line: purchase of 15 sets of new production equipment Automation upgrade of one existing production line[2]	15	10 tons	HK$5.9 million
2030	Construction of a new production line: purchase of 15 sets of new production equipment Automation upgrade of two existing production lines[2]	5	20 tons	HK$4.8 million
2031	Construction of a new production line: purchase of 10 sets of new production equipment Automation upgrade of one existing production line[2]	5	10 tons	HK$4.0 million

Notes:

(1) The proceeds used in the current year cover not only the salaries of production personnel newly added in the current year, but also the remuneration of production personnel newly employed since 2027.

(2) An automation upgrade on a production line is swapping manual, repetitive human work for sensors, controllers, machinery and software to improve production efficiency. Automation upgrades mainly cover three aspects: (i) procurement of automated production and packaging equipment including automatic feeding and precise batching systems to ensure accurate raw material feeding, weighing and blending; (ii) deployment of core process control systems to stabilize key production parameters; and (iii) establishment of intelligent warehousing and logistics systems to realize automated inventory circulation and full product traceability. These upgrades are expected to help lower production costs by reducing direct labor requirements, minimizing material losses from inaccurate batching and processing deviations, and cutting overheads tied to manual material movement and inventory control.

According to Frost & Sullivan, driven by expanding end markets and increasing demand for high-performance products, the development of acoustic technology is placing greater emphasis on accuracy, immersion and dynamic balance. As a result, the penetration rate of acoustic enhancement materials in micro-speakers and other key components and the value per unit application have increased simultaneously. The global market size of the acoustic enhancement materials industry increased from RMB1,123.0 million in 2021 to RMB1,519.6 million in 2025, representing a CAGR of 7.9%. It is expected to further increase to RMB2,408.8 million by 2030, with a CAGR of 9.7% from 2025 to 2030 (taking into account the further penetration of AI

smartphones and foldable smartphones). Notwithstanding the aforementioned long-term industry growth trend, the consumer electronics shipments experienced a temporary downturn in 2026 amid rising memory product prices. Specifically, global Android smartphone shipments are forecast to decrease from 1,012.5 million units in 2025 to 830.3 million units in 2026, representing a year-on-year decrease of 18.0%. This downturn is expected to result in a short-term reduction in market demand for acoustic enhancement materials. Market conditions are forecast to improve starting from 2027, aligning with the restoration of supply and demand balance within the memory product market and the subsequent recovery of the overall consumer electronics market. As advised by Frost & Sullivan, long-term demand for acoustic enhancement materials is forecast to rebound, underpinned by market expansion of two major product categories: sound-adsorbing particles (covering principally our N'BASS Materials) and acoustic diaphragm functional enhancement materials. Sound-adsorbing particles are widely used in high-end smartphones, upper mid-end smartphones, high-end tablets, and thin-and-light laptops. For the above four core application segments, the global market size of sound-adsorbing particles is forecast to grow from RMB395.4 million, RMB149.0 million, RMB4.0 million and RMB1.4 million in 2025 to RMB504.7 million, RMB331.4 million, RMB14.1 million and RMB20.0 million in 2030, with corresponding CAGRs of 5.0%, 17.3%, 28.7% and 70.2%, respectively. Meanwhile, the global market size of acoustic diaphragm functional enhancement materials is projected to increase steadily from RMB943.6 million in 2025 to RMB1,453.5 million in 2030, which will further support the overall market demand for acoustic enhancement materials.

Expanding markets for AI smartphones and foldable smartphones have driven growing demand for acoustic enhancement materials. AI smartphones have rapidly evolved from premium offerings into mainstream devices as generative AI is widely adopted across different product tiers. Global AI smartphones have experienced steady growth starting from 2024. Shipments of such devices are projected to increase from 379.5 million units in 2025 to 1,184.3 million units in 2030, representing a CAGR of 25.6%. Meanwhile, foldable smartphones have continued to expand their presence in the high-end smartphone market. Shipments of foldable smartphones increased from 7.1 million units in 2021 to 26.2 million units in 2025. Shipments are expected to reach 73.2 million units by 2030, representing a CAGR of 22.8% for the period from 2025 to 2030. The trend towards slimmer and lighter designs for AI smartphones has reduced the internal space available for rear speaker cavities, resulting in constrained acoustic performance, especially for low-frequency sound output. To enhance low-frequency loudness without enlarging device dimensions, demand for acoustic enhancement materials in AI smartphones is expected to increase. Meanwhile, the rising number of microspeakers installed per foldable smartphone is expected to raise consumption volume of acoustic enhancement materials.

In light of the above market forecasts, we plan to carry out phased capacity expansion for acoustic enhancement materials commencing in 2027. As part of our capacity expansion plans, one new production line is scheduled to be commissioned in 2027, adding an additional annual production capacity of 10 tons.

(b) Approximately 13.8% of the net proceeds (equivalent to HK$29.2 million) will be used to expand the production capacities of our electronic ceramic materials. We expect to complete the capacity expansion project by 2031, which will deliver an additional annual production capacity of 16,000 tons of electronic ceramic materials. The expansion includes both the automation upgrade of existing production lines and the construction of new production lines, with an estimated total capital expenditure of RMB88.2 million (equivalent to approximately HK$103.1 million). As of the Latest Practicable Date, we had not commenced the construction for the expansion plan. Any funding shortfalls in relation to the project will be funded by our operating income or bank borrowings. Set out below are the expected production expansion schedule and the corresponding allocation of the net proceeds raised.

Year	Expected production expansion schedule	Planned additional production personnel	Estimated additional production capacity	Use of Proceeds[(1)]
2027	Construction of two new production lines: purchase of 30 sets of new production equipment[(2)]	20	4,000 tons	HK$5.4 million
2028	Construction of two new production lines: purchase of 30 sets of new production equipment Automation upgrade of one existing production line[(2)]	15	4,000 tons	HK$7.0 million
2029	Construction of a new production line: purchase of 15 sets of new production equipment Automation upgrade of one existing production line[(2)]	5	2,000 tons	HK$5.0 million
2030	Construction of a new production line: purchase of 15 sets of new production equipment Automation upgrade of one existing production line[(2)]	5	2,000 tons	HK$5.0 million

Year	Expected production expansion schedule	Planned additional production personnel	Estimated additional production capacity	Use of Proceeds[1]
2031	Construction of two new production lines: purchase of 30 sets of new production equipment Automation upgrade of one existing production line[2]	15	4,000 tons	HK$6.8 million

Notes:

(1) The proceeds used in the current year cover not only the salaries of production personnel newly added in the current year, but also the remuneration of production personnel newly employed since 2027.

(2) An automation upgrade on a production line is swapping manual, repetitive human work for sensors, controllers, machinery and software to improve production efficiency. Automation upgrades mainly cover three aspects: (i) procurement of automated production and packaging equipment including automatic feeding and precise batching systems to ensure accurate raw material feeding, weighing and blending; (ii) deployment of core process control systems to stabilize key production parameters; and (iii) establishment of intelligent warehousing and logistics systems to realize automated inventory circulation and full product traceability. These upgrades are expected to help lower production costs by reducing direct labor requirements, minimizing material losses from inaccurate batching and processing deviations, and cutting overheads tied to manual material movement and inventory control.

According to Frost & Sullivan, the global market size of core electronic ceramic powder increased from RMB11.9 billion in 2021 to RMB21.7 billion in 2025, representing a CAGR of 16.2%. Driven by the continuous penetration and surging demand of downstream sectors such as new energy, semiconductors and data centers, the demand for high-purity and high-performance powder materials will boost the market size of core electronic ceramic powder, which is expected to reach RMB53.5 billion by 2030, with a CAGR of 19.8% from 2025 to 2030.

(c) Approximately 4.4% of the net proceeds (equivalent to HK$9.3 million) will be used to expand the production capacities of our electronic adhesives products. We expect to complete the capacity expansion project by 2030, which will deliver an additional annual production capacity of 300 tons of electronic adhesives. The expansion includes construction of new production lines, with an estimated total capital expenditure of RMB28.5 million (equivalent to approximately HK$33.3 million). As of the Latest Practicable Date, we had not commenced the construction for the expansion plan. Any funding shortfalls in relation to the project will be funded by our operating income or bank borrowings. Set out below are the expected production expansion schedule and the corresponding allocation of the net proceeds raised.

Year	Expected production expansion schedule	Planned additional production personnel	Estimated additional production capacity	Use of Proceeds[(1)]
2027	Construction of two new production lines: purchase of four sets of new production equipment	8	50 tons	HK$1.3 million
2028	Construction of two new production lines: purchase of four sets of new production equipment	8	50 tons	HK$1.7 million
2029	Construction of four new production lines: purchase of eight sets of new production equipment	14	100 tons	HK$3.1 million
2030	Construction of four new production lines: purchase of eight sets of new production equipment	16	100 tons	HK$3.2 million

Note:

(1) The proceeds used in the current year cover not only the salaries of production personnel newly added in the current year, but also the remuneration of production personnel newly employed since 2027.

According to Frost & Sullivan, due to the continuous upgrading of the global electronics industry and the diversification of end applications, the global electronic adhesives industry has maintained a stable growth, with its market size increasing from RMB34.8 billion in 2021 to RMB41.0 billion in 2025, representing a CAGR of 4.2% during the period. Going forward, driven by the sustained development of key sectors such as semiconductors and new energy, as well as the enhancing performance requirements for adhesives in consumer electronic products, the market size is expected to reach RMB55.4 billion by 2030, with a CAGR of approximately 6.2% from 2025 to 2030.

We have observed stable demand across our key product categories, and we are well positioned to capture such demand based on the following: (a) we have an established and diversified customer base covering key downstream acoustic component and consumer electronics manufacturers, with long-term stable partnerships. For illustration, in 2025, we entered into long-term cooperation agreements with certain major customers with terms ranging from three to five years. Such arrangements help to enhance the stability of our customer relationships and support our business development and capacity planning. Our proven customer development capabilities enable us to deepen ties with existing clients and expand our customer reach, ensuring efficient absorption of the expanded capacity; (b) we possess a technical foundation supported by proprietary core technologies and an extensive

patent portfolio. Our capabilities in technology extension, iteration and industrialization allow us to align product performance with high-end market demands, translating technical advantages into stable mass production capacity to support the expansion project; and (c) we have mature operational management systems, standardized production processes and efficient supply chain coordination to ensure the smooth implementation of the expansion project.

These expansion plans may result in an increase in our fixed assets, depreciation and amortization, as well as higher costs and expenses, and may lead to a decline in profit margins during the expansion period. Given our healthy operating cash flow, sufficient credit lines and the phased implementation of investments, we maintain healthy cash flow and therefore consider that there is no material cash flow risk. For further risks relating to our expansion plans, please refer to the "Risk Factors — Risks Relating to our Industry and Business — We may not be able to increase our production capacity as planned, and even if our production expansion projects proceed as planned, we may not be able to increase our production output in a timely manner or at all as envisaged." in this prospectus.

- approximately 14.0% of the net proceeds (equivalent to HK$29.7 million) will be used to facilitate the development and commercialization of our new products including new forms of N'BASS Materials, diaphragms, structural ceramic powders for semiconductor equipment, and others:

  (a) approximately 8.9% of the net proceeds (equivalent to HK$18.9 million) will be allocated for the purchase of new key production equipment.

  (b) approximately 5.1% of the net proceeds (equivalent to HK$10.8 million) will be allocated for the recruitment of production personnel to ensure our efficient delivery and production quality.

(ii) approximately 37.4% of the net proceeds (equivalent to HK$79.3 million) will be used to establish our research and development centers. We plan to further expand the diversified application scenarios of our products within the consumer electronics sector, strengthen the development and application of functional enhancement materials in high-growth industries including advanced packaging, computing power, and other semiconductor-related fields, and advance the development of our information systems.

- approximately 29.3% of the net proceeds (equivalent to HK$62.1 million) will be allocated for the establishment of our research and development centers, including the Ceramic Powder Technology Center, Organic Powder and Polymer Materials Technology Center, Analytical Testing Center and New Technology Incubation Center. These funds will be used to acquire and renovate the building for our research and development center, recruit research and development personnel, and purchase research and testing equipment. Amongst the net proceeds to be used, approximately 16.6% of the net proceeds (equivalent to HK$35.2 million) is allocated for purchase and renovation of the building for our research and development center; approximately 5.3% of the net proceeds (equivalent to HK$11.2 million) is allocated for the purchase of research and development and testing equipment, primarily including (i) analytical instruments such as scanning electron microscopes, X-ray diffractometers and X-ray photoelectron spectrometers, for the characterization of the microstructure and composition of ceramic powder materials, (ii) processing equipment such as tape casting

machines, high-temperature box furnaces, hot isostatic pressing equipment and spray drying towers, for the development of ceramic powders and their applications, and (iii) testing equipment, such as dynamic mechanical analyzers, thermomechanical analyzers, gas chromatography-mass spectrometers and dielectric property testing systems, for the development of electronic adhesives and other products; and approximately 7.4% of the net proceeds (equivalent to HK$15.7 million) is allocated for the recruitment of research and development personnel with one to ten years of relevant experience. Such additional research and development resources are expected to improve our product development efficiency, enhance our innovation capability and enable us to respond more swiftly to the evolving customer demands within the global market.

The following table sets out the details of our research and development personnel recruitment plan.

Positions	Expected Number of Recruitment	Responsibilities	Qualifications	Annual Salary Range
Material Research and Development Engineer .	13	• Participate in full-process product development, primarily responsible for formulation design and new product development • Solve key technical issues in material applications • Provide technical support to other functional departments	Master's degree or above in inorganic non-metallic materials, polymer materials, chemical engineering and other related fields; three years or above related working experiences	HK$250,000 to HK$1,000,000
Materials Testing Engineer	13	• Formulate material testing plans and implement tests • Analyze and organize test data, compile reports and provide data support • Assist in establishing and implementing laboratory testing processes and standards	Bachelor's degree or above in materials science and engineering, chemistry, mechanics, polymer materials and other related fields; two years or above related working experiences	HK$250,000 to HK$500,000
Process Engineer	5	• Responsible for the development, design, and optimization of production processes for new products • Participate in the selection and modification of new production equipment • Implement process optimization and technical transformation	Bachelor's degree or above in materials science and engineering, mechanics and other related fields; two to ten years related working experience	HK$200,000 to HK$600,000

Positions	Expected Number of Recruitment	Responsibilities	Qualifications	Annual Salary Range
Application Development Engineer	10	• Conduct in-depth communication with customers to understand their application processes • Responsible for the technical promotion and application support of our key products for customers' needs	Master's degree or above in materials science and engineering, polymer materials, chemical engineering, microelectronics and other related fields; three years or above related working experience	HK$250,000 to HK$1,000,000

The following table sets out the expected annual allocation of net proceeds for all uses described in item (ii) above, together with the principal implementation steps for our research and development centers:

Year	Work Plan	Use of proceeds
2027 . .	Finalize site selection, sign investment agreements, commence preliminary construction-related work and recruit personnel	HK$2.6 million
2028 . .	Undertake construction and decoration, procure and install equipment, and continue to recruit personnel	HK$18.5 million
2029 . .	Partially commission and put into operation, gradually increase equipment procurement and installation, continue to recruit personnel and launch laboratory-scale trials	HK$10.3 million
2030 . .	Fully commission the research and development center, increase investment in equipment and personnel, purchase research and development buildings, and smoothly advance all laboratory-scale and pilot-scale trials	HK$43.4 million
2031 . .	Conduct research and development activities comprehensively in accordance with the plan	HK$4.5 million

- approximately 5.1% of the net proceeds (equivalent to HK$10.8 million) will be allocated for the renovation of and staff recruitment for our "Industrial-Academia-Research-and-Functional Center (產學研及職能中心)."

- approximately 3.0% of the net proceeds (equivalent to HK$6.4 million) will be allocated for the construction and upgrade of a comprehensive information system covering research and development, production operations, finance and other functions.

(iii) approximately 8.1% of the net proceeds (equivalent to HK$17.2 million) will be used to conduct potential mergers and acquisitions in the future. We plan to acquire a controlling stake in the target company, or make an equity investment that enables us to exercise significant influence over it. We expect the target companies for our acquisitions or investments to fall within the industries of acoustic enhancement materials, electronic adhesives, electronic ceramic materials, computing power materials or semiconductor materials. The target companies are expected to have business synergies with us, including common customers, common technologies, strategic synergy or horizontal/vertical integration. We expect our target companies to satisfy numerous requirements, such as having an operational history of at least five years, significantly contributing to our strategic development, achieving large-scale production, possessing

technological or market competitiveness, having a revenue scale of more than RMB100 million or a net profit of more than RMB10 million. According to Frost & Sullivan, as of December 31, 2025, there are more than 200 Chinese companies meeting the abovementioned criteria. As of the Latest Practicable Date, we have not identified any potential targets.

(iv) approximately 4.1% of the net proceeds (equivalent to HK$8.7 million) will be used to develop our sales and service network, primarily for recruiting sales staff with specialized technology background.

The following table sets out the details of our sales personnel recruitment plan.

Positions	Expected Number of Recruitment	Responsibilities	Qualifications	Annual Salary Range
Sales Director for the Advanced Packaging, Computing Power and other Semiconductor-related Sectors	1	• Formulate and execute sales strategies for the semiconductor, computing and advanced packaging sectors across our ceramic material and adhesive product lines • Lead the sales team and develop strategic key accounts among computing hardware customers	Bachelor's degree or above in materials science, chemistry or other related fields; twelve years or above related working experiences	HK$400,000 to HK$600,000
Senior Sales Managers for Electronic Ceramic Materials	4	• Develop and manage key accounts among battery cell manufacturers, separator manufacturers and semiconductor packaging houses for lithium battery and semiconductor applications • Manage the full sales cycle from sampling and qualification to volume ramp-up • Coordinate with our research and development team on customers' technical requirements	Bachelor's degree or above in materials science, chemistry or other related fields; eight years or above related working experiences	HK$300,000 to HK$400,000

Positions	Expected Number of Recruitment	Responsibilities	Qualifications	Annual Salary Range
Sales Managers for Electronic Adhesives . .	2	• Develop and manage accounts of consumer electronics module manufacturers and semiconductor packaging customers • Drive new product introduction and qualification • Achieve sales targets for the relevant segments	Bachelor's degree or above in materials science, chemistry or other related fields; six years or above related working experiences	HK$250,000 to HK$300,000
Technical Sales Engineers for Lithium Battery, Semiconductor Packaging and Consumer Electronics .	8	• Provide pre-sales technical support, application demonstrations and troubleshooting • Translate customer requirements into product specifications jointly with our R&D team • Support sample qualification and pilot orders	Bachelor's degree or above in materials science, chemistry or chemical engineering; three years or above related working experiences	HK$250,000 to HK$300,000

(v) approximately 7.2% of the net proceeds (equivalent to HK$15.3 million) will be used for working capital and general corporate purposes.

In the event that the Offer Price is fixed below or above the mid-point of the indicative price range, the net proceeds allocated to the above purposes will be adjusted on a pro rata basis.

If the Offer Price is fixed at HK$7.00 per Offer Share (being the high end of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK$19.2 million. If the Offer Price is fixed at HK$6.00 per Offer Share (being the low end of the Offer Price range stated in this prospectus), the net proceeds we receive will be reduced by approximately HK$19.2 million.

In the event of any material change in our use of net proceeds of the Global Offering from the purposes described above or in our allocation of the net proceeds among the purposes described above, a formal announcement will be made. To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we will only deposit such net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions).

HONG KONG UNDERWRITERS

Guotai Junan Securities (Hong Kong) Limited
CMB International Capital Limited
Futu Securities International (Hong Kong) Limited
Tiger Brokers (HK) Global Limited
uSmart Securities Limited
Orient Securities (Hong Kong) Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 4,000,000 Hong Kong Offer Shares and the International Offering of initially 35,999,000 International Offer Shares, subject to, in each case, reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus.

UNDERWRITING ARRANGEMENTS

Hong Kong Public Offering

Hong Kong Underwriting Agreement

We entered into the Hong Kong Underwriting Agreement with, among others, the Hong Kong Underwriters on November 26, 2026. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on, and subject to, the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

Subject to (a) the Listing Committee granting listing of, and permission to deal in, our H Shares in issue and to be issued pursuant to the Global Offering and the H Shares to be converted from Unlisted Shares on the Main Board of the Stock Exchange, and the listing and permission not having been revoked; and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally (but not jointly) to subscribe for, or procure subscribers for, their respective applicable proportions of the Hong Kong Offer Shares being offered but which are not taken up under the Hong Kong Public Offering, on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

If, for any reason, the Offer Price is not agreed between us and the Sponsor-Overall Coordinator (on behalf of the Underwriters) by 12:00 noon on Thursday December 3, 2026, the Global Offering will not proceed.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been entered into, becoming unconditional and not having been terminated.

Grounds for Termination

The Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters), can, in their sole and absolute discretion, by a notice in writing to us, terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time at or prior to 8:00 a.m. on the Listing Date:

(a) there develops, occurs, exists or comes into effect:

(i) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent Authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore or other jurisdictions relevant to the Group or the Global Offering (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**"); or

(ii) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, exchange control, credit or market conditions or sentiments, Taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies) or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or

(iii) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, accident or interruption or delay in transportation, local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed)) in or affecting any of the Relevant Jurisdictions; or

(iv) the imposition or declaration of any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (i) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (ii) the trading in any securities of the Company listed or quoted on a stock exchange or an over-the-counter market; or

(v) the imposition or declaration of any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

(vi) other than with the prior written consent of the Sponsor-Overall Coordinator, the issue or requirement to issue by the Company of a supplement or amendment to the Prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or

(vii) the commencement by any Authority or other regulatory or political body or organization of any public action or investigation against any member of the Group or a director or a senior management member of any member of the Group or announcing an intention to take any such action; or

(viii) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any member of the Group or any of the Controlling Shareholders or by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of this Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or

(ix) any valid demand by creditors for payment or repayment of indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(x) any non-compliance of the Prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC Filings or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or

(xi) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group or any Controlling Shareholder or any Director or senior management members as named in the Prospectus; or

(xii) any contravention by the Company, any member of the Group or any Director of the Listing Rules or applicable Laws; or

(xiii) any change or prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this prospectus,

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters):

(A) has or will or may have a material adverse effect or any development involving a prospective material adverse effect, on the profits, losses, results of operations, assets, liabilities, general affairs, business, management, performance, prospects, shareholders' equity, position or condition (financial, trading or otherwise) of our Group, taken as a whole ("**Material Adverse Effect**");

(B) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or

(C) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged, or for the Hong Kong Public Offering and/or the Global Offering to proceed, or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or

(D) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) that:

(i) any statement contained in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the "**Global Offering Documents**") was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such Global Offering Documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission or misstatement in any Global Offering Document; or

(iii) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties and undertakings given by our Company or Zhengxin Dexu (the "**Warranting Shareholder**") in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(iv) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities in the Hong Kong Underwriting Agreement; or

(v) any breach of any of the obligations or undertakings imposed upon our Company or the Warranting Shareholder to the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(vi) there is any change or development involving a prospective change, constituting or having a Material Adverse Effect; or

(vii) that the Chairman of the Board, any Director or any member of senior management of our Company named in this prospectus seeks to retire, or is removed from office or vacating his/her office; or

(viii) any Director or any member of senior management of our Company named in this prospectus is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company or there is the commencement by any governmental, political or regulatory body of any investigation or other action against any Director or member of senior management of our Company in his or her capacity as such or any member of our Group or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action; or

(ix) our Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or

(x) that the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(xi) any person (other than the Sole Sponsor) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(xii) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or

(xiii) any person (other than the Sole Sponsor) has withdrawn or sought to withdraw its consent to being named in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement) or to the issue of any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or

(xiv) an order or petition is presented for the winding-up or liquidation of any member of our Group, or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(xv) (A) the notice of acceptance of the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) issued by the CSRC and/or the results of the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Sponsor-Overall Coordinator, the issue or requirement to issue by our Company of a supplement or amendment to the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) pursuant to the CSRC Rules (as defined in the Hong Kong Underwriting Agreement) or upon any requirement or request of the CSRC; or (C) any non-compliance of the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) with the CSRC Rules (as defined in the Hong Kong Underwriting Agreement) or any other applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

(xvi) that a material portion of the orders placed or confirmed in the bookbuilding process have been withdrawn, terminated or cancelled, or with respect to which the payment of the relevant orders and/or investment amount commitment has not been received or settled in the stipulated time and manner or otherwise.

Indemnity

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

The Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested directly or indirectly in any Shares or any securities of any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of our Group.

The Hong Kong Underwriters and their affiliates may, subject to applicable laws and regulations and in their ordinary and usual course of business, (i) provide financing in connection with the subscription for, or purchase of, our securities with security interests over all or part of such securities subscribed or purchased, and/or (ii) participate in or facilitate the subscription for, or purchase of, our securities.

Lock Up Arrangement

Undertakings by our Company to the Hong Kong Stock Exchange pursuant to the Listing Rules

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or sold or transferred out of treasury or form the subject of any agreement to such an issue, or sale or transfer out of treasury within six months from the Listing Date (whether or not such issue of Shares or securities, or sale or transfer of treasury shares of our Company will be completed within six months from the Listing Date), except pursuant to the Global Offering, or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by each of our Controlling Shareholders to the Hong Kong Stock Exchange pursuant to the Listing Rules

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that, except pursuant to the Global Offering, it/he will not and will procure that the relevant registered holder(s) will not (without the prior written consent of the Stock Exchange or unless otherwise in compliance with the applicable requirements of the Listing Rules):

(i) in the period commencing on the date by reference to which disclosure of the shareholding in our Company is made in this prospectus and ending on, and including, the date which is six months from the Listing Date (the "**First Six-month Period**"), directly or indirectly dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of our Company in respect of which the shareholder is shown in this prospectus to be the beneficial owner(s); or

(ii) in the period of six months immediately following the expiry of the First Six-month Period (the "**Second Six-month Period**"), directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in (i) above if, immediately following the disposal or upon the exercise or enforcement of the options, rights, interests or encumbrances, the shareholder would cease to be our Controlling Shareholders.

Note (2) to Rule 10.07(2) of the Listing Rules provides that Rule 10.07 does not prevent a member of Controlling Shareholders from using the H Shares beneficially owned by it/him/her as security (including a charge or pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of the shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he/she will and will procure that the relevant registered holder(s) will:

(i) when it/he/she pledges or charges any securities of our Company beneficially owned by it/him/her in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and

(ii) when it/he/she receives indications, either verbal or written, from the pledgee or charge that any of the pledged or charged securities of our Company will be disposed of, immediately inform our Company of such indications.

We will inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraphs (i) and (ii) above (if any) by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement in accordance with the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that except pursuant to the Conversion of Domestic Unlisted Shares into H Shares and the Global Offering, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six Month Period**"), it will not, without the prior written consent of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance under the Hong Kong Underwriting Agreement (the "**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or

beneficial interest in the share capital or any other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase share capital or other securities of the Company, as applicable), or deposit any share capital or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(c) enter into any transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; or

(d) offer to or agree to do any of the foregoing specified in paragraphs (a), (b) or (c) above or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, or in cash or otherwise (whether or not the issue of such share capital or such other securities will be completed within the First Six Month Period). Our Company further agrees that, in the event our Company is allowed to enter into any of the transactions described in paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the "**Second Six Month Period**"), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any H Shares or other securities of our Company.

We have undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that we will, and the Warranting Shareholder has undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters to use its best efforts to procure that we will, comply with the minimum public float requirements (the "**Minimum Public Float Requirement**") and the minimum free float requirements (the "**Minimum Free Float Requirement**") specified in the Listing Rules. In addition, we have undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that we will not (a) effect any purchase of the H Shares, or agree to do so, which may reduce the holdings of the H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to below the Minimum Public Float Requirement or any waiver granted and not revoked by the Stock Exchange prior to the expiration of the Second Six Month Period without first having obtained the prior written consent of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters); or (b) enter into any agreement, arrangement or transaction which shall cause or have the effect of causing the portion of the H Shares that are held by the public and that are available for trading and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable Laws or otherwise) on the Listing Date to fall below the Minimum Free Float Requirement under Rule 19A.13C of the Listing Rules.

(B) Undertakings by the Warranting Shareholder

Pursuant to the Hong Kong Underwriting Agreement, the Warranting Shareholder has undertaken to procure each of our Controlling Shareholders to provide an undertaking upon signing the Hong Kong Underwriting Agreement, addressed to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, without the prior written consent of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules (including pursuant to Rule 10.07 of the Listing Rules):

(a) it/he will not, and will procure that the relevant registered holder(s) controlled by it/him, any nominee or trustee holding on trust for it/him and the companies controlled by it/him will not, at any time during the First Six Month Period, (i) sell, offer to sell, accept subscription for, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any such other securities, as applicable or any interest in any of the foregoing), or deposit any H Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any H Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any such other securities of our Company, as applicable or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (a)(i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph (a)(i), (ii) or (iii) above, in each case, whether any of the transactions specified in paragraph (a)(i), (ii) or (iii) above is to be settled by delivery of H Shares or other securities of our Company or in cash or otherwise, and whether or not the transactions will be completed within the First Six Month Period. For the avoidance of doubt, where the Controlling Shareholder is a limited partnership, nothing in this paragraph (a) shall restrict any increase or reduction in the general partner's interest in it resulting from the addition or departure of limited partners and/or an increase or decrease in the aggregate interest of the limited partners, provided that such alteration does not result in such Controlling Shareholder ceasing to be one of the Controlling Shareholders of our Company; and

(b) it/he will not, during the Second Six Month Period, enter into any of the transactions specified in paragraph (a)(i), (ii) or (iii) above or offer to or agree to contract to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it will cease to be a member of the Controlling Shareholders or would together with the other member of the Controlling Shareholders cease to be the Controlling Shareholders of our Company; and

(c) until the expiry of the Second Six Month Period, in the event that it enters into any of the transactions specified in paragraph (a)(i), (ii) or (iii) or offer to or agrees to or contract to or publicly announce any intention to effect any such transaction, it/he will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the securities of our Company.

International Offering

International Underwriting Agreement

In connection with the International Offering, we expect to enter into the International Underwriting Agreement with, among others, the International Underwriters on Thursday, December 3, 2026. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally (but not jointly) agree to purchase or procure purchasers for the International Offer Shares initially offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on grounds similar to those contained in the Hong Kong Underwriting Agreement. Please refer to the paragraph headed "Structure of the Global Offering — The International Offering" for further details.

COMMISSION AND EXPENSES

The Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price of all the Offer Shares. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid to the International Underwriters. In addition, the Underwriters may receive a discretionary incentive fee of up to 1.0% of the aggregate Offer Price of all the Offer Shares. The ratio of fixed fees and discretionary fees payable by the Company to the Underwriters is expected to be approximately 75%:25% (assuming the discretionary incentive fee is paid in full).

The aggregate commissions and fees, together with the Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy, the Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering to be borne by the Company are estimated to amount to approximately RMB41.1 million in aggregate.

SOLE SPONSOR'S FEE

A fee of HK$5.00 million is payable by the Company as sponsor fees to the Sole Sponsor.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY UNDERWRITERS

Each of the Underwriters and the Capital Market Intermediaries of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their respective affiliates may individually undertake a variety of activities which do not form part of the underwriting process.

The Syndicate Members and their respective affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. These investment and trading activities may involve or relate to our assets, securities and/or instruments and/or persons and entities with relationships with us and may also include swaps and other financial instruments entered into for hedging purposes in connection with our loans and other debt.

In relation to our H Shares, the activities of the Syndicate Members and their respective affiliates may include acting as agent for buyers and sellers of our H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of our H Shares (whose financing may be secured by our H Shares) in the Global Offering, proprietary trading in our H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including our H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of our H Shares, which may have a negative impact on the trading price of our H Shares. All such activities may take place in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their respective affiliates holding long and/or short positions in our H Shares, in baskets of securities or indices including our H Shares, in units of funds that may purchase our H Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Underwriters or their respective affiliates of any listed securities having our H Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in our H Shares in most cases.

It should be noted that when engaging in any of these activities, the Underwriters and their respective affiliates will be subject to certain restrictions, including the following:

(a) the Underwriters and their respective affiliates must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Underwriters and their respective affiliates must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Some of the Underwriters or their respective affiliates have provided from time to time and are expected to provide to our Group investment banking and other services in the future for which the Underwriters or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Underwriters or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

The Global Offering consists of (subject to reallocation as described below):

(a) the Hong Kong Public Offering of initially 4,000,000 H Shares as described below under "— The Hong Kong Public Offering"; and

(b) the International Offering of initially 35,999,000 H Shares outside the United States (including to professional and institutional investors in Hong Kong) in offshore transactions in reliance on Regulation S, as described below under the paragraph headed "— The International Offering."

Investors may either apply for our H Shares under the Hong Kong Public Offering; or apply for or indicate an interest, if qualified to do so, for our H Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 10.05% of the total Shares (without taking into account of the treasury Shares) in issue immediately following the completion of the Global Offering.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between us and the Sponsor-Overall Coordinator (on behalf of the Underwriters) on or around the Price Determination Date and subject to the other conditions set out in the paragraph headed "— Conditions of the Global Offering."

The underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting."

THE HONG KONG PUBLIC OFFERING

Number of H Shares Initially Offered

We are initially offering 4,000,000 H Shares at the Offer Price for subscription by the public in Hong Kong, representing approximately (i) 10.0% of the 39,999,000 H Shares initially made available under the Global Offering and (ii) 1.00% of the total Shares in issue immediately following the completion of the Global Offering (subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering).

Allocation

Allocation of H Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: Pool A and Pool B (with any odd lots being allocated to pool A).

- **Pool A**: The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to valid applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million or less (excluding the brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Hong Kong Stock Exchange trading fee).

- **Pool B**: The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to valid applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million and up to the total value of Pool B (excluding the brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Hong Kong Stock Exchange trading fee).

For the purpose of the immediately preceding paragraph only, the "price" for the Hong Kong Offer Shares means the price payable on application. Please refer to the paragraph headed "— Pricing and Allocation."

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are undersubscribed, the unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 2,000,000 Hong Kong Offer Shares (being 50% of the H Shares initially made available under the Hong Kong Public Offering) will be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sponsor-Overall Coordinator. Subject to the allocation cap described in the subsequent paragraph, the Sponsor-Overall Coordinator may in its discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering in accordance with the guidance in Chapter 4.14 of the Guide for New Listing Applicants. In addition, if the Hong Kong Public Offering is not fully subscribed and the International Offer Shares are fully subscribed or oversubscribed, the Sponsor-Overall Coordinator will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as it deems appropriate.

If: (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, up to 1,999,500 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering following such reallocation may increase to a maximum of 5,999,500 Offer Shares, representing approximately 15% of the number of the Offer Shares initially available under the Global Offering, and the final Offer Price shall be fixed at the bottom end of the indicative Offer Price range (i.e. HK$6.00 per Offer Share).

Any Offer Shares reallocated to the Hong Kong Public Offering pursuant to the preceding paragraph will be allocated between Pool A and Pool B, and the number of Offer Shares allocated to the International Offering will be reduced accordingly.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

In the event that both the Hong Kong Public Offering and International Offering are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this Prospectus and the Underwriting Agreements.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering expected to be published on Friday, December 4, 2026.

Applications

Each applicant under the Hong Kong Public Offering must give an undertaking and confirmation in the application submitted by that applicant that he/she/it and any person(s) for whose benefit the applicant is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering, and that applicant's application under the International Offering is liable to be rejected if either or both of the undertaking and confirmation are breached or untrue (as the case may be).

THE INTERNATIONAL OFFERING

Number of H Shares Initially Offered

We are initially offering 35,999,000 H Shares at the Offer Price for subscription or sale under the International Offering, representing approximately 90% of the 39,999,000 H Shares initially made available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of H Shares initially offered under the International Offering will represent approximately 9.04% of the total Shares in issue (excluding treasury shares) immediately following the completion of the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Allocation of Offer Shares under the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— Pricing and Allocation — Determining the Offer Price" and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that that investor is likely to buy further H Shares, and/or hold or sell its H Shares, after the Listing. This basis of allocation is intended to result in a distribution of the Offer Shares which is likely to lead to the establishment of a solid and stable professional and institutional shareholder base to the benefit of our Group and our Shareholders as a whole.

The Sponsor-Overall Coordinator (on behalf of the Underwriters) may require an investor who has been offered (or has indicated an interest for) Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sponsor-Overall Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering as described in the paragraph headed "— The Hong Kong Public Offering — Reallocation."

PRICING AND ALLOCATION

Offer Price Range

The Offer Price will be not more than HK$7.00 per H Share and is expected to be not less than HK$6.00 per H Share, unless otherwise announced, as explained below.

Price Payable on Application

Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the maximum Offer Price per Hong Kong Offer Share plus the brokerage fee of 1.0%, the SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015% and the Hong Kong Stock Exchange trading fee of 0.00565%, amounting to a total of HK$3,535.30 for one board lot of 500 H Shares.

Applicants should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Minimum Offer Price.

If the Offer Price is less than the maximum Offer Price of HK$7.00 per Offer Share, appropriate refund payments (including the brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Please refer to the paragraph headed "How to Apply for the Hong Kong Offer Shares — Credit of Allotted H Shares and Refund of Application Monies."

Determining the Offer Price

The International Underwriters are soliciting from prospective investors indications of interest in acquiring our H Shares in the International Offering. Prospective investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, but to cease on or around, the Price Determination Date.

The Offer Price is expected to be fixed by agreement between the Sponsor-Overall Coordinator (on behalf of the Underwriters) and us, on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or before Thursday, December 3, 2026 (Hong Kong time) and, in any event, not later than 12:00 noon on Thursday, December 3, 2026 (Hong Kong time).

Reduction in Offer Price Range and/or Number of Offer Shares

The Sponsor-Overall Coordinator (on behalf of the Underwriters) may, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with our consent, reduce the indicative Offer Price range and/or the number of Offer Shares below that stated in this prospectus at any time on or before the morning of the last day for making applications under the Hong Kong Public Offering. In this case, we will as soon as practicable after the decision to make the reduction (and no later than the morning of the last day for making applications under the Hong Kong Public Offering) publish on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.n-bass.com** notice of the reduction, the cancellation of the Global Offering and the relaunch of the Global Offering at the revised number of Offer Shares and/or the revised Offer Price. This notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as set out in this prospectus, as well as any other financial information which may change as a result of the reduction.

We will, as soon as practicable following the decision to make the reduction, in addition to publishing the notice, issue a supplemental prospectus containing details in relation to the change in the number of Offer Shares being offered and/or the indicative Offer Price range. The Global Offering will be cancelled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before making applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for making applications under the Hong Kong Public Offering.

In the absence of a notice of reduction, the number of Offer Shares will not be reduced and the Offer Price, if agreed upon between us and the Sponsor-Overall Coordinator (on behalf of the Underwriters), will not be set outside the indicative Offer Price range.

Announcement of the Offer Price and Basis of Allocations

The Offer Price, level of applications in the Hong Kong Public Offering, level of indications of interest in the International Offering, and basis of allocations of the Hong Kong Offer Shares are expected to be made available through a variety of channels in the manner described in the paragraph headed "How to Apply for the Hong Kong Offer Shares — Publication of Results."

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of applications for the Hong Kong Offer Shares will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, our H Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Hong Kong Stock Exchange as described in this prospectus and the approval not having been withdrawn, canceled or revoked;

(b) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date;

(c) the Offer Price having been agreed between us and the Sponsor-Overall Coordinator (on behalf of the Underwriters); and

(d) the obligations of the Underwriters under both the Hong Kong Underwriting Agreement and the International Underwriting Agreement having become unconditional and not having been terminated in accordance with their respective terms,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are waived on or before such dates and times).

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among others, the other becoming unconditional and not having been terminated in accordance with their terms.

If the above conditions are not fulfilled or waived before the dates and times specified, the Global Offering will not proceed and will lapse, and the Hong Kong Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Hong Kong Public Offering on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.n-bass.com** on the next Business Day following the lapse. In this case, all application monies will be returned, without interest, on the terms set out in the paragraph headed "How to Apply for the Hong Kong Offer Shares — Credit of Allotted H Shares and Refund of Application Monies." In the meantime, the application monies will be held in separate accounts with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

If, for any reason, we and the Sponsor-Overall Coordinator (on behalf of the Underwriters) are unable to reach agreement on the Offer Price by 12:00 noon on the Price Determination Date, the Global Offering will not proceed and will lapse.

The Offer Shares are expected to be issued in uncertificated form on Friday, December 4, 2026. Title to the Offer Shares will take effect at 8:00 a.m. on Monday, December 7, 2026, provided the Global Offering has become unconditional in all respects at or before that time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, December 7, 2026, it is expected that dealings in our H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Monday, December 7, 2026.

Our H Shares will be traded in board lots of 500 H Shares each and the stock code of our H Shares will be 3707.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.n-bass.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or you and the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address *(for **HK eIPO White Form** service only)*.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Friday, November 27, 2026 and end at 12:00 noon on Wednesday, December 2, 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	www.hkeipo.hk	Investors who would like to receive Hong Kong Offer Shares successfully applied for in your own name.	From 9:00 a.m. on Friday, November 27, 2026 to 11:30 a.m. on Wednesday, December 2, 2026, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Wednesday, December 2, 2026, Hong Kong time.

Application Channel	Platform	Target Investors	Application Time
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction	Investors who would like to receive Hong Kong Offer Shares successfully applied for in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the HKSCC EIPO channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through HKSCC EIPO channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants	For Non-individual Applicants
• Full name(s)[2] as shown on your identity document	• Full name(s)[2] as shown on your identity document
• Identity document's issuing country or jurisdiction	• Identity document's issuing country or jurisdiction
• Identity document type, with order of priority: i. HKID card; or ii. Other National identification document; or iii. Passport; and	• Identity document type, with order of priority: i. LEI registration document; or ii. Certificate of incorporation; or iii. Business registration certificate; or iv. Other equivalent document; and
• Identity document number	• Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong Address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm (such as a sole proprietorship or partnership) and not a body corporate, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for H Shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint account holders on FINI is capped at 4 in accordance with market practice.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), (ii) the identity document's issuing country or jurisdiction, (iii) the identity document type; and (iv) the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through HKSCC EIPO channel, and making an application under a power of attorney, we and the Sponsor-Overall Coordinator, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size . . . . . : 500

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment . . . . . : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK$7.00 per H Share.

If you are applying through the HKSCC EIPO channel, your broker or custodian may require you to pre-fund your application, in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum amount payable[1] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum amount payable[1] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum amount payable[1] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum amount payable[1] on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
500	3,535.30	8,000	56,564.75	70,000	494,941.66	1,000,000	7,070,595.00
1,000	7,070.60	9,000	63,635.35	80,000	565,647.60	2,000,000[2]	14,141,190.00
1,500	10,605.89	10,000	70,705.96	90,000	636,353.56		
2,000	14,141.19	15,000	106,058.93	100,000	707,059.50		
2,500	17,676.49	20,000	141,411.90	200,000	1,414,119.00		
3,000	21,211.79	25,000	176,764.88	300,000	2,121,178.50		
3,500	24,747.08	30,000	212,117.86	400,000	2,828,238.00		
4,000	28,282.38	35,000	247,470.83	500,000	3,535,297.50		
4,500	31,817.68	40,000	282,823.80	600,000	4,242,357.00		
5,000	35,352.98	45,000	318,176.78	700,000	4,949,416.50		
6,000	42,423.56	50,000	353,529.76	800,000	5,656,476.00		
7,000	49,494.16	60,000	424,235.70	900,000	6,363,535.50		

(1) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and Accounting and Financial Reporting Council ("AFRC") transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the ASR (for applications made through the application channel of the ASR) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

(2) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "*— A. Applications for Hong Kong Offer Shares — 3. Information Required to Apply*" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) HKSCC EIPO channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

The ASR would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or HKSCC EIPO channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorise us and/or the Sponsor-Overall Coordinator, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the HKSCC EIPO channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the HKSCC EIPO channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of H Shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Relevant Persons[2], the ASR and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the ASR, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "— G. Personal Data — 3. Purposes and 4. Transfer of personal data" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

2 Relevant Persons would include the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or the Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering.

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the ASR by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Sponsor-Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of **HK eIPO White Form** service or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC or the **HK eIPO White Form** Service Provider and (b) you have due authority to give electronic application instructions on behalf of that person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through the **HK eIPO White Form** service or **HKSCC EIPO channel**:		
Website	The designated results of allocation at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result** with a "search by ID" function.	24 hours, from 11:00 p.m. on Friday, December 4, 2026 to 12:00 midnight on Thursday, December 10, 2026 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**.	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.n-bass.com** which will provide links to the above mentioned websites of the ASR.	No later than 11:00 p.m. on Friday, December 4, 2026 (Hong Kong time).
Telephone	+852 3691 8488 – the allocation results telephone enquiry line provided by the ASR	between 9:00 a.m. and 6:00 p.m., from Monday, December 7, 2026 to Thursday, December 10, 2026 (Hong Kong time) on a business day

For those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Thursday, December 3, 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Thursday, December 3, 2026 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Offer and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.n-bass.com** by no later than 11:00 p.m. on Friday, December 4, 2026 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Sponsor-Overall Coordinator, the ASR and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Applications for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Sponsor-Overall Coordinator believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted H Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted H Shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the ASR and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. CREDIT OF ALLOTTED H SHARES AND REFUND OF APPLICATION MONIES

1. Credit of allotted H Shares

As the H Shares are Participating Securities to be issued in uncertificated form on Friday, December 4, 2026:

- If you applied through the HKSCC EIPO channel, the allotted Hong Kong Offer Shares will be registered in the name of HKSCC Nominees and deposited directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf. No action by you is required.

- If you applied through **HK eIPO White Form** service, Hong Kong Offer Shares allotted to you will be registered in your name. If you have a USI Facility held with the ASR, you can view and transfer your H Shares via the ASR's UNSRT system. If you do not have a USI Facility held with the ASR you are recommended to set one up by contacting the ASR directly at **https://eshareholder.hk.** If you do not have a USI Facility held with the ASR and you are allotted the H Shares, you will become a provisional system-member to receive the H Shares, but will not be able to transfer title to the H Shares via the ASR's UNSRT system.

- We will not issue: (i) any document of title in respect of the H Shares allocated to you; or (ii) receipt for sums paid on application.

- Title to H Shares will be effective starting from 8:00 a.m. on Monday, December 7, 2026 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade prior to the time mentioned above do so entirely at their own risk.

2. Refund mechanism for surplus application monies paid by you

	HK eIPO White Form service	HKSCC EIPO channel
Date	Monday, December 7, 2026	Subject to the arrangement between you and your broker or custodian
Responsible party	ASR	Your broker or custodian
Application monies paid through single bank account	**HK eIPO White Form** e-Auto Refund payment instructions to your designated bank account.	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.

	HK eIPO White Form service	HKSCC EIPO channel
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk.	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Wednesday, December 2, 2026 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- an "extreme conditions" announcement issued after a super typhoon ("**Extreme Conditions**"),

(collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, December 2, 2026.

Instead, they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.n-bass.com** of the revised timetable.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the ASR, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the ASR in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the ASR is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the ASR.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the ASR to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the credit of H Shares to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the ASR immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of holders of the Company;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;

- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the ASR to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the ASR relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the ASR may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the ASR, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the ASR in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the ASR will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the ASR hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the ASR have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the ASR, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the ASR for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-84, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SSI NEW MATERIAL (ZHENJIANG) CO., LTD. AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of SSI New Material (Zhenjiang) Co., Ltd. (鎮江貝斯特新材料股份有限公司) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-84, which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025 and June 30, 2026, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and June 30, 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2025 and the six months ended June 30, 2026 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-84 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated November 27, 2026 (the "Prospectus") in connection with the initial listing of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. 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 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 of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial positions as at December 31, 2023, 2024 and 2025 and June 30, 2026, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2025 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board ("IAASB"). 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 International Standards on Auditing issued by the IAASB and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period 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 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-3 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
November 27, 2026

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") and were audited by us in accordance with International Standards on Auditing issued by the IAASB ("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 AND OTHER COMPREHENSIVE INCOME

	Notes	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	*6*	320,463	355,062	625,096	283,398	364,959
Cost of sales		(147,296)	(155,779)	(333,963)	(146,933)	(233,101)
Gross profit		173,167	199,283	291,133	136,465	131,858
Other income	*7*	11,999	5,968	11,616	4,400	6,304
Other gains and losses	*8*	(94)	1,998	344	1,556	(2,053)
Selling and marketing expenses		(9,254)	(10,500)	(16,812)	(9,365)	(6,474)
Administrative expenses		(27,125)	(29,464)	(47,950)	(25,788)	(24,757)
Research and development expenses	*10*	(37,629)	(39,441)	(45,163)	(21,138)	(20,483)
Listing expenses		–	–	(10,245)	–	(5,816)
Net impairment (losses) reversal under expected credit loss ("ECL") model	*10*	(1,791)	256	(1,153)	(562)	564
Finance costs	*9*	(207)	(261)	(1,952)	(404)	(565)
Profit before tax	*10*	109,066	127,839	179,818	85,164	78,578
Income tax expenses	*11*	(12,910)	(15,308)	(24,510)	(10,643)	(8,977)
Profit for the year/period		96,156	112,531	155,308	74,521	69,601
Other comprehensive income (expense):						
Item that will not be reclassified subsequently to profit or loss:						
Fair value gain (loss) on investments in equity instruments measured at fair value through other comprehensive income ("FVTOCI")		3,535	(6,014)	(706)	(598)	(826)
Total comprehensive income for the year/period		99,691	106,517	154,602	73,923	68,775
Profit (loss) for the year/period attributable to:						
Owners of the Company		97,321	114,090	152,462	73,409	66,022
Non-controlling interests		(1,165)	(1,559)	2,846	1,112	3,579
		96,156	112,531	155,308	74,521	69,601
Total comprehensive income (expense) for the year/period attributable to:						
Owners of the Company		100,856	108,076	151,756	72,811	65,196
Non-controlling interests		(1,165)	(1,559)	2,846	1,112	3,579
		99,691	106,517	154,602	73,923	68,775
Earnings per share	*14*					
– Basic (RMB)		0.28	0.33	0.44	0.21	0.18
– Diluted (RMB)		0.28	0.33	0.44	0.21	0.18

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*15*	70,446	100,404	102,292	105,847
Right-of-use assets	*16*	15,495	19,323	15,505	15,392
Intangible assets	*17*	150,883	131,113	100,757	86,818
Goodwill	*18*	–	944	944	9,755
Equity instruments at FVTOCI	*23*	10,973	3,898	3,067	2,096
Investment in an associate measured at fair value through profit or loss ("FVTPL")	*23A*	–	–	–	30,000
Financial assets at FVTPL	*24*	–	–	–	630
Deferred tax assets	*19*	812	3,914	3,092	1,903
Prepayment for acquisition of property, plant and equipment		94	4,940	2,419	8,293
Prepaid expenses		4,339	5,225	2,358	943
Other receivables	*21*	17	660	1,119	1,333
		253,059	270,421	231,553	263,010
Current assets					
Inventories	*20*	27,198	40,552	58,099	61,335
Trade, bills and other receivables	*21*	171,028	206,553	270,260	239,769
Receivables at FVTOCI	*22*	39,362	73,737	79,870	115,031
Financial assets at FVTPL	*24*	–	238,514	86,290	86,636
Derivative financial instruments		–	11	32	762
Value-added tax ("VAT") recoverable		1,845	2,160	2,377	3,165
Restricted bank deposits	*25*	–	30	–	–
Time deposits with original maturity over three months	*25*	–	23,154	–	–
Cash and cash equivalents	*25*	266,262	104,906	182,673	131,079
		505,695	689,617	679,601	637,777

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities					
Trade, bills and other payables	*26*	94,340	148,806	208,060	131,153
Contract liabilities	*27*	3,133	3,817	5,197	2,396
Derivative financial instruments		327	–	–	–
Borrowings	*28*	1,000	43,925	69,036	60,220
Lease liabilities	*29*	1,642	4,867	4,055	4,003
Deferred income	*30*	362	362	362	362
Tax payable		8,114	6,569	5,992	1,842
		108,918	208,346	292,702	199,976
Net current assets		396,777	481,271	386,899	437,801
Total assets less current liabilities		649,836	751,692	618,452	700,811
Non-current liabilities					
Other payables	*26*	18,000	18,000	–	4,420
Borrowings	*28*	–	701	–	–
Lease liabilities	*29*	3,954	5,320	2,179	2,404
Deferred income	*30*	2,740	2,378	2,016	1,836
Deferred tax liabilities	*19*	2	1,098	641	733
		24,696	27,497	4,836	9,393
Net assets		625,140	724,195	613,616	691,418
Capital and reserves					
Share capital	*31*	34,559	34,559	35,999	35,999
Treasury shares		(25,000)	(25,000)	(4,500)	(4,500)
Share premium		442,314	442,314	488,983	488,983
Reserves		172,095	243,653	65,958	135,194
Equity attributable to owners of the Company		623,968	695,526	586,440	655,676
Non-controlling interests		1,172	28,669	27,176	35,742
Total equity		625,140	724,195	613,616	691,418

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31,			As at June 30,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*15*	60,961	59,248	58,482	56,211
Right-of-use assets	*16*	10,517	12,376	11,226	10,837
Intangible assets	*17*	150,883	122,462	93,808	79,481
Investments in subsidiaries	*40*	34,659	86,219	97,719	114,749
Equity instruments at FVTOCI	*23*	10,973	3,898	3,067	2,096
Investment in an associate measured at FVTPL	*23A*	–	–	–	30,000
Financial assets at FVTPL	*24*	–	–	–	630
Deferred tax assets	*19*	740	1,532	2,058	1,474
Prepayment for acquisition of property, plant and equipment		55	690	197	541
Prepaid expenses		4,302	5,189	2,358	943
Other receivables	*21*	1	150	153	156
		273,091	291,764	269,068	297,118
Current assets					
Inventories	*20*	21,454	26,614	37,251	24,925
Trade, bills and other receivables	*21*	169,426	156,779	194,899	188,407
Receivables at FVTOCI	*22*	35,945	58,871	65,460	102,712
Financial assets at FVTPL	*24*	–	211,082	51,489	69,274
Derivative financial instruments		–	11	32	762
Value-added tax recoverable		–	–	32	16
Restricted bank deposits	*25*	–	30	–	–
Time deposits with original maturity over three months	*25*	–	23,154	–	–
Cash and cash equivalents	*25*	250,440	65,235	163,022	97,830
		477,265	541,776	512,185	483,926

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities					
Trade, bills and other payables	*26*	98,834	113,580	168,479	111,250
Contract liabilities	*27*	3,133	3,654	4,885	1,883
Derivative financial instruments		327	–	–	–
Borrowings	*28*	1,000	–	20,000	20,000
Lease liabilities	*29*	629	853	908	969
Deferred income	*30*	362	362	362	362
Tax payable		8,111	6,562	5,988	1,491
		112,396	125,011	200,622	135,955
Net current assets		364,869	416,765	311,563	347,971
Total assets less current liabilities		637,960	708,529	580,631	645,089
Non-current liabilities					
Other payables	*26*	18,000	18,000	–	4,420
Lease liabilities	*29*	106	1,497	589	279
Deferred income	*30*	2,740	2,378	2,016	1,836
		20,846	21,875	2,605	6,535
Net assets		617,114	686,654	578,026	638,554
Capital and reserves					
Share capital	*31*	34,559	34,559	35,999	35,999
Treasury shares		(25,000)	(25,000)	–	–
Share premium		442,314	442,314	491,874	491,874
Reserves	*40*	165,241	234,781	50,153	110,681
Total equity		617,114	686,654	578,026	638,554

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares *(Note a)*	Statutory surplus reserve	Share-based payment reserve	FVTOCI reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	34,559	442,314	(25,000)	6,965	7,503	(3,565)	91,764	554,540	(63)	554,477
Profit (loss) for the year	–	–	–	–	–	–	97,321	97,321	(1,165)	96,156
Other comprehensive income for the year	–	–	–	–	–	3,535	–	3,535	–	3,535
Total comprehensive income (expense) for the year	–	–	–	–	–	3,535	97,321	100,856	(1,165)	99,691
Transfer	–	–	–	10,233	–	–	(10,233)	–	–	–
Dividends recognised as distribution *(Note 13)*	–	–	–	–	–	–	(34,559)	(34,559)	–	(34,559)
Recognition of equity-settled share-based payment expense *(Note 32)*	–	–	–	–	3,131	–	–	3,131	–	3,131
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	2,400	2,400
As at December 31, 2023	34,559	442,314	(25,000)	17,198	10,634	(30)	144,293	623,968	1,172	625,140
Profit (loss) for the year	–	–	–	–	–	–	114,090	114,090	(1,559)	112,531
Other comprehensive expense for the year	–	–	–	–	–	(6,014)	–	(6,014)	–	(6,014)
Total comprehensive (expense) income for the year	–	–	–	–	–	(6,014)	114,090	108,076	(1,559)	106,517
Transfer	–	–	–	2,104	–	–	(2,104)	–	–	–
Dividends recognised as distribution *(Note 13)*	–	–	–	–	–	–	(40,780)	(40,780)	–	(40,780)
Recognition of equity-settled share-based payment expense *(Note 32)*	–	–	–	–	4,262	–	–	4,262	–	4,262
Acquisition of Zhejiang AITEK New Material Co., Ltd (浙江愛科新材料有限公司) ("Zhejiang AITEK")* *(Note 33)*	–	–	–	–	–	–	–	–	29,056	29,056
As at December 31, 2024	34,559	442,314	(25,000)	19,302	14,896	(6,044)	215,499	695,526	28,669	724,195
Profit for the year	–	–	–	–	–	–	152,462	152,462	2,846	155,308
Other comprehensive expense for the year	–	–	–	–	–	(706)	–	(706)	–	(706)
Total comprehensive (expense) income for the year	–	–	–	–	–	(706)	152,462	151,756	2,846	154,602
Transfer	–	–	–	2,146	–	–	(2,146)	–	–	–
Dividends recognised as distribution *(Note 13)*	–	–	–	–	–	–	(317,780)	(317,780)	–	(317,780)
Issue of shares *(Note 31)*	1,440	34,560	(4,500)	–	–	–	–	31,500	–	31,500
Recognition of equity-settled share-based payment expense *(Note 32)*	–	–	–	–	3,329	–	–	3,329	–	3,329

	Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares *(Note a)*	Statutory surplus reserve	Share-based payment reserve	FVTOCI reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Vesting of restricted shares *(Note 32)*	–	15,000	25,000	–	(15,000)	–	–	25,000	–	25,000
Deregister of Zhenjiang Runna Technology Co., Ltd.* (鎮江潤納科技有限公司) ("Zhejiang Runna")	–	–	–	–	–	–	–	–	(1,230)	(1,230)
Acquisition of additional interests in Zhejiang AITEK	–	(2,891)	–	–	–	–	–	(2,891)	(3,109)	(6,000)
As at December 31, 2025	35,999	488,983	(4,500)	21,448	3,225	(6,750)	48,035	586,440	27,176	613,616
Profit for the period	–	–	–	–	–	–	66,022	66,022	3,579	69,601
Other comprehensive expense for the period	–	–	–	–	–	(826)	–	(826)	–	(826)
Total comprehensive (expense) income for the period	–	–	–	–	–	(826)	66,022	65,196	3,579	68,775
Recognition of equity-settled share-based payment expense *(Note 32)*	–	–	–	–	4,040	–	–	4,040	–	4,040
Acquisition of Suzhou Advanced Flexible Ceramics Co., Ltd. (蘇州柔陶新材料有限公司) ("Suzhou Routao")* *(Note 33)*	–	–	–	–	–	–	–	–	4,987	4,987
As at June 30, 2026	35,999	488,983	(4,500)	21,448	7,265	(7,576)	114,057	655,676	35,742	691,418
As at January 1, 2025	34,559	442,314	(25,000)	19,302	14,896	(6,044)	215,499	695,526	28,669	724,195
Profit for the period	–	–	–	–	–	–	73,409	73,409	1,112	74,521
Other comprehensive expense for the period	–	–	–	–	–	(598)	–	(598)	–	(598)
Total comprehensive (expense) income for the period	–	–	–	–	–	(598)	73,409	72,811	1,112	73,923
Dividends recognised as distribution *(Note 13)*	–	–	–	–	–	–	(40,780)	(40,780)	–	(40,780)
Recognition of equity-settled share-based payment expense *(Note 32)*	–	–	–	–	2,130	–	–	2,130	–	2,130
Vesting of restricted shares	–	15,000	25,000	–	(15,000)	–	–	25,000	–	25,000
Acquisition of additional interests in Zhejiang AITEK	–	(2,891)	–	–	–	–	–	(2,891)	(3,109)	(6,000)
As at June 30, 2025 *(unaudited)*	34,559	454,423	–	19,302	2,026	(6,642)	248,128	751,796	26,672	778,468

Note a: 1) The treasury shares amounting to RMB25,000,000 as at January 1, 2023, December 31, 2023 and 2024 represents the consideration Dr. Guo Mingbo paid for the restricted shares granted under the Group's June 2020 Restricted Share Incentive scheme which were not vested until June, 2025. Details are set out in Note 32; and 2) the treasury shares amounting to RMB4,500,000 as at December 31, 2025 and June 30, 2026 represents the shares held by Shanghai Demao Juzhi Enterprises Management Consulting Partnership (Limited Partnership) ("Shanghai Demao"), an employee share ownership plan ("ESOP") platform trust established on December 11, 2025, which is controlled by the Group. Therefore, shares held by Shanghai Demao are treated as treasury shares in the Historical Financial Information. Details are set out in Note 32.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	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*
OPERATING ACTIVITIES					
Profit before tax	109,066	127,839	179,818	85,164	78,578
Adjustments for:					
Finance costs	207	261	1,952	404	565
Interest income	(5,918)	(2,971)	(5,167)	(3,040)	(1,710)
Depreciation of property, plant and equipment	7,561	8,727	14,664	6,874	6,965
Depreciation of right-of-use assets	2,382	2,485	3,943	1,955	2,490
Amortisation of intangible assets	28,252	28,640	30,398	15,199	15,199
Net impairment losses (reversal) under ECL model	1,791	(256)	1,153	562	(564)
Net (gain) loss on disposal of property, plant and equipment	(228)	221	(107)	–	105
Net gain on termination of right-of-use assets and lease liabilities	(357)	–	(7)	–	–
Net gain on fair value changes of financial assets at FVTPL	(54)	(3,966)	(4,862)	(2,356)	(1,676)
Net loss (gain) in fair value changes of derivative financial instruments	794	2,881	991	80	(900)
Provision for inventories	3,469	698	997	829	407
Share-based payment expenses	3,131	4,262	3,329	2,130	4,040
Amortisation of deferred income	(421)	(362)	(362)	(180)	(180)
Net foreign exchange (gain) loss	–	(251)	13	13	–
Operating cash flows before movements in working capital	149,675	168,208	226,753	107,634	103,319
Increase in inventories	(3,458)	(388)	(18,544)	(4,718)	(2,906)
(Increase) decrease in trade, bills and other receivables	(93,843)	19,157	(64,222)	(17,361)	32,440
(Increase) decrease in value-added tax recoverable	(1,178)	696	(217)	(473)	(750)
(Increase) decrease in receivables at FVTOCI	(27,677)	(33,202)	(6,133)	32,263	(35,161)
(Increase) decrease in prepaid expenses	(4,233)	(886)	2,867	1,451	1,415
Increase (decrease) in trade, bills and other payables	18,356	6,124	(9,103)	(35,223)	7,826
Increase (decrease) in contract liabilities	38	524	1,380	(1,240)	(3,153)
Cash generated from operations	37,680	160,233	132,781	82,333	103,030
Income taxes paid	(8,942)	(16,552)	(24,597)	(11,204)	(11,906)
NET CASH FROM OPERATING ACTIVITIES	28,738	143,681	108,184	71,129	91,124

	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*
INVESTING ACTIVITIES					
Interest received	5,918	2,971	5,167	3,040	1,710
Purchase of property, plant and equipment	(10,213)	(5,872)	(14,680)	(7,751)	(15,039)
Purchase of intangible assets	(6,460)	(219)	(42)	(42)	–
Proceeds on disposal of property, plant and equipment	238	154	123	–	451
Purchase of investment in an associate measured at FVTPL	–	–	–	–	(30,000)
Purchases of financial assets at FVTPL	–	(637,850)	(701,900)	(220,900)	(245,500)
Proceeds from disposal of financial assets at FVTPL	85,383	403,302	858,986	247,487	246,830
Placement of restricted bank deposits	–	(30)	–	–	–
Withdrawal of restricted bank deposits	–	–	30	30	–
Placement of time deposits with banks with original maturity over three months	(210,000)	(22,903)	–	–	–
Withdrawal of time deposits with banks with original maturity over three months	210,000	–	23,141	23,141	–
Net cash (outflow) inflow on deposits paid for derivative financial instruments	(4,100)	3,620	(888)	(426)	(5,670)
Net cash outflow from settlement of derivative financial instrument	(467)	(3,219)	(1,012)	(74)	170
Net cash outflow on acquisition of Suzhou Routao *(Note 33)*	–	–	–	–	(4,927)
Net cash outflow on acquisition of Zhejiang AITEK *(Note 33)*	–	(365)	–	–	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES	70,299	(260,411)	168,925	44,505	(51,975)
FINANCING ACTIVITIES					
New borrowings raised	1,000	10	75,300	50,300	34,900
Repayments of borrowings	–	(1,010)	(50,890)	(42,987)	(43,716)
Payments of lease payments	(1,768)	(2,585)	(4,071)	(1,960)	(2,204)
Interests paid	(207)	(261)	(1,669)	(247)	(544)
Repayment of amount due to a non-controlling shareholder	–	–	(5,000)	(5,000)	–
Capital contribution from non-controlling shareholders	2,400	–	–	–	–
Proceeds from issue of shares	–	–	36,000	–	–
Payment of listing expenses	–	–	(1,002)	–	(2,179)
Acquisition of additional interest in Zhejiang AITEK	–	–	(6,000)	(6,000)	–
Deregister of Zhenjiang Runna	–	–	(1,230)	–	–
Dividend paid	(34,559)	(40,780)	(240,780)	(40,780)	(77,000)

	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 USED IN FINANCING ACTIVITIES	(33,134)	(44,626)	(199,342)	(46,674)	(90,743)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	65,903	(161,356)	77,767	68,960	(51,594)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	200,359	266,262	104,906	104,906	182,673
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	266,262	104,906	182,673	173,866	131,079

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company, formerly known as Ouyin New Materials (Zhenjiang) Co., Ltd.* (奥音新材料(鎮江)有限公司) and SSI New Material (Zhenjiang) Co., Ltd.* (鎮江貝斯特新材料有限公司), was established as a company with limited liability in Zhenjiang City, Jiangsu Province, the People's Republic of China ("PRC") on March 14, 2017, under the Company Laws of the PRC. On October 14, 2021, the Company was converted into a joint stock company with limited liability under the Company Laws of the PRC and change its name to SSI New Material (Zhenjiang) Co., Ltd.* (鎮江貝斯特新材料股份有限公司). The addresses of the registered office and principal place of business of the Company are disclosed in the section "Corporate Information" of the Prospectus. The immediate holding company is Shanghai Zhengxindexu Technology Co., Ltd.* (上海正心德蓄科技有限公司) (hereafter refer to as "Zhengxin Dexu") and the ultimate controlling shareholder of the Company is Mr. Lin Lijun ("Mr. Lin").

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the business of research and development, manufacturing and sales of a comprehensive and diversified portfolio of functional enhancement materials for intelligent devices throughout the Track Record Period. Details of the subsidiaries are disclosed in Note 41.

The functional currency of the Company and its subsidiaries is Renminbi ("RMB"), which is the same as the presentation currency of the Historical Financial Information.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRS Accounting Standards issued by the IASB.

No statutory financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 have been prepared as there were no statutory audit requirements for the Company.

The directors of the Company have, at the time of approving the Historical Financial Information, a reasonable expectation that the Group has adequate resources to continue in operational existence at least the twelve months from the date of the Historical Financial Information. Thus they continue to adopt the going concern basis of accounting in preparing the Historical Financial Information.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standard issued by the IASB, which are effective for the Group's accounting period beginning on January 1, 2026, throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]
Amendments to IAS 28	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures[2]
IFRS 20	Regulatory Assets and Regulatory Liabilities[3]

1 Effective for annual periods beginning on or after a date to be determined

2 Effective for annual periods beginning on or after January 1, 2027

3 Effective for annual periods beginning on or after January 1, 2029

* *English name is for identification purpose only.*

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statements of profit or loss and other comprehensive income.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or *IFRIC – Int 21 Levies*, in which the Group applies IAS 37 or IFRIC – Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

Investments in subsidiaries

Investment in subsidiaries are stated in the statements of financial position of the Company at cost less any identified impairment loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

Investment in an associate measured at FVTPL

An associate is an entity over which the Group 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.

When the Group holds an instrument with preference rights in an associate but the risk and returns of such instrument substantially differs from those of ordinary shareholders, the Group presents such instrument as investment in an associate measured at FVTPL and accounts for it in accordance with IFRS 9.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Notes 6 and 27.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of certain office premises and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities; and
- any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs, which are not directly attributable to the acquisition, construction or production of qualifying assets, are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement schemes in the PRC, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Equity-settled share-based payment transactions

Restricted share granted to employee

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. For restricted shares that vest immediately at the date of grant, the fair value of restricted shares granted is expensed immediately to profit or loss.

When restricted shares granted are vested, the amount previously recognised in share-based payment reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings and plant and machinery in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities and development activities where no internally-generated intangible assets can be recognised is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in selling and marketing expenses.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is not a designated and effective hedging instrument.

Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and receivables at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these receivables had been measured at amortised cost. All other changes in the carrying amount of these receivables are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade, bills and other receivables, receivables at FVTOCI, restricted bank deposits, time deposits with original maturity over three months, and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables, bills receivables and receivables at FVTOCI.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables, bills receivables and receivables at FVTOCI (except for trade receivables from customers with significant balance) are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes the nature and size of debtors into consideration when formulating the grouping.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for receivables at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account. For receivables at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in FVTOCI reserve without reducing the carrying amount of these receivables. Such amount represents the changes in FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of receivables at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and the depreciation/amortisation method in determining the related charges for its property, plant and equipment and intangible assets. This estimate is referenced to useful lives of property, plant and equipment and intangible assets of similar nature and functions in the industry. Management will increase the depreciation charge where useful lives are expected to be shorter than expected, or will write-off or write-down obsolete assets that have been abandoned or sold. The Group's carrying amount of property, plant and equipment as at December 31, 2023, 2024 and 2025 and June 30, 2026 is RMB70,446,000, RMB100,404,000, RMB102,292,000 and RMB105,847,000, respectively, as disclosed in Note 15. The carrying amount of intangible assets as at December 31, 2023, 2024 and 2025 and June 30, 2026 is RMB150,883,000, RMB131,113,000, RMB100,757,000 and RMB86,818,000, respectively, as disclosed in Note 17.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from the sales of goods during the Track Record Period.

(i) Disaggregation of revenue from contracts with customers

	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*
Types of goods					
Acoustic enhancement materials	211,726	219,128	303,514	145,658	132,359
Energy enhancement materials	106,465	126,711	165,284	68,461	132,372
Electronic adhesives	2,272	9,223	22,359	8,673	11,376
Electronic ceramic materials	–	–	133,939	60,606	88,852
	320,463	355,062	625,096	283,398	364,959

	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*
Timing of revenue recognition					
A point in time	320,463	355,062	625,096	283,398	364,959

(ii) Performance obligations for contracts with customers and revenue recognition policies

Revenue from the sales of goods

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods underlying the particular performance obligation is transferred to the customer.

The Group's revenue is primarily derived from the sale of acoustic enhancement materials, energy enhancement materials, electronic adhesives and electronic ceramic materials. All products are sold to direct customers and performance obligations are satisfied at a point in time, with revenue recognised when the goods are delivered and accepted by the customers. The Group does not allow customers to return goods unless the goods have defective packaging prior to the customers' confirmation of acceptance.

Customers are generally required to make partial payment before the Group delivers the products to customers and the Group normally grants a credit period ranging from 30 to 120 days. Contract liabilities are recognised when consideration is received in which revenue has yet been recognised.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied as the Group's contract has an original expected duration of less than one year.

(iv) Segment information

For the purpose of resource allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision makers, focus and review on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies set out above. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Entity-wide disclosures

Geographical information

The Group's operation and non-current assets are located in the People's Republic of China (the "PRC"). Information about the Group's revenue from external customers is presented based on the location of the direct customers.

	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*
Chinese Mainland	289,628	289,040	518,483	235,723	308,449
Outside of Chinese Mainland:					
South Korea	30,315	45,589	51,900	21,737	20,166
Vietnam	520	20,433	54,713	25,938	32,880
Malaysia	–	–	–	–	3,464
	320,463	355,062	625,096	283,398	364,959

(v) Information about major customers

Revenue from customers contributing for 10% or more of the Group's revenue during the Track Record Period are as follows:

	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*
Customer A *(note (a))*	91,007	74,300	129,084	67,897	62,916
Customer B *(note (b))*	65,760	66,015	85,716	40,885	N/A
Customer C *(note (b))*	57,008	52,260	N/A	N/A	N/A
Customer D	38,542	53,974	139,274	51,401	121,396
Customer E *(note (b))*	N/A	45,589	N/A	N/A	N/A
Customer F *(note (b))*	N/A	N/A	87,654	43,465	40,286

Notes:

(a) The customer is a non-controlling shareholder of the Company.

(b) The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER INCOME

	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*
Government grants					
– unconditional subsidy income *(note (a))*	4,657	1,776	4,401	643	3,301
– related to assets *(Note 30)*	421	362	362	180	180
Interest income	5,918	2,971	5,167	3,040	1,710
Additional deduction of input VAT	967	817	1,625	481	1,058
Others	36	42	61	56	55
	11,999	5,968	11,616	4,400	6,304

Note:

(a) The amount mainly represents unconditional government grants received from local governments in connection with the operating activities of the Group during the Track Record Period.

8. OTHER GAINS AND LOSSES

	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 gain (loss) on disposal of property, plant and equipment	228	(221)	107	–	(105)
Net gain on termination of right-of-use assets and lease liabilities	357	–	7	–	–
Net foreign exchange gain (loss)	199	1,210	(3,207)	(596)	(4,233)
Net gain in fair value changes of financial assets at FVTPL	54	3,966	4,862	2,356	1,676
Net (loss) gain in fair value changes of derivative financial instruments	(794)	(2,881)	(991)	(80)	900
Others	(138)	(76)	(434)	(124)	(291)
	(94)	1,998	344	1,556	(2,053)

9. FINANCE COSTS

	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*
Interests on borrowings	*	30	1,329	56	422
Interests on lease liabilities	207	231	340	191	122
Interests on amount due to a non-controlling shareholder	–	–	283	157	21
	207	261	1,952	404	565

* Less than RMB1,000.

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	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*
Depreciation of property, plant and equipment	7,561	8,727	14,664	6,874	6,965
Depreciation of right-of-use assets	2,382	2,485	3,943	1,955	2,490
Amortisation of intangible assets	28,252	28,640	30,398	15,199	15,199
	38,195	39,852	49,005	24,028	24,654
Capitalised in inventories	(24,205)	(26,237)	(33,626)	(14,946)	(17,474)
Total depreciation and amortisation charged to profit or loss	13,990	13,615	15,379	9,082	7,180
Directors' and supervisors' remuneration *(Note 12)*	7,924	10,659	15,777	7,799	8,215
Other staff costs:					
– Salaries, allowances and other benefits	33,455	37,374	56,844	27,110	26,524
– Retirement benefit scheme contributions	4,596	5,556	6,557	3,193	3,775
– Share-based payment expenses	–	–	75	–	338
	45,975	53,589	79,253	38,102	38,852

	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*
Capitalised in inventories	(9,574)	(13,617)	(21,144)	(10,115)	(12,792)
Total staff costs charged to profit or loss	36,401	39,972	58,109	27,987	26,060
Auditors' remuneration	–	–	–	–	–
Cost of inventories recognised as cost of sales	141,162	152,107	327,552	143,767	230,297
Write-down of inventories	3,469	698	997	829	407
Research and development expenses					
– Staff costs	18,934	20,538	24,698	10,513	11,096
– Depreciation and amortisation	12,032	11,551	11,019	6,688	4,917
– Material, patent application fee and technical service fee	4,230	4,743	4,778	1,452	1,732
– Others	2,433	2,609	4,668	2,485	2,738
	37,629	39,441	45,163	21,138	20,483
Net impairment losses (reversal) under ECL model:					
– Trade and bills receivables	1,851	(298)	1,212	558	(572)
– Other receivables	(60)	42	(59)	4	8
	1,791	(256)	1,153	562	(564)

11. INCOME TAX EXPENSES

	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 Enterprise Income Tax ("EIT")	14,229	15,007	24,020	10,259	7,756
Deferred tax *(Note 19)*	(1,319)	301	490	384	1,221
	12,910	15,308	24,510	10,643	8,977

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first Hong Kong Dollar ("HK$") 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. No provision of Hong Kong Profits Tax was made in the Historical Financial Information as the Group had no assessable profit subject to Hong Kong Profits Tax during the Track Record Period.

Under the Law of PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, on November 6, 2023, the Company obtained the High-Tech Enterprise Certificate and was therefore entitled to a preferential income tax rate of 15% for a period of 3 years from 2023 to 2025.

Under the EIT Law of PRC and Implementation Regulation of the EIT Law, on December 8, 2023, Zhejiang AITEK New Material Co., Ltd. ("Zhejiang AITEK") obtained the High-Tech Enterprise Certificate and was therefore entitled to a preferential income tax rate of 15% for a period of 3 years from 2023 to 2025.

Under the EIT Law of PRC and Implementation Regulation of the EIT Law, on November 15, 2023, Shanghai Runshi Technology Co., Ltd obtained the High-Tech Enterprise Certificate and was therefore entitled to a preferential income tax rate of 15% for a period of 3 years from 2023 to 2025.

Under the EIT Law of PRC and Implementation Regulation of the EIT Law, on December 19, 2025, Suzhou Routao obtained the High-Tech Enterprise Certificate and was therefore entitled to a preferential income tax rate of 15% for a period of 3 years from 2025 to 2027.

In the opinion of the management of the Group, the Company and aforementioned subsidiaries with HNTE certificates fullfill the renewal requirements and are in the process to renew the HNTE certificates. Accordingly, the management continues to use the tax rate of 15% to calculate the current tax for the six months ended June 30, 2026.

Pursuant to relevant laws and regulations in the PRC, all other subsidiaries except for Shanghai Nexolar (as defined in Note 41) are eligible as a Small Low-profit Enterprise (小型微利企業) and are subject to preferential tax treatments during the Track Record Period. Shanghai Nexolar was not a Small Low-profit Enterprise since 2025. From January 1, 2023 to December 31, 2025, for Small Low-profit Enterprises, the annual taxable income not exceeding RMB3.0 million was reduced to 25% and taxed at a rate of 20%.

Pursuant to Caishui 2023 circular No. 7, the Company and Zhejiang AITEK is entitled to additional deduction of 100% on qualified research and development expenditures during the Track Record Period.

Income tax expenses for the Track Record Period can be reconciled to profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	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*
Profit before tax	109,066	127,839	179,818	85,164	78,578
Tax at the applicable PRC tax rate of 25%	27,267	31,960	44,955	21,291	19,645
Tax effect of expenses not deductible for tax purpose	1,810	2,516	5,835	1,445	581
Tax effect of tax losses not recognised	2,162	2,103	1,877	845	643
Utilisation of tax losses previously not recognised	–	–	(32)	(31)	(750)
Tax effect attributable to additional qualified tax deduction	(9,650)	(10,465)	(11,199)	(5,419)	(5,115)
Preferential income tax rates applicable	(8,679)	(10,806)	(16,926)	(7,488)	(6,027)
Income tax expenses	12,910	15,308	24,510	10,643	8,977

12. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

12.1 Directors', supervisors' and the chief executive's emoluments

Details of the emoluments paid or payable by the entities comprising the Group to the directors, supervisors and chief executive of the Company (including emoluments for services as employee/directors of the group entities prior to their becoming directors of the Company) for their services during the Track Record Period are as follows:

	Date of appointment	Directors' fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023							
Executive directors:							
Mr. Li Chengbin	March 14, 2017	–	–	–	–	–	–
Dr. Guo Mingbo *(note a)*	June 1, 2019	–	946	58	2,700	3,131	6,835
Non-executive directors:							
Mr. Zhang Shun *(note b)*	September 24, 2021	–	–	–	–	–	–
Mr. Zhang Shujian *(note g)*	December 20, 2021	–	–	–	–	–	–

	Date of appointment	Directors' fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Independent non-executive directors:							
Mr. Liu Jidong	September 24, 2021	120	–	–	–	–	120
Mr. Huang Wei	December 4, 2021	120	–	–	–	–	120
Mr. Shi Guifeng *(note c)*	June 25, 2022	120	–	–	–	–	120
Supervisors:							
Mr. Sudan *(note d)*	September 24, 2021	–	–	–	–	–	–
Mr. Yangtao *(note d)*	September 24, 2021	–	523	68	138	–	729
Mr. Chen Jie *(note h)*	September 24, 2021	–	–	–	–	–	–
		360	1,469	126	2,838	3,131	7,924

	Date of appointment	Directors' fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024							
Executive directors:							
Mr. Li Chengbin	March 14, 2017	–	–	–	–	–	–
Dr. Guo Mingbo *(note a)*	June 1, 2019	–	1,023	58	4,198	4,262	9,541
Non-executive directors:							
Mr. Zhang Shun *(note b)*	September 24, 2021	–	–	–	–	–	–
Mr. Chen Xiaoyu *(note b)*	September 9, 2024	–	–	–	–	–	–
Mr. Zhang Shujian *(note g)*	December 20, 2021	–	–	–	–	–	–
Independent non-executive directors:							
Mr. Liu Jidong	September 24, 2021	120	–	–	–	–	120
Mr. Huang Wei	December 4, 2021	120	–	–	–	–	120
Mr. Shi Guifeng *(note c)*	June 25, 2022	120	–	–	–	–	120
Supervisors:							
Mrs. Wang Weiwei *(note d)*	September 9, 2024	–	–	–	–	–	–
Mr. Sudan *(note d)*	September 24, 2021	–	–	–	–	–	–
Mr. Yangtao *(note d)*	September 24, 2021	–	546	71	141	–	758
Mr. Chen Jie *(note h)*	September 24, 2021	–	–	–	–	–	–
		360	1,569	129	4,339	4,262	10,659

	Date of appointment	Directors' fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025							
Executive directors:							
Mr. Li Chengbin	March 14, 2017	–	883	42	3,129	387	4,441
Dr. Guo Mingbo *(note a)*	June 1, 2019	–	1,023	58	6,257	2,867	10,205
Non-executive directors:							
Mr. Zhang Shun *(note b)*	September 24, 2021	–	–	–	–	–	–
Mr. Chen Xiaoyu *(note b)*	September 9, 2024	–	–	–	–	–	–
Mr. Chen Hu *(note e)*	October 24, 2025	–	–	–	–	–	–
Ms. Yi Fan Sunny Ruan *(note e)*	October 24, 2025	–	–	–	–	–	–
Independent non-executive directors:							
Mr. Liu Jidong	September 24, 2021	120	–	–	–	–	120
Mr. Huang Wei	December 4, 2021	120	–	–	–	–	120
Mr. Shi Guifeng *(note c)*	June 25, 2022	100	–	–	–	–	100
Ms. Sit Ting Fong *(note f)*	October 24, 2025	20	–	–	–	–	20
Supervisors:							
Mrs. Wang Weiwei *(note d)*	September 9, 2024	–	–	–	–	–	–
Mr. Sudan *(note d)*	September 24, 2021	–	–	–	–	–	–
Mr. Yangtao *(note d)*	September 24, 2021	–	559	71	141	–	771
		360	2,465	171	9,527	3,254	15,777

	Date of appointment	Directors' fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2025							
Executive directors:							
Mr. Li Chengbin	March 14, 2017	–	126	6	1,500	–	1,632
Dr. Guo Mingbo *(note a)*	June 1, 2019	–	511	29	3,000	2,130	5,670
Non-executive directors:							
Mr. Zhang Shun *(note b)*	September 24, 2021	–	–	–	–	–	–
Mr. Chen Xiaoyu *(note b)*	September 9, 2024	–	–	–	–	–	–
Independent non-executive directors:							
Mr. Liu Jidong	September 24, 2021	60	–	–	–	–	60
Mr. Huang Wei	December 4, 2021	60	–	–	–	–	60
Mr. Shi Guifeng *(note c)*	June 25, 2022	60	–	–	–	–	60

	Date of appointment	Directors' fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors:							
Mrs. Wang Weiwei *(note d)*	September 9, 2024	–	–	–	–	–	–
Mr. Sudan *(note d)*	September 24, 2021	–	–	–	–	–	–
Mr. Yangtao *(note d)*	September 24, 2021	–	281	36	–	–	317
		180	918	71	4,500	2,130	7,799

	Date of appointment	Directors' fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2026							
Executive directors:							
Mr. Li Chengbin	March 14, 2017	–	757	36	1,000	2,320	4,113
Dr. Guo Mingbo *(note a)*	June 1, 2019	–	511	29	2,000	1,382	3,922
Non-executive directors:							
Mr. Chen Hu *(note e)*	October 24, 2025	–	–	–	–	–	–
Ms. Yi Fan Sunny Ruan *(note e)*	October 24, 2025	–	–	–	–	–	–
Independent non-executive directors:							
Mr. Liu Jidong	September 24, 2021	60	–	–	–	–	60
Mr. Huang Wei	December 4, 2021	60	–	–	–	–	60
Ms. Sit Ting Fong *(note f)*	October 24, 2025	60	–	–	–	–	60
		180	1,268	65	3,000	3,702	8,215

Notes:

(a) Dr. Guo Mingbo is the chief executive officer of the Company.

(b) Mr. Zhang Shun and Mr. Chen Xiaoyu resigned as non-executive directors of the Company with effect from October 23, 2025.

(c) Mr. Shi Guifeng resigned as independent non-executive director of the Company with effect from October 23, 2025.

(d) Mrs. Wang Weiwei, Mr. Sudan and Mr. Yangtao resigned as supervisors of the Company with effect from November 28, 2025.

(e) Mr. Chen Hu and Ms. Yi Fan Sunny Ruan were appointed as non-executive directors with effective from October 24, 2025.

(f) Ms. Sit Ting Fong was appointed as an independent non-executive director with effective from October 24, 2025.

(g) Mr. Zhang Shujian resigned as a non-executive director of the Company with effective from September 23, 2024.

(h) Mr. Chen Jie resigned as a supervisor of the Company with effective from September 23, 2024.

The executive directors' and chief executive's emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the Track Record Period.

The non-executive directors' and supervisors' emoluments shown above were for their services as directors and supervisors of the Company during the Track Record Period.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

12.2 Five highest paid employees

For the Track Record Period, the five highest paid employees of the Group included two, two, two, two (unaudited) and two directors and/or supervisor of the Company, respectively, details of whose emoluments are set out above. Details of the remuneration of the remaining three, three, three, three (unaudited) and three individuals, for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, are as follows:

	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*
Salaries, allowances and benefits in kind	1,669	1,863	1,855	966	1,066
Retirement benefit scheme contributions	81	81	178	42	68
Discretionary performance related bonus*	512	1,471	1,875	900	400
Equity-settled share-based expenses	–	–	36	–	219
	2,262	3,415	3,944	1,908	1,753

* Performance-based bonuses are determined based on the duties and performances of the relevant individuals and the operating result of the Group.

The numbers of the five highest paid individuals (including directors of the Company) are within the following bands (presented in HK$):

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	No. of employees	No. of employees	No. of employees	No. of employees	No. of employees
HK$ nil to HK$1,000,000	4	3	–	3	3
HK$1,000,001 and HK$1,500,000	–	–	2	–	–
HK$1,500,001 and HK$2,000,000	–	1	1	1	–
HK$3,500,001 and HK$4,000,000	–	–	–	–	–
HK$4,500,001 and HK$5,000,000	–	–	1	–	2
HK$6,000,001 and HK$6,500,000	–	–	–	1	–
HK$7,500,001 and HK$8,000,000	1	–	–	–	–
HK$10,000,001 and HK$10,500,000	–	1	–	–	–
HK$11,000,001 and HK$11,500,000	–	–	1	–	–
	5	5	5	5	5

During the Track Record Period, there was no arrangement under which a director and supervisor of the Company or the five highest paid employees of the Group waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors and supervisors of the Company or the five highest paid employees of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:					
2022 Final – RMB0.10 per share	34,559	–	–	–	–
2023 Final – RMB0.12 per share	–	40,780	–	–	–
2024 Final – RMB0.12 per share	–	–	40,780	40,780	–
2025 Interim – RMB0.77 per share	–	–	277,000	–	–
	34,559	40,780	317,780	40,780	–

14. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Earnings (RMB'000):					
Profit for the year attributable to owners of the Company	97,321	114,090	152,462	73,409	66,022
Less: profit entitled to the holder of restricted shares	(3,705)	(4,344)	(3,005)	(2,795)	(2,641)
Profit for the year attributable to owners of the Company for the purpose of calculating basic and dilutive earnings per share	93,616	109,746	149,457	70,614	63,381
Number of shares ('000)					
Weighted average number of ordinary shares for the purpose of calculating basic and dilutive earnings per share	332,434	332,434	339,013	332,434	345,592

For the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026, the Company had the restricted shares which are potential ordinary shares. The potential ordinary shares were entitled to cash dividend that do not need to be returned to the Company and therefore not included in the calculation of diluted earnings per share as their inclusion would be anti-dilutive for each of three years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026. Accordingly, diluted earnings per share for each of three years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026 is the same as basic earnings per share, respectively.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings and plants	Machinery and equipment	Motor vehicles	Electronic equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
As at January 1, 2023	42,167	35,343	864	4,593	6,605	570	90,142
Additions	114	2,865	244	160	1,284	5,780	10,447
Transfer	1,254	3,763	2	199	226	(5,444)	–
Disposals	–	(901)	(121)	(94)	–	–	(1,116)
As at December 31, 2023	43,535	41,070	989	4,858	8,115	906	99,473
Additions	–	1,468	228	728	236	3,629	6,289
Transfer	–	3,105	–	798	–	(3,903)	–
Disposals	–	(5,195)	–	(343)	–	–	(5,538)
Acquisition of Zhejiang AITEK *(Note 33)*	–	28,159	678	266	3,591	77	32,771
As at December 31, 2024	43,535	68,607	1,895	6,307	11,942	709	132,995
Additions	–	7,055	–	1,403	3,659	4,451	16,568
Transfer	–	3,450	–	542	–	(3,992)	–
Disposals	–	(510)	–	–	(109)	–	(619)
As at December 31, 2025	43,535	78,602	1,895	8,252	15,492	1,168	148,944
Additions	–	1,584	93	268	203	7,494	9,642
Transfer	–	693	–	–	–	(693)	–
Disposals	–	(2,293)	–	(44)	–	–	(2,337)
Acquisition of Suzhou Routao *(Note 33)*	–	1,351	3	80	–	–	1,434
As at June 30, 2026	43,535	79,937	1,991	8,556	15,695	7,969	157,683
ACCUMULATED DEPRECIATION							
As at January 1, 2023	3,010	12,074	358	1,603	5,527	–	22,572
Provided for the year	2,421	3,184	199	1,171	586	–	7,561
Eliminated on disposals	–	(901)	(121)	(84)	–	–	(1,106)
As at December 31, 2023	5,431	14,357	436	2,690	6,113	–	29,027
Provided for the year	2,593	3,731	262	1,107	1,034	–	8,727
Eliminated on disposals	–	(4,839)	–	(324)	–	–	(5,163)
As at December 31, 2024	8,024	13,249	698	3,473	7,147	–	32,591
Provided for the year	2,593	8,138	556	1,803	1,574	–	14,664
Eliminated on disposals	–	(494)	–	–	(109)	–	(603)
As at December 31, 2025	10,617	20,893	1,254	5,276	8,612	–	46,652
Provided for the period	901	4,417	125	785	737	–	6,965
Eliminated on disposals	–	(1,738)	–	(43)	–	–	(1,781)
As at June 30, 2026	11,518	23,572	1,379	6,018	9,349	–	51,836
CARRYING VALUES							
As at December 31, 2023	38,104	26,713	553	2,168	2,002	906	70,446
As at December 31, 2024	35,511	55,358	1,197	2,834	4,795	709	100,404
As at December 31, 2025	32,918	57,709	641	2,976	6,880	1,168	102,292
As at June 30, 2026	32,017	56,365	612	2,538	6,346	7,969	105,847

The Company

	Buildings and plants	Machinery and equipment	Motor vehicles	Electronic equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
As at January 1, 2023	38,272	31,080	218	4,278	6,605	570	81,023
Additions	114	2,865	244	137	–	5,419	8,779
Transfer	1,254	3,697	2	169	–	(5,122)	–
Disposals	–	(901)	(121)	(94)	–	–	(1,116)
As at December 31, 2023	39,640	36,741	343	4,490	6,605	867	88,686
Additions	–	1,468	–	720	–	3,629	5,817
Transfer	–	3,066	–	798	–	(3,864)	–
Disposals	–	(5,195)	–	(335)	–	–	(5,530)
As at December 31, 2024	39,640	36,080	343	5,673	6,605	632	88,973
Additions	–	2,860	–	761	–	3,217	6,838
Transfer	–	2,370	–	542	–	(2,912)	–
Disposals	–	(510)	–	–	–	–	(510)
As at December 31, 2025	39,640	40,800	343	6,976	6,605	937	95,301
Additions	–	480	–	192	–	906	1,578
Transfer	–	448	–	–	–	(448)	–
Disposals	–	(844)	–	–	–	–	(844)
As at June 30, 2026	39,640	40,884	343	7,168	6,605	1,395	96,035
ACCUMULATED DEPRECIATION							
As at January 1, 2023	2,949	11,956	192	1,569	5,526	–	22,192
Provided for the year	2,228	2,714	48	1,079	570	–	6,639
Eliminated on disposals	–	(901)	(121)	(84)	–	–	(1,106)
As at December 31, 2023	5,177	13,769	119	2,564	6,096	–	27,725
Provided for the year	2,400	3,250	59	1,011	437	–	7,157
Eliminated on disposals	–	(4,839)	–	(318)	–	–	(5,157)
As at December 31, 2024	7,577	12,180	178	3,257	6,533	–	29,725
Provided for the year	2,400	3,919	59	1,138	72	–	7,588
Eliminated on disposals	–	(494)	–	–	–	–	(494)
As at December 31, 2025	9,977	15,605	237	4,395	6,605	–	36,819
Provided for the period	805	2,244	29	654	–	–	3,732
Eliminated on disposals	–	(727)	–	–	–	–	(727)
As at June 30, 2026	10,782	17,122	266	5,049	6,605	–	39,824
CARRYING VALUES							
As at December 31, 2023	34,463	22,972	224	1,926	509	867	60,961
As at December 31, 2024	32,063	23,900	165	2,416	72	632	59,248
As at December 31, 2025	29,663	25,195	106	2,581	–	937	58,482
As at June 30, 2026	28,858	23,762	77	2,119	–	1,395	56,211

The above items of property, plant and equipment (except for construction in progress) are depreciated on a straight-line basis over the following estimated useful lives after taking into account their residual values:

	Useful lives	Estimated residual value
Buildings and plants	20 years	5%
Machinery and equipment	3-10 years	5%
Motor vehicles	4 years	5%
Electronic equipment and furniture	1.25-10 years	5%
Leasehold improvements	3-10 years	0%

The Group has obtained certificates for all buildings as at December 31, 2023, 2024 and 2025 and June 30, 2026.

16. RIGHT-OF-USE ASSETS

The Group

	Plant and machinery	Leasehold lands	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
As at January 1, 2023	6,443	11,192	17,635
Additions	10,705	–	10,705
Termination of leases	(8,374)	–	(8,374)
As at December 31, 2023	8,774	11,192	19,966
Additions	3,391	–	3,391
Termination of leases	(635)	–	(635)
Acquisition of Zhejiang AITEK *(Note 33)*	2,922	–	2,922
As at December 31, 2024	14,452	11,192	25,644
Additions	305	–	305
Termination of leases	(268)	–	(268)
As at December 31, 2025	14,489	11,192	25,681
Additions	1,939	–	1,939
Acquisition of Suzhou Routao *(Note 33)*	438	–	438
As at June 30, 2026	16,866	11,192	28,058
ACCUMULATED DEPRECIATION			
As at January 1, 2023	3,399	553	3,952
Additions	2,106	276	2,382
Termination of leases	(1,863)	–	(1,863)
As at December 31, 2023	3,642	829	4,471
Additions	2,208	277	2,485
Termination of leases	(635)	–	(635)
As at December 31, 2024	5,215	1,106	6,321
Additions	3,666	277	3,943
Termination of leases	(88)	–	(88)
As at December 31, 2025	8,793	1,383	10,176
Additions	2,352	138	2,490
As at June 30, 2026	11,145	1,521	12,666
CARRYING VALUES			
As at December 31, 2023	5,132	10,363	15,495
As at December 31, 2024	9,237	10,086	19,323
As at December 31, 2025	5,696	9,809	15,505
As at June 30, 2026	9,671	15,392	

	As at December 31,			As at June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expenses relating to short-term leases	45	81	373	162	340
Total cash outflow for leases	2,020	2,897	4,784	2,313	2,666

The Company

	Plant and machinery	Leasehold lands	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
As at January 1, 2023	6,443	11,192	17,635
Additions	5,380	–	5,380
Termination of leases	(8,275)	–	(8,275)
As at December 31, 2023	3,548	11,192	14,740
Additions	3,098	–	3,098
Termination of leases	(635)	–	(635)
As at December 31, 2024 and 2025	6,011	11,192	17,203
Additions	198	–	198
As at June 30, 2026	6,209	11,192	17,401
DEPRECIATION			
As at January 1, 2023	3,399	553	3,952
Additions	1,758	276	2,034
Termination of leases	(1,763)	–	(1,763)
As at December 31, 2023	3,394	829	4,223
Additions	962	277	1,239
Termination of leases	(635)	–	(635)
As at December 31, 2024	3,721	1,106	4,827
Additions	873	277	1,150
As at December 31, 2025	4,594	1,383	5,977
Additions	449	138	587
As at June 30, 2026	5,043	1,521	6,564
CARRYING VALUES			
As at December 31, 2023	154	10,363	10,517
As at December 31, 2024	2,290	10,086	12,376
As at December 31, 2025	1,417	9,809	11,226
As at June 30, 2026	1,166	9,671	10,837

During the Track Record Period, the Group leases lands for its operations. Lease contracts are entered into for a fixed term of 40.5 years as it was acquired from an independent third party through auction. The Group has made lump sum payments upfront to the aforementioned third party for leasehold lands. The Group obtained the land use right certificates for all such leasehold lands as at December 31, 2023, 2024 and 2025 and June 30, 2026.

During the Track Record Period, the Group leased various plant and machinery for its operations. Lease contracts are entered into for a fixed term ranging from 2 years to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases. As at December 31, 2023, 2024 and 2025 and June 30, 2026, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, the Group's lease liabilities of RMB5,596,000, RMB10,187,000, RMB6,234,000 and RMB6,407,000 are recognised with related right-of-use assets of RMB5,132,000, RMB9,237,000, RMB5,696,000 and RMB5,721,000 as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

17. INTANGIBLE ASSETS

The Group

	Patent	Computer software	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
As at January 1, 2023	290,000	318	290,318
Additions	6,460	–	6,460
As at December 31, 2023	296,460	318	296,778
Additions	219	–	219
Acquisition of Zhejiang AITEK *(Note 33)*	8,651	–	8,651
As at December 31, 2024	305,330	318	305,648
Additions	–	42	42
As at December 31, 2025	305,330	360	305,690
Acquisition of Suzhou Routao *(Note 33)*	1,260	–	1,260
As at June 30, 2026	306,590	360	306,950
ACCUMULATED AMORTISATION			
As at January 1, 2023	117,431	212	117,643
Provided for the year	28,146	106	28,252
As at December 31, 2023	145,577	318	145,895
Provided for the year	28,640	–	28,640
As at December 31, 2024	174,217	318	174,535
Provided for the year	30,384	14	30,398
As at December 31, 2025	204,601	332	204,933
Provided for the period	15,192	7	15,199
As at June 30, 2026	219,793	339	220,132
CARRYING VALUES			
As at December 31, 2023	150,883	–	150,883
As at December 31, 2024	131,113	–	131,113
As at December 31, 2025	100,729	28	100,757
As at June 30, 2026	86,797	21	86,818

The Company

	Patent	Computer software	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
As at January 1, 2023	290,000	318	290,318
Additions	6,460	–	6,460
As at December 31, 2023	296,460	318	296,778
Additions	219	–	219
As at December 31, 2024, 2025 and June 30, 2026	296,679	318	296,997

	Patent	Computer software	Total
	RMB'000	*RMB'000*	*RMB'000*
ACCUMULATED AMORTISATION			
As at January 1, 2023	117,431	212	117,643
Provided for the year	28,146	106	28,252
As at December 31, 2023	145,577	318	145,895
Provided for the year	28,640	–	28,640
As at December 31, 2024	174,217	318	174,535
Provided for the year	28,654	–	28,654
As at December 31, 2025	202,871	318	203,189
Provided for the period	14,327	–	14,327
As at June 30, 2026	217,198	318	217,516
CARRYING VALUES			
As at December 31, 2023	150,883	–	150,883
As at December 31, 2024	122,462	–	122,462
As at December 31, 2025	93,808	–	93,808
As at June 30, 2026	79,481	–	79,481

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following estimated useful lives:

	Useful lives
Patent	5-10 years
Computer software	3 years

18. GOODWILL

The Group

	RMB'000
COST AND CARRYING VALUE	
As at January 1, 2023 and December 31, 2023	–
Acquisition of Zhejiang AITEK *(Note 33)*	944
As at December 31, 2024 and 2025	944
Acquisition of Suzhou Routao *(Note 33)*	8,811
As at June 30, 2026	9,755

As at June 30, 2026, there was no indicator of impairment of the Group's goodwill based on the assessment performed by the directors of the Company.

19. DEFERRED TAXATION

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	812	3,914	3,092	1,903
Deferred tax liabilities	(2)	(1,098)	(641)	(733)
	810	2,816	2,451	1,170

The Group

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

	Impairment of assets	Right-of-use assets	Lease liabilities	Others	Fair value adjustment arising from acquisition of Zhejiang AITEK	Fair value adjustment arising from acquisition of Suzhou Routao	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	1,816	(457)	524	(1,768)	–	–	115
Credit (charge) to profit or loss	630	185	(171)	675	–	–	1,319
Charge to other comprehensive income	–	–	–	(624)	–	–	(624)
As at December 31, 2023	2,446	(272)	353	(1,717)	–	–	810
(Charge) credit to profit or loss	(628)	(125)	56	396	–	–	(301)
Credit to other comprehensive income	–	–	–	1,061	–	–	1,061
Acquisition of Zhejiang AITEK *(Note 33)*	71	(146)	189	2,222	(1,090)	–	1,246
As at December 31, 2024	1,889	(543)	598	1,962	(1,090)	–	2,816
Credit (charge) to profit or loss	434	104	(115)	(1,362)	449	–	(490)
Credit to other comprehensive income	–	–	–	125	–	–	125
As at December 31, 2025	2,323	(439)	483	725	(641)	–	2,451
(Charge) credit to profit or loss	(212)	(104)	26	(1,044)	113	–	(1,221)
Credit to other comprehensive income	–	–	–	145	–	–	145
Acquisition of Suzhou Routao *(Note 33)*	–	(66)	66	–	–	(205)	(205)
As at June 30, 2026	2,111	(609)	575	(174)	(528)	(205)	1,170

The Company

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

	Impairment of assets	Right-of-use assets	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	1,806	(457)	524	(1,815)	58
Credit (charge) to profit or loss	590	434	(414)	696	1,306
Charge to other comprehensive income	–	–	–	(624)	(624)
As at December 31, 2023	2,396	(23)	110	(1,743)	740
(Charge) credit to profit or loss	(621)	(320)	243	429	(269)
Credit to other comprehensive income	–	–	–	1,061	1,061
As at December 31, 2024	1,775	(343)	353	(253)	1,532
Credit (charge) to profit or loss	81	131	(128)	317	401
Credit to other comprehensive income	–	–	–	125	125
As at December 31, 2025	1,856	(212)	225	189	2,058
(Charge) credit to profit or loss	(119)	37	(38)	(609)	(729)
Credit to other comprehensive income	–	–	–	145	145
As at June 30, 2026	1,737	(175)	187	(275)	1,474

The Group

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group has deductible temporary differences of RMB29,464,000, RMB34,552,000, RMB34,165,000 and RMB29,986,000, respectively. As at December 31, 2023, 2024 and 2025 and June 30, 2026, deferred tax assets of RMB3,852,000, RMB4,604,000, RMB5,178,000 and RMB4,842,000, respectively, have been recognised in respect of all of such deductible temporary differences.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group had unused tax losses of RMB10,823,000, RMB35,168,000, RMB31,376,000 and RMB37,558,000, respectively, available for offset against future profits of which deferred tax asset has been recognised in respect of RMB424,000, RMB16,356,000, RMB5,118,000 and RMB1,981,000, respectively. As at December 31, 2023, 2024 and 2025 and June 30, 2026, no deferred tax asset has been recognised in respect of the remaining tax losses of RMB10,399,000, RMB18,812,000, RMB26,258,000 and RMB35,577,000, respectively, due to the unpredictability of future profit streams. As at December 31, 2023, 2024 and 2025 and June 30, 2026, included in unrecognised tax losses are losses of RMB10,399,000, RMB18,812,000, RMB26,258,000 and RMB35,577,000, respectively, with expiry dates ranging from 2024 to 2036.

20. INVENTORIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	7,239	9,366	7,841	13,668
Work-in-progress	4,235	5,018	7,381	5,804
Finished goods	13,441	23,658	24,037	22,762
Goods in transit	2,283	2,510	18,840	19,101
	27,198	40,552	58,099	61,335

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	7,239	5,757	4,290	4,624
Work-in-progress	4,235	5,018	6,957	5,653
Finished goods	7,095	13,319	11,218	12,715
Goods in transit	2,885	2,520	14,786	1,933
	21,454	26,614	37,251	24,925

21. TRADE, BILLS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	158,592	195,241	235,211	204,837
Bills receivables	7,976	9,278	25,540	21,971
	166,568	204,519	260,751	226,808
Less: Impairment loss allowance for trade receivables	(3,259)	(2,961)	(3,996)	(3,467)
	163,309	201,558	256,755	223,341
Other receivables and prepayments:				
Advance to suppliers	2,143	2,752	6,953	3,122
Deposits paid for derivative financial instruments	4,336	716	1,604	7,274
Deferred issue costs	–	–	2,543	3,939
Export VAT refund receivable	–	–	1,051	–
Other receivables	1,289	2,261	2,488	3,449
	7,768	5,729	14,639	17,784
Less: Impairment loss allowance for other receivables	(32)	(74)	(15)	(23)
	7,736	5,655	14,624	17,761
	171,045	207,213	271,379	241,102
Analysed as:				
Current	171,028	206,553	270,260	239,769
Non-current	17	660	1,119	1,333
	171,045	207,213	271,379	241,102

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	158,849	154,843	185,741	157,523
Bills receivables	6,976	1,590	718	7,242
	165,825	156,433	186,459	164,765
Less: Impairment loss allowance for trade receivables	(2,253)	(2,016)	(1,973)	(1,778)
	163,572	154,417	184,486	162,987

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables and prepayments:				
Advance to suppliers	781	1,201	4,933	1,851
Deposits paid for derivative financial instruments	4,336	716	1,604	7,274
Deferred issue costs	–	–	2,543	3,939
Export VAT refund receivable	–	–	1,051	–
Loan to subsidiaries *(note (a))*	–	–	–	12,000
Other receivables	759	599	444	528
	5,876	2,516	10,575	25,592
Less: Impairment loss allowance for other receivables	(21)	(4)	(9)	(16)
	5,855	2,512	10,566	25,576
	169,427	156,929	195,052	188,563
Analysed as:				
Current	169,426	156,779	194,899	188,407
Non-current	1	150	153	156
	169,427	156,929	195,052	188,563

Note

(a) The amounts as at June 30, 2026 represent the loan to Zhejiang AITEK of RMB10,000,000 and Suzhou Routao of RMB2,000,000, which are both unsecured, carrying a fixed interest rate of 3.45% per annum with the maturity of 12 months. The maximum amount outstanding during the six months ended June 30, 2026 is RMB12,000,000.

As at January 1, 2023, the Group's and the Company's trade receivables amounted to RMB68,747,000 and RMB69,093,000 (net of impairment loss allowance of RMB1,408,000 and RMB1,221,000), respectively, and the Group's and the Company's bills receivables amounted to RMB3,870,000 and RMB3,770,000 (net of impairment loss allowance of nil and nil), respectively.

The Group and the Company normally grant credit period range from 30 days to 120 days to its customers.

The following is an aging analysis of trade receivables, net of impairment loss allowances, presented based on revenue recognition date at the end of each reporting period:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-30 days	84,822	72,444	60,695	98,039
31-90 days	70,247	90,360	119,760	74,735
91-180 days	264	26,867	50,477	28,083
181-365 days	–	1,503	283	513
Over 1 year	–	1,106	–	–
	155,333	192,280	231,215	201,370

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-30 days	77,297	61,283	46,293	59,097
31-90 days	79,277	87,540	98,200	69,708
91-180 days	22	4,004	38,856	23,088
181-365 days	–	–	419	3,852
	156,596	152,827	183,768	155,745

Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and define appropriate credit limits.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB19,115,000, RMB33,092,000, RMB28,607,000 and RMB35,052,000, respectively, which are past due but not considered as in default because the management of the Group, according to the historical settlement pattern, industry practice and the Group's historical actual loss experience, had assessed that the probability of settlement from their customers was high.

The following is an aging analysis of bills receivables, net of impairment loss allowances, presented based on the maturity dates of bills receivables.

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-180 days	7,976	9,278	25,540	21,971

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-180 days	6,976	1,590	718	7,242

Movements of impairment loss allowance on trade, bills and other receivables

Movements of impairment loss allowance at lifetime ECL on trade and bills receivables for the Track Record Period.

The Group

	Lifetime ECL not credit-impaired
	RMB'000
As at January 1, 2023	1,408
Impairment loss allowance recognised	1,851
As at December 31, 2023	3,259
Impairment loss allowance reversed	(298)
As at December 31, 2024	2,961
Impairment loss allowance recognised	1,212
Write-offs	(177)
As at December 31, 2025	3,996
Impairment loss allowance reversed	(529)
As at June 30, 2026	3,467

The Company

	Lifetime ECL not credit-impaired
	RMB'000
As at January 1, 2023	1,221
Impairment loss allowance recognised	1,032
As at December 31, 2023	2,253
Impairment loss allowance reversed	(237)
As at December 31, 2024	2,016
Impairment loss allowance reversed	(43)
As at December 31, 2025	1,973
Impairment loss allowance reversed	(195)
As at June 30, 2026	1,778

Movements of impairment loss allowance on other receivables for the Track Record Period.

The Group

	12m ECL
	RMB'000
As at January 1, 2023	92
Impairment loss allowance reversed	(60)
As at December 31, 2023	32
Impairment loss allowance recognised	42
As at December 31, 2024	74
Impairment loss allowance reversed	(59)
As at December 31, 2025	15
Impairment loss allowance recognised	8
As at June 30, 2026	23

The Company

	12m ECL
	RMB'000
As at January 1, 2023	90
Impairment loss allowance reversed	(69)
As at December 31, 2023	21
Impairment loss allowance reversed	(17)
As at December 31, 2024	4
Impairment loss allowance recognised	5
As at December 31, 2025	9
Impairment loss allowance recognised	7
As at June 30, 2026	16

22. RECEIVABLES AT FVTOCI

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receivables at FVTOCI comprise:				
Bills receivables	39,362	73,737	79,870	115,031

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receivables at FVTOCI comprise:				
Bills receivables	35,945	58,871	65,460	102,712

The Group's and the Company's receivables at FVTOCI were bills receivables with the following maturity.

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-180 days	39,362	73,737	79,870	115,031

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-180 days	35,945	58,871	65,460	102,712

22A. TRANSFERS OF FINANCIAL ASSETS

22A.1 Transferred financial assets that are not derecognised in their entirety

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the following were the Group's financial assets that were transferred to suppliers for settlement of trade payables by endorsing on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount. These financial assets are carried at amortised cost in the consolidated statements of financial position.

As at December 31, 2023

	Bills endorsed to suppliers with full recourse
	RMB'000
Carrying amount of transferred assets	670
Carrying amount of associated liabilities	(670)
	–

As at December 31, 2024

	Bills endorsed to suppliers with full recourse
	RMB'000
Carrying amount of transferred assets	7,450
Carrying amount of associated liabilities	(7,450)
	–

As at December 31, 2025

	Bills endorsed to suppliers with full recourse
	RMB'000
Carrying amount of transferred assets	9,705
Carrying amount of associated liabilities	(9,705)
	–

As at June 30, 2026

	Bills endorsed to suppliers with full recourse
	RMB'000
Carrying amount of transferred assets	11,277
Carrying amount of associated liabilities	(11,277)
	–

22A.2 Transferred financial assets that are derecognised in their entirety

As at December 31, 2023, 2024, 2025 and June 30, 2026, the Group had derecognised bills discounted to banks or endorsed to certain suppliers on a full recourse basis amounting to RMB378,000, RMB59,927,000, RMB21,704,000 and RMB53,887,000, respectively. These bills were issued or guaranteed by reputable PRC banks with high credit ratings, the Group had transferred substantially all the risks of these bills to relevant banks or suppliers and therefore derecognised these bills.

23. EQUITY INSTRUMENTS AT FVTOCI

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Listed equity securities	10,973	3,898	3,067	2,096

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group held a total of 639,000 ordinary shares of a listed company on the Basic Layer of the National Equities Exchange and Quotations ("BLNEEQ"). The investment is not held-for-trading purposes, The Group has designated it as a equity instrument measured at FVTOCI as the management of the Group believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

23A. INVESTMENT IN AN ASSOCIATE MEASURED AT FVTPL

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment in an associate measured at FVTPL	–	–	–	30,000

In June 2026, the Company, China Silicone Contactor (Shanghai) Co., Ltd. ("CSC") and the investors of CSC entered into a shareholders' agreement pursuant to which the Company agreed to subscribe for 188,182 shares of the newly-increased registered capital of CSC with a cash consideration of RMB30,000,000, representing 20.83% equity interests of CSC. Pursuant to the articles of association of CSC, the Group has significant influence on CSC and therefore classified CSC as an associate.

Under the shareholders' agreement, the Company holds its investment in CSC in the form of a redeemable instrument that entitles the Company the right to require CSC to repurchase all or part of its share of CSC in certain circumstances, including (i) CSC failing, for reasons attributable to CSC and/or its controlling shareholder, to complete a qualifying IPO and listing within six years since the Company's acquisition of CSC's shares and (ii) a breach of the shareholder's agreement and/or relevant share subscription agreement by CSC, its controlling shareholder and/or its shareholding platform that may have a material adverse effect on CSC. The repurchase price is based on the Company's original subscription price, plus an uplift of 8% per annum on a non-compounding basis from closing to payment and any applicable dividends. The Company also has priority over ordinary shareholders on CSC's liquidation and has anti-dilution rights. These rights give the Company a risk and return profile that differs significantly from that of ordinary shareholders of CSC. Accordingly, the Group presented its investment in CSC as an investment in an associate measured at FVTPL.

24. FINANCIAL ASSETS AT FVTPL

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products	–	238,514	86,290	86,636
Contingent consideration arising in acquisition of Suzhou Routao *(Note 33)*	–	–	–	630
	–	238,514	86,290	87,266
Analysed as:				
Current	–	238,514	86,290	86,636
Non-current	–	–	–	630
	–	238,514	86,290	87,266

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products	–	211,082	51,489	69,274
Contingent consideration arising in acquisition of Suzhou Routao *(Note 33)*	–	–	–	630
	–	211,082	51,489	69,904

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed as:				
Current	–	211,082	51,489	69,274
Non-current	–	–	–	630
	–	211,082	51,489	69,904

Wealth management products are managed by licensed financial institutions in the PRC to invest principally in certain financial assets including bonds, trusts or cash funds in accordance with the entrusted agreements entered into between the parties involved. These investments are classified as current as the management of the Group expects to realise these financial assets within twelve months after each reporting period.

25. RESTRICTED BANK DEPOSITS/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/CASH AND CASH EQUIVALENTS

The Group and the Company

The Group and the Company's restricted bank deposits as at December 31, 2024 were resulted from the Company's new raised bank borrowings of RMB10,000 in 2024, which required a pledge of bills receivables amounting to RMB30,000 per the bank's requirements. In October 2024, the aforementioned bills receivables were matured and the corresponding proceeds were collected, and the funds amounting to RMB30,000 were deposited into a security deposit account with the bank. As at December 31, 2024, the Company repaid the bank borrowings amounting to RMB10,000, however, the balance in the security deposit account had not yet been withdrawn and thus remained restricted. Bank balances, restricted bank deposits and time deposits with original maturity over three months carried interest at market rates ranging from 0.05% to 1.27%, 0.05% to 5.15%, 0.05% to 3.66%, 0.05% to 3.66% per annum, respectively, as at December 31, 2023, 2024, 2025 and June 30, 2026.

26. TRADE, BILLS AND OTHER PAYABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	22,731	49,580	32,183	55,750
Bills payables	24,186	30,231	17,740	18,448
	46,917	79,811	49,923	74,198
Other payables:				
Payables for acquisition of property, plant and equipment	1,838	2,860	2,227	2,704
Other taxes payables	5,469	3,128	5,253	1,746
Payroll and welfare payables	10,259	16,071	24,357	16,351
Payables for share buyback obligations pursuant to the employee share incentive plan *(Note 32)*	25,000	25,000	4,500	4,500
Conditional government grants *(note (a))*	18,000	18,900	18,000	22,420
Amounts due to non-controlling shareholders *(note (b))*	2,830	16,926	9,875	3,774
Payables for incentives to Vendors (defined in note (c))	–	–	3,000	–
Dividend payable	–	–	77,000	–
Accrued listing expense	–	–	6,287	3,676
Accrued issue cost	–	–	1,541	758
Other accrued expenses	690	705	879	801
Others	1,337	3,405	5,218	4,645
	65,423	86,995	158,137	61,375
	112,340	166,806	208,060	135,573
Analysed as:				
Current	94,340	148,806	208,060	131,153
Non-current	18,000	18,000	–	4,420
	112,340	166,806	208,060	135,573

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	32,053	37,608	25,629	31,422
Bills payables	24,186	30,231	2,741	8,000
	56,239	67,839	28,370	39,422
Other payables:				
Payables for acquisition of property, plant and equipment	1,026	1,281	511	329
Other taxes payables	5,130	2,209	4,936	1,580
Payroll and welfare payables	6,721	11,138	20,854	13,600
Payables for share buyback obligations pursuant to the employee share incentive plan *(Note 32)*	25,000	25,000	–	–
Amounts due to subsidiaries *(note (d))*	–	–	–	27,718
Conditional government grants *(note (a))*	18,000	18,000	18,000	22,420
Amounts due to non-controlling shareholders *(note (b))*	2,830	3,774	3,774	3,774
Payables for incentives to Vendors (defined in note (c))	–	–	3,000	–
Dividend payable	–	–	77,000	–
Accrued listing expense	–	–	6,287	3,676
Accrued issue cost	–	–	1,541	758
Other accrued expenses	580	600	571	674
Others	1,308	1,739	3,635	1,719
	60,595	63,741	140,109	76,248
	116,834	131,580	168,479	115,670
Analysed as:				
Current	98,834	113,580	168,479	111,250
Non-current	18,000	18,000	–	4,420
	116,834	131,580	168,479	115,670

Notes:

(a) The amount represents: 1) government grants amounting to RMB18,000,000 received by the Company for a project, in which the relevant government body would originally inspect and certify whether the project had met the specified conditions by June 2026. If the project did not fulfill the specified conditions and failed to pass the inspection, the Company will need to return part of the government grants. As at December 31, 2023, 2024 and 2025, the management of the Group assessed that the Company has yet to fulfill the conditions of the government grants. As at June 30, 2026, the aforementioned inspection had not yet been completed. Therefore, the balance amounting to RMB18,000,000 remained unchanged. As at the Latest Practicable Date, the project had yet to meet all the specified conditions for the grant, and the final inspection remained outstanding; 2) government grants amounting to RMB900,000 as at December 31, 2024, received by Zhejiang AITEK, which is subject to refund unless certain conditions were fulfilled. Zhejiang AITEK has returned the aforementioned government grants on September 30, 2025 due to failure to meet grant conditions; and 3) government grants amounting to RMB4,420,000 as at June 30, 2026, received by the Company for several projects, which are subject to refund unless certain specific conditions are fulfilled by September 2028 and October 2028.

(b) The amounts due to non-controlling shareholders represent: i) the payables for the technical service is trade in nature and provided by a non-controlling shareholder amounting to RMB2,830,000, RMB3,774,000, RMB3,774,000 and RMB3,774,000 as at December 31, 2023, 2024, 2025 and June 30, 2026, respectively. The aging of such payables based on invoice dates as at December 31, 2023 and 2024 are both ranging from 0-30 days. As at December 31, 2025 and June 30, 2026, the aging of such payables based on invoice dates is over one year and is expected to be fully settled by the Group prior to the Listing; and ii) the payables arising from material purchases from the non-controlling shareholder amounting to RMB13,152,000 as at December 31, 2024, of which RMB12,350,000 was non-trade nature as prior to Zhejiang AITEK acquisition, Zhejiang AITEK and its former controlling shareholder entered into a loan agreement pursuant to which both parties agree to defer such payment without a fixed maturity and carried a fixed interest at 6% per annum. As at January 1, 2025, Zhejiang AITEK and its former controlling shareholder, who currently is the non-controlling shareholder, entered in to a new loan agreement, modified the rate to 3.45% per annum from that date, set a 2-year term with early repayment permitted at anytime. The aforesaid loan is unsecured and unguaranteed. During the year ended December 31, 2025, the Zhejiang AITEK settled RMB5,000,000 of such payables using bank balances and RMB5,000,000 of such payables using bill receivables. However, for RMB2,666,000 of such bills, as the significant risks and rewards of ownership have not been transferred, Zhejiang AITEK continues to recognise the full carrying amount of RMB2,666,000. As at December 31, 2025, the remaining outstanding balance amounting to RMB6,101,000 is non-trade in nature. At the end of April 2026, the Group has fully repaid the remaining outstanding balance amounting to RMB6,101,000.

(c) On February 28, 2025, the Company entered into share transfer agreements with two of the shareholders of Zhejiang AITEK, which are the also the key employees of Zhejiang AITEK (the "Vendors") pursuant to which the Vendors agreed to transfer 5.36% equity interests of Zhejiang AITEK to the Company for a cash consideration of RMB6,000,000. Furthermore, the Company agreed to pay RMB3,000,000 to the Vendors if Zhejiang AITEK's audited net profit for the year of 2025 excluding non-recurring gains and losses exceeded RMB10,000,000 as an incentive to the Vendors to achieve the performance target. During the six months ended June 30, 2026, the Company has fully paid the aforementioned payables to the Vendors.

(d) The amounts due to subsidiaries as at June 30, 2026 are unsecured, interest-free and repayable on demand.

The credit period of trade creditors ranged from 0-120 days.

The following is an aging analysis of trade payables presented based on the invoice dates at the end of each reporting period:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-30 days	9,820	16,680	16,328	31,112
31-60 days	7,168	13,517	8,459	13,517
61 days-180 days	1,368	14,665	3,021	6,745
Over 180 days	4,375	4,718	4,375	4,376
	22,731	49,580	32,183	55,750

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-30 days	19,195	10,469	7,966	7,643
31-60 days	11,491	12,969	4,063	6,218
61 days-180 days	1,367	11,170	10,990	15,062
Over 180 days	–	3,000	2,610	2,499
	32,053	37,608	25,629	31,422

The following is an aging analysis of bills payables presented based on maturity dates at the end of each reporting period:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-180 days	24,186	30,231	17,740	18,448

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-180 days	24,186	30,231	2,741	8,000

27. CONTRACT LIABILITIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred sales incentives	3,133	3,649	4,885	1,882
Sales of products	–	168	312	514
	3,133	3,817	5,197	2,396

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred sales incentives	3,133	3,649	4,885	1,882
Sales of products	–	5	–	1
	3,133	3,654	4,885	1,883

As at January 1, 2023, the Group's and the Company's contract liabilities amounted to RMB3,095,000.

A contract liability represents the Group's and the Company's obligation to transfer goods to a customer for which the Group and the Company has received consideration from the customer.

Contract liabilities that are expected to be settled within the Group's normal operating cycle are classified as current liabilities based on the Group's earliest obligation to transfer goods to the customers.

The following table shows how much of the revenue recognised that was included in the balance of contract liabilities at the beginning of the year.

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred sales incentives	3,095	3,133	3,144	4,114
Sales of products	–	–	15	164
	3,095	3,133	3,159	4,278

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred sales incentives	3,095	3,133	3,144	4,114
Sales of products	–	–	5	–
	3,095	3,133	3,149	4,114

28. BORROWINGS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	1,000	41,704	68,335	60,120
Sale and leaseback arrangement	–	2,922	701	100
	1,000	44,626	69,036	60,220
Secured and guaranteed *(note a)*	1,000	2,922	3,012	100
Unsecured and guaranteed *(note b)*	–	23,648	–	–
Unsecured and unguaranteed	–	18,056	66,024	60,120
	1,000	44,626	69,036	60,220

The carrying amounts of the above bank borrowings are analysed based on contractual repayment date as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount repayable (based on scheduled repayment terms)				
– Within one year	1,000	41,704	68,335	60,120
Amount due for settlement within one year and shown under current liabilities	1,000	41,704	68,335	60,120

The carrying amounts of the above other borrowings are analysed based on contractual repayment date as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount repayable (based on scheduled repayment terms)				
– Within one year	–	2,221	701	100
– More than one year but not exceeding two years	–	701	–	–
	–	2,922	701	100
Less: Amount due for settlement within one year and shown under current liabilities	–	(2,221)	(701)	(100)
Amounts shown under non-current liabilities	–	701	–	–

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	1,000	–	20,000	20,000
Secured and unguaranteed	1,000	–	–	–
Unsecured and unguaranteed	–	–	20,000	20,000
	1,000	–	20,000	20,000

Notes:

(a) These borrowings are secured by certain of the Group's bills receivables and machinery as at December 31, 2023, 2024, 2025 and June 30, 2026, respectively.

(b) These borrowings are unsecured and guaranteed by non-controlling shareholders of Zhejiang AITEK and an independent third party.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group's and the Company's borrowings are all denominated in RMB and carried fixed rate interest rates.

As at December 31, 2023, the effective interest rate (which are also equal to contracted interest rate) on the Group's borrowing is 3.65% per annum. As at December 31, 2024, the effective interest rate (which are also equal to contracted interest rate) on the Group's borrowing is from 3.10% to 5.00% per annum. As at December 31, 2025 and June 30, 2026, the effective interest rate (which are also equal to contracted interest rate) on the Group's borrowing is from 2.15% to 3.30% per annum.

In respect of borrowings as at December 31, 2023, 2024, 2025 and June 30, 2026, the Group is not required to comply with significant financial covenants throughout the continuance of the relevant borrowings.

29. LEASE LIABILITIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	1,642	4,867	4,055	4,003
Within a period of more than one year but not exceeding two years	2,319	4,823	1,504	2,077
Within a period of more than two years but not exceeding five years	1,635	497	675	327
	5,596	10,187	6,234	6,407
Less: Amount due for settlement within one year shown under current liabilities	(1,642)	(4,867)	(4,055)	(4,003)
Amount due for settlement after 12 months shown under non-current liabilities	3,954	5,320	2,179	2,404

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	629	853	908	969
Within a period of more than one year but not exceeding two years	106	1,497	589	279
	735	2,350	1,497	1,248
Less: Amount due for settlement within one year shown under current liabilities	(629)	(853)	(908)	(969)
Amount due for settlement after 12 months shown under non-current liabilities	106	1,497	589	279

For the year ended December 31, 2023, the Group's and the Company's incremental borrowing rates applied to lease liabilities ranged from 4.20% to 4.30% and at 4.30%, respectively.

For the year ended December 31, 2024, the Group's and the Company's incremental borrowing rates applied to lease liabilities ranged from 3.85% to 4.30% and from 3.85% to 4.30%, respectively.

For the year ended December 31, 2025, the Group's and the Company's incremental borrowing rates applied to lease liabilities ranged from 3.50% to 4.30% and from 3.85% to 4.30%, respectively.

For the six months ended June 30, 2026, the Group's and the Company's incremental borrowing rates applied to lease liabilities both ranged from 3.50% to 4.30%.

30. DEFERRED INCOME

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at the beginning	3,523	3,102	2,740	2,378
Released to other income	(421)	(362)	(362)	(180)
Balance at the end	3,102	2,740	2,378	2,198
Analysed as:				
Current	362	362	362	362
Non-current	2,740	2,378	2,016	1,836
	3,102	2,740	2,378	2,198

Deferred income consists of government grants provided by the relevant PRC government authorities for the purposes of financing the purchase of plant. The amounts are recognised as income to match with the related expenses or on systematic basis over the useful lives of the relevant assets starting from the completion of inspection by the related government authorities.

31. SHARE CAPITAL

All shares issued by the Company are fully paid domestic shares. The par value is RMB1. The Company's number of shares issued and their nominal value are as follows:

	Number of ordinary shares	Share capital
	'000	*RMB'000*
Registered and fully paid:		
As at January 1, 2023, December 31, 2023, and December 31, 2024	34,559	34,559
Issuance of restricted shares under 2025 Restricted Share Incentive Scheme *(note)*	1,440	1,440
As at December 31, 2025 and June 30, 2026	35,999	35,999

Note: On December 24, 2025, the Company issued 1,439,967 restricted shares under 2025 Restricted Share Incentive Scheme at the subscription price of RMB25.00 per share. The net amount received by the Company amounted to RMB36,000,000, among which 179,996 shares (amounted to RMB4,500,000) issued to Shanghai Demao, which is controlled by the Company, are accounted for as the Group's treasury shares. Details of 2025 Restricted Share Incentive Scheme are set out in Note 32.

Pursuant to the resolution of the Shareholders dated December 31, 2025, the ordinary shares have been split on a one-for-ten basis immediately prior to the Listing, and the nominal value of the ordinary shares has been changed from RMB1 to RMB0.1 each. Immediately after the share subdivision, the registered share capital of the Company is RMB35,999,178 with 359,991,780 shares in a nominal value of RMB0.1 each.

32. SHARE-BASED PAYMENT

June 2020 Restricted Share Incentive Scheme

In June 2020, the Company adopted a restricted share incentive scheme ("June 2020 scheme") pursuant to "SSI New Material Share Incentive Plan" ("鎮江貝斯特新材料有限公司股權激勵方案") approved by the Company's shareholders. The primary purpose of this incentive scheme is to motivate and retain the Company's senior executives, reward them for their efforts in improving the Company's performance and to further link the eligible person's interest with those of the Company's shareholders generally. Under the June 2020 scheme, Dr. Guo Mingbo was granted with 1,315,789 shares at a consideration of RMB25,000,000 whose vesting is subject to a five-year service period. The Company has a right to repurchase or assign a third-party to repurchase the underlying unvested restricted shares from Dr. Guo Mingbo at the original subscription price if Dr. Guo Mingbo resigned from the Group before the restricted shares are vested.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the original outstanding number of restricted shares granted under June 2020 scheme was 1,315,789, 1,315,789, nil and nil shares, respectively. Pursuant to the Company's shareholders' resolution on December 31, 2025, each share of the Company was subdivided into ten shares. Therefore, after the completion of the aforesaid share subdivision, as at December 31, 2023, 2024 and 2025 and June 30, 2026, the outstanding number of restricted shares granted under June 2020 scheme were retrospectively adjusted to 13,157,890 shares, 13,157,890, nil shares and nil shares, respectively.

The share-based payment expense is determined based on fair value of the restricted shares per share at grant date is RMB11.40 (without taking consideration of the impact of aforementioned share subdivision), determined by making reference to the recent share prices of the Company's shares subscribed by the investors close to the grant date less the consideration paid by Dr. Guo Mingbo.

November 2020 Restricted Share Incentive Scheme

In December 2022, the Company implemented a restricted share incentive scheme ("November 2020 scheme") pursuant to "SSI New Material Management and Key Employee Shareholding Implementation Plan" ("鎮江貝斯特新材料有限公司管理層及核心骨幹員工持股管理辦法") approved by the Company's shareholders in November 2020. November 2020 scheme granted senior executives and key employees by indirect ownership of the Company's share through ownership of Zhenjiang Demao Enterprise Management Consulting Partnership (Limited Partnership) ("Zhenjiang Demao"), an employee shareholding platform established in November 2020 with Dr. Guo Mingbo serving as the general partner and managing partner. According to the "SSI New Material Management and Key Employee Shareholding Implementation Plan", Dr. Guo Mingbo has the right to repurchase or to assign a third-party to repurchase underlying unvested restricted shares from the grantees at the original subscription price plus interests calculated at an interest rate of one-year fixed deposit interest rate issued by The People's Bank of China at the date when the repurchasing occurs if the grantee resigned from the Group before the restricted shares are vested. Under the November 2020 scheme, 59,210 shares were granted with a five-year vesting period commencing from the date of granting the shares or until the Company complete its initial public offering, whichever is later.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the original outstanding number of restricted shares granted under November 2020 scheme was 59,210, 59,210, 59,210 shares and 59,210 shares, respectively. Pursuant to the Company's shareholders' resolution on December 31, 2025, each share of the Company was subdivided into ten shares. Therefore, after the completion of the aforesaid share subdivision, as at December 31, 2023, 2024 and 2025 and June 30, 2026, the outstanding number of restricted shares granted under November 2020 scheme were retrospectively adjusted to 592,100 shares, 592,100 shares, 592,100 shares and 592,100 shares, respectively.

The share-based payment expense is determined based on fair value of the restricted shares per share at grant date is RMB2.43 (without taking consideration of the impact of aforementioned share subdivision), determined using discounted cash flow model to calculate the underlying equity value of the Company as at grant date less the consideration paid by the grantee.

2023 Restricted Share Incentive Scheme

In December 2023, the Company adopted a restricted share incentive scheme ("2023 scheme") by granting Dr. Guo Mingbo indirect ownership of the Company's share through ownership of the Company's shareholder, Zhengxin Dexu. Dr. Guo Mingbo entered into a capital injection agreement with Zhengxin Dexu to acquire 6.6% equity interest in Zhengxin Dexu, equivalent to 1,382,368 shares of the Company, whose vesting periods commenced from the grant date until December 31, 2030, or until the Company completes its initial public offering, whichever is earlier. Zhengxin Dexu has a right to repurchase or assign a third-party to repurchase the unvested restricted shares from Dr. Guo Mingbo at the amount paid by Dr. Guo Mingbo for the acquiring those shares less any dividend Dr. Guo Mingbo received from holding such shares if Dr. Guo Mingbo resigned from the Group before the restricted shares are vested.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the original outstanding number of restricted shares granted under 2023 scheme was 1,382,368 shares, 1,382,368 shares, 1,382,368 shares and 1,382,368 shares, respectively. Pursuant to the Company's shareholders' resolution on December 31, 2025, each share of the Company was subdivided into ten shares. Therefore, after the completion of the aforesaid share subdivision, as at December 31, 2023, 2024 and 2025 and June 30, 2026, the outstanding number of restricted shares granted under 2023 scheme were retrospectively adjusted to 13,823,680 shares, 13,823,680 shares, 13,823,680 shares and 13,823,680 shares respectively.

The fair value of the restricted shares per share at the grant date is RMB6.24 (without taking consideration of the impact of the aforementioned share subdivision), determined based on the fair value of Zhengxin Dexu's equity, which approximates the fair value of its net assets, less the consideration paid by Dr. Guo Mingbo. Zhengxin Dexu's net assets were comprised of equity investment of the Company, which was measured at fair value determined using discounted cash flow model, and net liabilities as at the grant date.

In November 2025, Zhengxin Dexu, Dr. Guo Mingbo and the Company have collectively signed a share transfer agreement to replace Dr. Guo Mingbo's indirect ownership of the Company's 13,823,680 shares through 6.6% equity interest in Zhengxin Dexu which was granted to Dr. Guo Mingbo under 2023 Scheme, with Dr. Guo Mingbo's direct ownership of the Company's 13,823,680 shares transferred by Zhengxin Dexu. This modification to 2023 Scheme will result in an increase of the fair value of the equity instrument granted to Dr. Guo Mingbo amounting to RMB7,640,000, which will be expensed over the remaining vesting period starting from November 2025 to December 31, 2030 or to the completion of the Company's initial public offering, whichever is earlier.

2025 Restricted Share Incentive Scheme

In December 2025, the Company adopted a restricted share incentive scheme ("2025 Scheme") pursuant to "Management Measures for Shareholding by Management and Core Employees of SSI New Material (Zhenjiang) Co., Ltd." ("鎮江貝斯特新材料有限公司管理層及核心骨幹員工持股管理辦法") approved by the Company's board of directors in December 2025. Under the 2025 Scheme, Mr. Li Chengbin will be granted direct ownership of 1,259,971 shares at a consideration of RMB31,500,000, and five other executives and key employees will be granted indirect ownership of 179,996 shares through Shanghai Demao at a consideration of RMB4,500,000. Pursuant to the Company's shareholders' resolution on December 31, 2025, each share of the Company was subdivided into ten shares. Therefore, after the completion of the aforesaid share subdivision, under the 2025 Scheme, Mr. Li Chengbin was granted direct ownership of 12,599,710 shares and five other executives and key employees were granted indirect ownership of 1,799,960 shares through Shanghai Demao, respectively. As at December 31, 2025 and June 30, 2026, the outstanding number of restricted shares granted under 2025 Scheme, having considered the share subdivision, are 14,399,670 shares and 14,399,670 shares. The vesting period of the 2025 scheme will be divided into two tranches. The first 40% of the shares granted will vest upon the completion of three-year service period commencing from September 24, 2024 or 12 months after the Company's initial public offering, whichever is later. The second 60% of the shares will vest upon the six-year service period commencing from September 24, 2024.

For the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2025 and 2026, the Group recognised the total expenses of RMB3,131,000, RMB4,262,000, RMB3,329,000, RMB2,130,000 (unaudited) and RMB4,040,000, respectively, in relation to the restricted share incentive schemes ("Schemes") as mentioned above.

The following table discloses movement of the above Schemes during the year ended December 31, 2023, 2024 and 2025 and June 30, 2026 (the fair value of restricted shares granted per share, subscription price and outstanding share numbers are adjusted for the impact of the aforementioned share subdivision):

Scheme	Fair value of restricted shares	Subscription price	Outstanding at January 1, 2023	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at December 31, 2023
	RMB	*RMB*					
June 2020 scheme	1.14	1.90	13,157,890	–	–	–	13,157,890
November 2020 scheme	0.24	3.04	592,100	–	–	–	592,100
2023 scheme *(Note (b))*	0.62 *(Note (a))*	2.32	–	13,823,680	–	–	13,823,680
			13,749,990	13,823,680	–	–	27,573,670

Scheme	Fair value of restricted shares	Subscription price	Outstanding at January 1, 2024	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at December 31, 2024
	RMB	*RMB*					
June 2020 scheme	1.14	1.90	13,157,890	–	–	–	13,157,890
November 2020 scheme	0.24	3.04	592,100	–	–	–	592,100
2023 scheme *(Note (b))*	0.62 *(Note (a))*	2.32	13,823,680	–	–	–	13,823,680
			27,573,670	–	–	–	27,573,670

Scheme	Fair value of restricted shares	Subscription price	Outstanding at January 1, 2025	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at December 31, 2025
	RMB	*RMB*					
June 2020 scheme	1.14	1.90	13,157,890	–	(13,157,890)	–	–
November 2020 scheme	0.24	3.04	592,100	–	–	–	592,100
2023 scheme *(Note (b))*	0.62 *(Note (a))*	2.32	13,823,680	–	–	–	13,823,680
2025 scheme	4.27	2.50	–	14,399,670	–	–	14,399,670
			27,573,670	14,399,670	(13,157,890)	–	28,815,450

Scheme	Fair value of restricted shares	Subscription price	Outstanding at January 1, 2026	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at June 30, 2026
	RMB	*RMB*					
November 2020 scheme	0.24	3.04	592,100	–	–	–	592,100
2023 scheme *(Note (b))*	0.62 *(Note (a))*	2.32	13,823,680	–	–	–	13,823,680
2025 scheme	4.27	2.5	14,399,670	–	–	–	14,399,670
			28,815,450	–	–	–	28,815,450

Notes:

(a) The fair value of restricted shares per share RMB0.62 (before adjustment of the impact of the aforementioned share subdivision: RMB6.24) was determined based on the fair value of Zhengxin Dexu's equity less the consideration paid by the grantee.

(b) 13,823,680 shares represents the number of the Company's shares held by Dr. Guo Mingbo through his 6.6% equity interests in Zhengxin Dexu.

33. ACQUISITION OF SUBSIDIARIES

Acquisition of Zhejiang AITEK in 2024

On December 31, 2024, the Company and Zhejiang AITEK (the "Target") entered into a shareholders' agreement pursuant to which the Company agreed to subscribe for RMB28,000,000 of the newly-increased registered capital of Zhejiang AITEK with a cash consideration of RMB30,000,000, representing 50% equity interests of Zhejiang AITEK. Upon the completion of the transaction on December 31, 2024, according to the Articles of Association of Zhejiang AITEK, the Group has the majority voting power in the board of directors of Zhejiang AITEK, by which the relevant activities that significantly affect the return of Zhejiang AITEK are determined on a simple majority basis at the board of director's meetings. Accordingly, Zhejiang AITEK is accounted for as a non-wholly owned subsidiary of the Group at the acquisition date of December 31, 2024. The acquisition has been accounted for as acquisition of business using the acquisition method.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	32,771
Right-of-use assets	2,922
Intangible assets	8,651
Deferred tax assets	2,336
Prepayment for acquisition of property, plant and equipment	4,241
Inventories	13,664
Trade, bills and other receivables	58,689
Receivables at FVTOCI	1,173
VAT recoverable	1,011
Cash and cash equivalents	29,635
Trade, bills and other payables	(47,320)
Contract liabilities	(160)
Lease liabilities	(3,785)
Deferred tax liabilities	(1,090)
Borrowings	(44,626)
	58,112

The receivables acquired (which principally comprised trade, bills and other receivables) with a fair value of RMB58,689,000 at the date of acquisition had gross contractual amounts of RMB58,812,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to RMB473,000.

Non-controlling interests

The non-controlling interests (50%) in Zhejiang AITEK recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Zhejiang AITEK and amounted to RMB29,056,000.

Goodwill arising on acquisition

	RMB'000
Cash consideration	30,000
Plus: non-controlling interests (50.00% in Zhejiang AITEK)	29,056
Less: Fair value of identifiable net assets acquired	(58,112)
Goodwill arising on acquisition	944

Goodwill arose on the acquisition of Zhejiang AITEK because the acquisition included the assembled workforce of Zhejiang AITEK and some potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Zhejiang AITEK

	RMB'000
Cash consideration paid	30,000
Add: cash and cash equivalents acquired	(29,635)
	365

No acquisition-related costs have been incurred.

Impact of acquisition on the results of the Group

As the acquisition of Zhejiang AITEK is completed on December 31, 2024, there are no revenue and profit for the year attributable to Zhejiang AITEK been included in the consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2024.

Had the acquisition of Zhejiang AITEK been completed on January 1, 2024, revenue for the year ended December 31, 2024 of the Group would have been RMB469,951,000 and profit for the year would have been RMB112,897,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2024, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Zhejiang AITEK been acquired at January 1, 2024, the directors of the Company calculated depreciation of property, plant and equipment and amortisation of intangible assets based on the recognised amounts of property, plant and equipment and intangible assets at the date of the acquisition.

Acquisition of Suzhou Routao in 2026

On June 24, 2026, the Company, a shareholder of Suzhou Routao (the "Original Shareholder") and Suzhou Routao entered into a share transfer agreement (the "Shareholders' Agreement A") pursuant to which the Company agreed to acquire 40.00% equity interest in Suzhou Routao for a consideration of RMB6,660,000 from the Original Shareholder. On June 26, 2026, the Company, Suzhou Routao and the other existing shareholder of Suzhou Routao entered into an equity subscription agreement (the "Shareholders' Agreement B"). Pursuant to the Shareholders' Agreement B, the Company agreed to subscribe to 2,732,459 shares of the newly-increased registered capital of Suzhou Routao ("Capital Injection"), representing an increase of 19.14% equity interest in Suzhou Routao after the capital injection, for a cash consideration of RMB10,000,000 as well as a contingent consideration to be determined under a contingent arrangement ("Contingent Consideration"). Pursuant to the contingent arrangement specified in the Shareholder's Agreement B, the Company is granted the right to downward adjust the pre-investment valuation of Suzhou Routao to an extent that enables the Company to acquire an additional 1.40% equity interest in Suzhou Routao for nil consideration if Suzhou Routao fails to meet both (i) the revenue performance target for the year 2028 and (ii) becoming qualified supplier for certain strategic potential clients by the end of 2027. Upon the completion of the aforesaid Capital Injection, the Company's aggregate shareholding in Suzhou Routao increased from 40.00% to 59.14%.

According to the Shareholders' Agreements and the articles of association of Suzhou Routao, the Company has the majority voting power in the board of directors of Suzhou Routao, by which the relevant activities that significantly affect the return of Suzhou Routao are determined on a simple majority basis, and accordingly, Suzhou Routao became a non-wholly owned subsidiary of the Group at the acquisition date of June 30, 2026, being the closing date of the investment. The acquisition has been accounted for using the acquisition method.

The directors of the Company have determined at the acquisition date that the fair value of the contingent consideration amounted to RMB630,000 based on a business forecast of Suzhou Routao. The business forecast of Suzhou Routao is prepared with reference to the past performance and the business plan of Suzhou Routao, among others. The contingent consideration is recognised as financial assets measured at FVTPL.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	1,434
Right-of-use assets	438
Intangible assets	1,260
Inventories	737
Trade, bills and other receivables	655
Value-added tax recoverable	38
Cash and cash equivalents	11,733
Trade, bills and other payables	(1,094)
Amount due to the Company	(2,000)
Contract liabilities	(352)
Lease liabilities	(438)
Deferred tax liabilities	(205)
	12,206

The fair value of receivables (which principally comprised trade, bills and other receivables) at the date of acquisition amounted to RMB655,000, which is equivalent to the gross contractual amounts of those receivables acquired at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to nil.

Non-controlling interests

The non-controlling interests (40.86%) in Suzhou Routao recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Suzhou Routao and amounted to RMB4,987,000.

Goodwill arising on acquisition

	RMB'000
Cash consideration	16,660
Less: contingent consideration	(630)
Plus: non-controlling interests (40.86% in Suzhou Routao)	4,987
Less: Fair value of identifiable net assets acquired	(12,206)
Goodwill arising on acquisition	8,811

Goodwill arose on the acquisition of Suzhou Routao because the acquisition included the assembled workforce of Suzhou Routao and some potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Suzhou Routao

	RMB'000
Cash consideration paid	16,660
Add: cash and cash equivalents acquired	(11,733)
	4,927

No acquisition-related costs have been incurred.

Impact of acquisition on the result of the Group

As the acquisition of Suzhou Routao is completed on June 30, 2026, no revenue and profit attributable to Suzhou Routao was included in the consolidated statements of profit or loss and other comprehensive income for the six months ended June 30, 2026.

Had the acquisition of Suzhou Routao been completed on January 1, 2026, revenue for the six months ended June 30, 2026 of the Group would have been RMB366,267,000 and profit for the period would have been RMB69,382,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2026, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Suzhou Routao been acquired at January 1, 2026, the directors of the Company calculated depreciation of property, plant and equipment and amortisation of intangible assets based on the recognised amounts of property, plant and equipment and intangible assets at the date of the acquisition.

34. PLEDGE OF ASSETS

The following assets have been pledged to various banks for securing of the Group's banking facilities at the end of each reporting period:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	–	6,877	5,615	5,074
Bills receivables	3,530	–	–	–
Restricted bank deposits	–	30	–	–
	3,530	6,907	5,615	5,074

35. CAPITAL COMMITMENTS

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure in respect of acquisition of property, plant and equipment and intangible assets contracted for but not provided in the Historical Financial Information	234	3,077	5,443	10,736

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Borrowings	Lease Liabilities	Amount due to a non-controlling shareholder	Dividend payable	Accrued issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	–	3,527	–	–	–	3,527
Financing cash flows	1,000	(1,975)	–	(34,559)	–	(35,534)
Non-cash changes	–	(6,868)	–	–	–	(6,868)
Interest expenses	*	207	–	–	–	207
New lease entered	–	10,705	–	–	–	10,705
Dividend declared	–	–	–	34,559	–	34,559

	Borrowings	Lease Liabilities	Amount due to a non-controlling shareholder	Dividend payable	Accrued issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023	1,000	5,596	–	–	–	6,596
Net financing cash flows	(1,030)	(2,816)	–	(40,780)	–	(44,626)
Acquisition of Zhejiang AITEK *(Note 33)*	44,626	3,785	12,350	–	–	60,761
Interest expenses	30	231	–	–	–	261
New lease entered	–	3,391	–	–	–	3,391
Dividend declared	–	–	–	40,780	–	40,780
As at December 31, 2024	44,626	10,187	12,350	–	–	67,163
Net financing cash flows	23,081	(4,411)	(5,000)	(240,780)	(1,002)	(228,112)
Non-cash changes	–	(187)	(1,532)	–	2,543	824
Interest expenses	1,329	340	283	–	–	1,952
New lease entered	–	305	–	–	–	305
Dividend declared	–	–	–	317,780	–	317,780
As at December 31, 2025	69,036	6,234	6,101	77,000	1,541	159,912
Net financing cash flows	(9,238)	(2,326)	–	(77,000)	(2,179)	(90,743)
Acquisition of Suzhou Routao *(Note 33)*	–	438	–	–	–	438
Non-cash changes	–	–	(6,122)	–	1,396	(4,726)
Interest expenses	422	122	21	–	–	565
New lease entered	–	1,939	–	–	–	1,939
As at June 30, 2026	60,220	6,407	–	–	758	67,385
As at January 1, 2025	44,626	10,187	12,350	–	–	67,163
Net financing cash flows	7,257	(2,151)	(5,000)	(40,780)	–	(40,674)
Non-cash changes	–	–	802	–	–	802
Interest expenses	56	191	157	–	–	404
New lease entered	–	305	–	–	–	305
Dividend declared	–	–	–	40,780	–	40,780
As at June 30, 2025	51,939	8,532	8,309	–	–	68,780

* Less than RMB1,000.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Equity instruments at FVTOCI	10,973	3,898	3,067	2,096
Investment in an associate measured at FVTPL	–	–	–	30,000
Receivables at FVTOCI	39,362	73,737	79,870	115,031
Financial assets at FVTPL	–	238,514	86,290	87,266
Derivative financial assets	–	11	32	762
Financial assets at amortised cost (including cash and cash equivalents)	435,164	332,551	443,505	365,120
	485,499	648,711	612,764	600,275

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Derivative financial liabilities	327	–	–	–
Financial liabilities at amortised cost	78,922	172,628	228,607	154,475
	79,249	172,628	228,607	154,475

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Equity instruments at FVTOCI	10,973	3,898	3,067	2,096
Investment in an associate measured at FVTPL	–	–	–	30,000
Receivables at FVTOCI	35,945	58,871	65,460	102,712
Financial assets at FVTPL	–	211,082	51,489	69,904
Derivative financial assets	–	11	32	762
Financial assets at amortised cost (including cash and cash equivalents)	419,086	244,147	349,547	280,603
	466,004	518,009	469,595	486,077
Financial liabilities				
Derivative financial liabilities	327	–	–	–
Financial liabilities at amortised cost	87,403	99,633	144,118	97,396
	87,730	99,633	144,118	97,396

(b) Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade, bills and other receivables, receivables at FVTOCI, investment in an associate measured at FVTPL, equity instruments at FVTOCI, financial assets at FVTPL, restricted bank deposits, time deposits with original maturity over three months, cash and cash equivalents, trade, bills and other payables, lease liabilities and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to restricted bank deposits and time deposits with original maturity over three months (Note 25), fixed-rate borrowings (Note 28) and lease liabilities (Note 29). The Group is also exposed to cash flow interest rate in relation to variable-rate bank balances (Note 25). The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of the market rates from bank balances. The Group currently does not hedge its exposure to cash flow and fair value interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

No sensitivity analysis is presented since the management of the Group considers the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk exposures are primarily attributable to trade, bills and other receivables, receivables at FVTOCI, restricted bank deposits, time deposits with original maturity over three months and bank balances.

Trade and bills receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of trade and bills receivables at end of each reporting period to ensure that adequate impairment losses allowance are made for irrecoverable amounts. In this regard, the management consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as 44.69% and 91.74%, 23.00% and 76.48%, 26.93% and 82.21% and 18.94% and 66.73% of the total trade receivables was due from the Group's largest customer and five largest customers at December 31, 2023, 2024, 2025 and June 30, 2026, respectively.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the impairment loss allowance at lifetime ECL. The Group determines the ECL on these items on an individual basis for customer with significant balance and the remaining is estimated collectively by using a provision matrix, based on historical credit loss experience and the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default.

Other receivables

For other receivables, the Group has applied the general approach in IFRS 9 to measure the impairment loss allowance at 12m ECL, since the directors of the Company assessed that there has not been any significant increase in credit risk.

In determining the ECL, the management of the Group has taken into account the historical credit loss experience based on the past default experience of the counterparty, general economic conditions of the industry in which the counterparty operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Restricted bank deposits, time deposits with original maturity over three months, bank balances and receivables at FVTOCI

The restricted bank deposits, time deposits with original maturity over three months, bank balances and receivables at FVTOCI are determined to have low credit risk at the end of each reporting period. The credit risk on restricted bank deposits, time deposits with original maturity over three months, bank balances and receivables at FVTOCI is limited because the counterparties are reputable banks and the risk of inability to pay or redeem at the due date is low.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade and bills receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime EC – not credit impaired	Lifetime ECL – not credit-impaired

Internal credit rating	Description	Trade and bills receivables	Other financial assets
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's and the Company's financial assets which are subjected to ECL assessment:

The Group

December 31, 2023	*Notes*	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade and bills receivables	*21*	Low risk	Lifetime ECL (not credit impaired)	166,568
Other receivables	*21*	Low risk	12m ECL	5,625
Cash and cash equivalents	*25*	Low risk	12m ECL	266,262
Receivables at FVTOCI	*22*	Low risk	Lifetime ECL	39,362

December 31, 2024	*Notes*	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade and bills receivables	*21*	Low risk	Lifetime ECL (not credit impaired)	204,519
Other receivables	*21*	Low risk	12m ECL	2,977
Restricted bank deposits	*25*	Low risk	12m ECL	30
Time deposits with original maturity over three months	*25*	Low risk	12m ECL	23,154
Cash and cash equivalents	*25*	Low risk	12m ECL	104,906
Receivables at FVTOCI	*22*	Low risk	Lifetime ECL	73,737

December 31, 2025	*Notes*	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade and bills receivables	*21*	Low risk	Lifetime ECL (not credit impaired)	260,751
Other receivables	*21*	Low risk	12m ECL	4,092
Cash and cash equivalents	*25*	Low risk	12m ECL	182,673
Receivables at FVTOCI	*22*	Low risk	Lifetime ECL	79,870

June 30, 2026	*Notes*	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade and bills receivables	*21*	Low risk	Lifetime ECL (not credit impaired)	226,808
Other receivables	*21*	Low risk	12m ECL	10,723
Cash and cash equivalents	*25*	Low risk	12m ECL	131,079
Receivables at FVTOCI	*22*	Low risk	Lifetime ECL	115,031

The Company

December 31, 2023	*Notes*	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade and bills receivables	*21*	Low risk	Lifetime ECL (not credit impaired)	165,825
Other receivables	*21*	Low risk	12m ECL	5,095
Cash and cash equivalents	*25*	Low risk	12m ECL	250,440
Receivables at FVTOCI	*22*	Low risk	Lifetime ECL	35,945

December 31, 2024	*Notes*	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade and bills receivables	*21*	Low risk	Lifetime ECL (not credit impaired)	156,433
Other receivables	*21*	Low risk	12m ECL	1,315
Restricted bank deposits	*25*	Low risk	12m ECL	30
Time deposits with original maturity over three months	*25*	Low risk	12m ECL	23,154
Cash and cash equivalents	*25*	Low risk	12m ECL	65,235
Receivables at FVTOCI	*22*	Low risk	Lifetime ECL	58,871

December 31, 2025	*Notes*	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade and bills receivables	*21*	Low risk	Lifetime ECL (not credit impaired)	186,459
Other receivables	*21*	Low risk	12m ECL	2,048
Cash and cash equivalents	*25*	Low risk	12m ECL	163,022
Receivables at FVTOCI	*22*	Low risk	Lifetime ECL	65,460

June 30, 2026	*Notes*	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade and bills receivables	*21*	Low risk	Lifetime ECL (not credit impaired)	164,765
Other receivables	*21*	Low risk	12m ECL	19,802
Cash and cash equivalents	*25*	Low risk	12m ECL	97,830
Receivables at FVTOCI	*22*	Low risk	Lifetime ECL	102,712

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following tables provide information about the exposure to credit risk for trade receivables which are assessed based on a provision matrix grouped by internal credit rating considering aging of the receivables as at December 31, 2023, 2024, 2025 and June 30, 2026, respectively, within lifetime ECL (not credit-impaired) and other financial assets measured at amortised cost. The Group's trade receivables from debtors with significant balance with gross carrying amounts of RMB145,501,000, RMB153,295,000, RMB199,619,000 and RMB161,108,000 as at December 31, 2023, 2024, 2025 and June 30, 2026 were assessed individually, respectively.

The Group

Gross carrying amounts as at December 31, 2023

	Weighted average loss rate	Gross carrying amount
		RMB'000
Trade receivables aged		
0-30 days	2.04%	8,466
31-90 days	2.00%	4,357
91-180 days	2.00%	268
		13,091
Bills receivables aged 0-180 days	–	7,976
Other receivables	0.57%	5,625
Cash and cash equivalents	–	266,262

Gross carrying amounts as at December 31, 2024

	Weighted average loss rate	Gross carrying amount
		RMB'000
Trade receivables aged		
0-30 days	1.83%	18,723
31-90 days	1.60%	18,936
91-180 days	2.15%	4,287
Total		41,946
Bills receivables aged 0-180 days	–	9,278
Other receivables	2.48%	2,977
Restricted bank deposits	–	30
Time deposits with original maturity over three months	–	23,154
Cash and cash equivalents	–	104,906

Gross carrying amounts as at December 31, 2025

	Weighted average loss rate	Gross carrying amount
		RMB'000
Trade receivables aged		
0-30 days	1.14%	9,281
31-90 days	1.51%	21,400
91-180 days	1.18%	4,911
		35,592
Bills receivables aged 0-180 days	–	25,540
Other receivables	0.37%	4,092
Cash and cash equivalents	–	182,673

Gross carrying amounts as at June 30, 2026

	Weighted average loss rate	Gross carrying amount
		RMB'000
Trade receivables aged		
0-30 days	1.18%	24,780
31-90 days	1.20%	16,141
91-180 days	1.39%	2,808
		43,729
Bills receivables aged 0-180 days	–	21,971
Other receivables	0.22%	10,723
Cash and cash equivalents	–	131,079

The Company

Gross carrying amounts as at December 31, 2023

	Weighted average loss rate	Gross carrying amount
		RMB'000
Trade receivables aged		
0-30 days	2.03%	3,979
31-90 days	2.00%	1,257
91-180 days	2.00%	21
		5,257
Bills receivables aged 0-180 days	–	6,976
Other receivables	0.41%	5,095
Cash and cash equivalents	–	250,440

Gross carrying amounts as at December 31, 2024

	Weighted average loss rate	Gross carrying amount
		RMB'000
Trade receivables aged		
0-30 days	2.00%	14,164
31-90 days	2.00%	8,349
91-180 days	2.00%	86
		22,599
Bills receivables aged 0-180 days	–	1,590
Other receivables	0.30%	1,315
Restricted bank deposits	–	30
Time deposits with original maturity over three months	–	23,154
Cash and cash equivalents		65,235

Gross carrying amounts as at December 31, 2025

	Weighted average loss rate	Gross carrying amount
		RMB'000
Trade receivables aged		
0-30 days	2.00%	3,727
31-90 days	2.00%	11,874
91-180 days	2.00%	6
		15,607
Bills receivables aged 0-180 days	–	718
Other receivables	0.44%	2,048
Cash and cash equivalents		163,022

Gross carrying amounts as at June 30, 2026

	Weighted average loss rate	Gross carrying amount
		RMB'000
Trade receivables aged		
0-30 days	2.00%	8,613
31-90 days	2.00%	2,607
91-180 days	2.00%	103
		11,323
Bills receivables aged 0-180 days	–	7,242
Other receivables	0.08%	19,802
Cash and cash equivalents	–	97,830

The following table provides information about the exposure to credit risk for trade receivables of the Group which are assessed on a collective basis by different groups that share similar credit risk characteristics.

As at December 31, 2023	**Group A (Note a)**	
	Weighted average loss rate	**Gross carrying amount**
Trade receivables aged		*RMB'000*
1- 30 days	2.04%	8,466
31-90 days	2.00%	4,357
91-180 days	2.00%	268
Total		13,091

As at December 31, 2024	**Group A (Note a)**		**Group B (Note b)**		**Total**	
	Weighted average loss rate	**Gross carrying amount**	**Weighted average loss rate**	**Gross carrying amount**	**Weighted average loss rate**	**Gross carrying amount**
Trade receivables aged		*RMB'000*		*RMB'000*		*RMB'000*
1- 30 days	2.00%	17,205	–	1,518	1.83%	18,723
31-90 days	2.00%	15,167	–	3,769	1.60%	18,936
91-180 days	3.63%	2,547	–	1,740	2.15%	4,286
Total		34,919		7,027		41,945

As at December 31, 2025	Group A (Note a)		Group B (Note b)		Total	
	Weighted average loss rate	Gross carrying amount	Weighted average loss rate	Gross carrying amount	Weighted average loss rate	Gross carrying amount
Trade receivables aged		*RMB'000*		*RMB'000*		*RMB'000*
1- 30 days	2.00%	5,289	–	3,992	1.14%	9,281
31-90 days	2.00%	16,196	–	5,204	1.51%	21,400
91-180 days	2.00%	2,950	–	1,961	1.18%	4,911
Total		24,435		11,157		35,592

As at June 30, 2026	Group A (Note a)		Group B (Note b)		Group C (Note c)		Total	
	Weighted average loss rate	Gross carrying amount	Weighted average loss rate	Gross carrying amount t	Weighted average loss rate	Gross carrying amount	Weighted average loss rate	Gross carrying amount
Trade receivables aged		*RMB'000*		*RMB'000*		*RMB'000*		*RMB'000*
1- 30 days	2.00%	14,611	–	9,693	N/A	476	1.18%	24,780
31-90 days	2.00%	6,215	0.71%	9,926	N/A	–	1.20%	16,141
91-180 days	2.00%	2,009	–	799	N/A	–	1.39%	2,808
Total		22,835		20,418		476		43,729

Notes:

(a) Trade receivables from Group A are those arising from the Group's sale of acoustic enhancement materials, energy enhancement materials and electronic adhesives business during the Track Record Period.

(b) Trade receivables from Group B are those arising from the Group's sale of electronic ceramic materials during the Track Record Period. The trade receivables due from Group B as at December 31, 2024 were measured at fair value resulting from the business acquisition of Zhejiang AITEK completed on December 31, 2024 (i.e. no ECL was separately provided as at December 31, 2024 which has been reflected in the fair value upon acquisition date). As at December 31, 2025, having considered the historical collection experience of trade receivables of Group B and relevant forward-looking factors, the management determined the ECL on trade receivables of Group B was negligible. Accordingly, no ECL allowance was provided.

(c) Trade receivables from Group C represents the trade receivables arising from acquisition of Suzhou Routao which were measured at fair value resulting from the business acquisition completed on June 30, 2026 (i.e. no ECL was separately provided as at June 30, 2026 which has been reflected in the fair value upon acquisition date).

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

During the years ended December 31, 2023, 2024, 2025 and June 30, 2026, based on the provision matrix, the Group's net impairment loss allowance for trade receivables recognised amounted to RMB1,851,000, reversed amounted to RMB298,000, recognised amounted to RMB1,212,000 and reversed amounted to RMB572,000, respectively. No provision of net impairment loss allowance was individually made on trade receivables from debtors during the years ended December 31, 2023, 2024, 2025 and June 30, 2026 with significant balance.

Liquidity risk

The management of the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's and the Company's contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

The Group

	Weighted average interest rate	On demand or less than 1 year	1-2 years	2-5 years	Total undiscounted cash flows	Total carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
Borrowings						
– Fixed rates	3.65	1,000	–	–	1,000	1,000
Trade payables	–	22,731	–	–	22,731	22,731
Bills payables	–	24,186	–	–	24,186	24,186
Other payables	–	31,005	–	–	31,005	31,005
Lease liabilities	4.20	1,647	2,598	1,813	6,058	5,596
		80,569	2,598	1,813	84,980	84,518
As at December 31, 2024						
Borrowings						
– Fixed rates	3.84	45,367	701	–	46,068	44,626
Trade payables	–	49,580	–	–	49,580	49,580
Bills payables	–	30,231	–	–	30,231	30,231
Other payables	–	35,841	–	–	35,841	35,841
Other payables – non trade nature	6.00	12,350	–	–	12,350	12,350
Lease liabilities	4.13	5,195	5,025	638	10,858	10,187
		178,564	5,726	638	184,928	182,815
As at December 31, 2025						
Borrowings						
– Fixed rates	2.51	69,969	–	–	69,969	69,036
Trade payables	–	32,183	–	–	32,183	32,183
Bills payables	–	17,740	–	–	17,740	17,740
Other payables	–	103,547	–	–	103,547	103,547
Other payables – non trade nature	3.45	6,101	–	–	6,101	6,101
Lease liabilities	4.04	4,194	1,721	489	6,404	6,234
		233,734	1,721	489	235,944	234,841
As at June 30, 2026						
Borrowings						
– Fixed rates	2.36	61,416	–	–	61,416	60,220
Trade payables	–	55,750	–	–	55,750	55,750
Bills payables	–	18,448	–	–	18,448	18,448
Other payables	–	20,057	–	–	20,057	20,057
Lease liabilities	3.88	4,256	2,216	334	6,806	6,407
		159,927	2,216	334	162,477	160,882

The Company

	Weighted average interest rate	On demand or less than 1 year	1-2 years	2-5 years	More than 5 years	Total undiscounted cash flows	Total carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023							
Borrowings							
– fixed rates	3.65	1,000	–	–	–	1,000	1,000
Trade payables	–	32,053	–	–	–	32,053	32,053
Bills payables	–	24,186	–	–	–	24,186	24,186
Other payables	–	30,164	–	–	–	30,164	30,164
Lease liabilities	4.30	664	110	–	–	774	735
		88,067	110	–	–	88,177	88,138

	Weighted average interest rate	On demand or less than 1 year	1-2 years	2-5 years	More than 5 years	Total undiscounted cash flows	Total carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2024							
Trade payables	–	37,608	–	–	–	37,608	37,608
Bills payables	–	30,231	–	–	–	30,231	30,231
Other payables	–	31,794	–	–	–	31,794	31,794
Lease liabilities	3.87	925	1,715	–	–	2,640	2,350
		100,558	1,715	–	–	102,273	101,983
As at December 31, 2025							
Borrowings							
– fixed rates	2.15	20,429	–	–	–	20,429	20,000
Trade payables	–	25,629	–	–	–	25,629	25,629
Bills payables	–	2,741	–	–	–	2,741	2,741
Other payables	–	95,748	–	–	–	95,748	95,748
Lease liabilities	3.87	937	619	–	–	1,556	1,497
		145,484	619	–	–	146,103	145,615
As at June 30, 2026							
Borrowings							
– fixed rates	2.15	20,430	–	–	–	20,430	20,000
Trade payables	–	31,422	–	–	–	31,422	31,422
Bills payables	–	8,000	–	–	–	8,000	8,000
Other payables	–	37,974	–	–	–	37,974	37,974
Lease liabilities	3.86	994	311	–	–	1,305	1,248
		98,820	311	–	–	99,131	98,644

Fair value measurements of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values. Such fair values of financial assets and financial liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at December 31,			Fair value as at June 30,			
	2023	2024	2025	2026	Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)
	RMB'000	RMB'000	RMB'000	RMB'000			
Financial assets:							
Wealth management products classified as financial assets at FVTPL	–	238,514	86,290	86,636	Level 2	Discounted cash flow method using the expected return based on observable market inputs.	N/A

	Fair value as at December 31,			Fair value as at June 30,	Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)
	2023	2024	2025	2026			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*			
Receivables at FVTOCI	39,362	73,737	79,870	115,031	Level 2	Discounted cash flow method using the discount rate that reflected the credit risk of the corresponding banks which are observable.	N/A
Contingent consideration classified as financial assets at FVTPL	–	–	–	630	Level 3 (December 31, 2023, 2024 and 2025: N/A)	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow into the Group arising from the contingent consideration, based on an appropriate discount rate.	Discount rate of 12% per annum. Probability of triggering the contingent arrangement at 86% *(Note 3)*
Equity instruments at FVTOCI	10,973	3,898	3,067	2,096	Level 1 (December 31, 2023 and 2024: Level 3, December 31, 2025: Level 1)	Quoted prices in active market. (December 31, 2023 and 2024: Determined with reference to the latest financial information of the investee, adjusted by unobservable inputs such as discount for lack of marketability, and price-to book ratio, price to earnings of comparable listed companies. December 31, 2025: Quoted prices in active market.)	December 31, 2025 and June 30, 2026: N/A December 31, 2024: Discount for lack of marketability of, 28% (2023: 28%). *(Note 1)* December 31, 2024: price-to book ratio of 1.55, taking into account median of price-to book ratio of comparable listed companies December 31, 2023: price-to-earning ratio of 21.55, taking into account median of price-to earnings ratio of comparable listed companies *(Note 2)*
Investment in an associate measured at FVTPL	–	–	–	30,000	Level 2 (December 31, 2023, 2024 and 2025: N/A)	Derived from the financing price of the most recent financing round.	N/A

Note 1: An increase in the discount for lack of marketability used in isolation would result in a decrease in the fair value measurement of the equity investments, and vice versa. A 5% increase/decrease in the discount for lack of marketability holding all other variables constant would decrease/increase the carrying amount of the equity investments by RMB271,000 (2023: RMB762,000).

Note 2: As at December 31, 2024, the management adjusted the price-to-book ratio to 1.67 for the purpose of performing the sensitivity analysis, which is taking into account of the average of price-to-book ratio of comparable listed companies. Therefore, an increase of 0.12 as compared to the median of price-to-book ratio of comparable listed companies in price-to-book ratio holding all other variables constant would increase the carrying amount of the equity investments by RMB293,000.

As at December 31, 2023, the management adjusted the price-to-earnings ratio to 15.07 for the purpose of performing the sensitivity analysis, which is taking into account of the average of price-to-earnings ratio of comparable listed companies. Therefore, a decrease of 6.48 as compared to the median of price-to-earning ratio of comparable listed companies in price-to-earnings ratio holding all other variables constant would decrease the carrying amount of the equity investments by RMB3,301,000.

Note 3: An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the contingent consideration classified as financial assets at FVTPL, and vice versa. A 1% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the contingent consideration classified as financial assets at FVTPL by RMB13,000 and RMB15,000, respectively.

An increase in the probability of triggering the contingent consideration used in isolation would result in an increase in the fair value measurement of the contingent consideration classified as financial assets at FVTPL, and vice versa. A 5% increase/decrease in the probability of triggering the contingent consideration holding all other variables constant would increase/decrease the carrying amount of the contingent consideration classified as financial assets at FVTPL by RMB37,000 and RMB37,000, respectively.

There were no transfers between fair value hierarchy during the Track Record Period except that the fair value hierarchy of equity instruments at FVTOCI transfer into Level 1 as the listed investee's stock has resumed trading during the year ended December 31, 2025.

(ii) Reconciliation of Level 3 fair value measurements

	Equity instruments at FVTOCI	Contingent consideration classified as financial assets at FVTPL
	RMB'000	*RMB'000*
As at January 1, 2023	6,814	–
Total gains:		
– other comprehensive income	4,159	–
Transfers out of level 1 *(Note a)*	(10,973)	–
Transfers into level 3 *(Note a)*	10,973	–
As at December 31, 2023	10,973	–
Total losses:		
– other comprehensive expense	(7,075)	–
As at December 31, 2024	3,898	–
Total losses:		
– other comprehensive expense	(831)	–
Transfers out of level 3 *(Note b)*	(3,067)	–
Transfers into level 1 *(Note b)*	3,067	–
As at December 31, 2025	3,067	–
Total losses:		
– other comprehensive expense	(971)	–
Acquisition of Suzhou Routao *(Note 33)*	–	630
As at June 30, 2026	2,096	630

Contingent consideration classified as financial assets at FVTPL measured at fair value on Level 3 fair value measurement was arisen from the acquisition of Suzhou Routao (see Note 33). No gain or loss for the six months ended June 30, 2026 relating to this contingent consideration has been recognised in profit or loss.

Notes:

(a): The listed company set out in Note 23, suspended trading from December 2023, due to its application for a public offering and listing on the Beijing Stock Exchange.

(b): The listed company set out in Note 23, terminated its public offering application to the Beijing Stock Exchange and withdrew the application materials in January 2025 and therefore its stock resumed trading in January 2025.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities now comprising the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes borrowings and lease liabilities disclosed in Notes 28 and 29, respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues and raise of new borrowings.

39. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of directors and other members of key management during the Track Record Period was as follows:

	Year ended	Year ended	Year ended	Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries and allowances	2,532	2,690	3,598	1,539	2,421
Retirement benefit scheme contributions	116	115	280	64	120
Discretionary performance related bonus	3,293	5,030	10,829	5,000	3,000
Equity-settled share-based payments	3,131	4,262	3,290	2,130	3,921
	9,072	12,097	17,997	8,733	9,462

The remuneration of key management personnel (being Chairman and director of the Company and other key management of the Group), is determined with reference to the performance of individuals and market trends.

The Group and the Company has no other related party balance and transaction during the Track Record Period.

40. FINANCIAL INFORMATION OF THE COMPANY

Investments in subsidiaries

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments, unlisted	34,659	86,219	97,719	114,749

Movements of the Company's reserves

	Statutory surplus reserve	Share-based payment reserve	FVTOCI reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	6,553	7,503	(3,565)	83,620	94,111
Profit for the year	–	–	–	99,023	99,023
Other comprehensive income for the year	–	–	3,535	–	3,535
Total comprehensive income for the year	–	–	3,535	99,023	102,558
Transfer	9,902	–	–	(9,902)	–
Recognition of equity-settled share-based payments expense	–	3,131	–	–	3,131
Dividends recognised as distribution	–	–	–	(34,559)	(34,559)
As at December 31, 2023	16,455	10,634	(30)	138,182	165,241
Profit for the year	–	–	–	112,072	112,072
Other comprehensive expense for the year	–	–	(6,014)	–	(6,014)
Total comprehensive (expense) income for the year	–	–	(6,014)	112,072	106,058
Transfer	824	–	–	(824)	–
Recognition of equity-settled share-based payments expense	–	4,262	–	–	4,262
Dividends recognised as distribution	–	–	–	(40,780)	(40,780)
As at December 31, 2024	17,279	14,896	(6,044)	208,650	234,781
Profit for the year	–	–	–	145,529	145,529
Other comprehensive expense for the year	–	–	(706)	–	(706)
Total comprehensive (expense) income for the year	–	–	(706)	145,529	144,823
Transfer	720	–	–	(720)	–
Recognition of equity-settled share-based payments expense	–	3,329	–	–	3,329
Vesting of restricted shares	–	(15,000)	–	–	(15,000)
Dividends recognised as distribution	–	–	–	(317,780)	(317,780)
As at December 31, 2025	17,999	3,225	(6,750)	35,679	50,153
Profit for the period	–	–	–	57,314	57,314
Other comprehensive expense for the period	–	–	(826)	–	(826)
Total comprehensive (expense) income for the period	–	–	(826)	57,314	56,488
Recognition of equity-settled share-based payments expense	–	4,040	–	–	4,040
As at June 30, 2026	17,999	7,265	(7,576)	92,993	110,681
As at January 1, 2025	17,279	14,896	(6,044)	208,650	234,781
Profit for the year	–	–	–	71,557	71,557
Other comprehensive expense for the year	–	–	(598)	–	(598)
Total comprehensive (expense) income for the year	–	–	(598)	71,557	70,959
Transfer	–	–	–	–	–
Recognition of equity-settled share-based payments expense	–	2,130	–	–	2,130
Vesting of restricted shares	–	(15,000)	–	–	(15,000)
Dividends recognised as distribution	–	–	–	(40,780)	(40,780)
As at June 30, 2025	17,279	2,026	(6,642)	239,427	252,090

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at December 31, 2023, 2024, 2025 and June 30, 2026 and the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiaries	Place of incorporation/ registration/ operations	Date of incorporation/ registration	Paid-in share capital/ registered capital	Proportion of ownership interest and voting power held by the Company					Principal activities	Notes
				As at December 31,			As at June 30,	Date of this report		
				2023	2024	2025	2026			
			RMB'000							
Zhenjiang Enbeisi New Material Co., Ltd.* 鎮江恩貝斯新材料有限公司	PRC	June 12, 2020	5,000	100%	100%	100%	100%	100%	Operation of rooftop photovoltaic systems	*(a)*
Zhongke Beisite (Suzhou) Electronic Material Technology Co., Ltd.* 中科貝斯特(蘇州)電子材料科技有限公司	PRC	August 16, 2021	5,400	95%	95%	95%	95%	95%	Research and development, design and sales of acoustic solutions	*(a)*
Shanghai Nexolar New Material Co., Ltd.* 上海納科秀新材料有限公司 ("Shanghai Nexolar")	PRC	December 26, 2022	16,100	77%	77%	77%	77%	77%	Research and development, and sales of energy enhancement materials	*(a)*
Zhenjiang Runna Technology Co., Ltd.* 鎮江潤納科技有限公司	PRC	July 7, 2023	2,000	61.63%	61.63%	N/A	N/A	N/A	Sales, purchase and research on energy enhancement materials	*(a) (b)*
Shanghai Runshi Technology Co., Ltd.* 上海潤勢科技有限公司	PRC	April 28, 2019	15,000	100%	100%	100%	100%	100%	Research and development	*(a)*
Shanghai Yuyang New Energy Technology Co., Ltd.* 上海禹陽新能源科技有限公司	PRC	December 22, 2015	1,000	100%	100%	100%	100%	100%	Procurement and sales of energy enhancement materials	*(a)*

Name of subsidiaries	Place of incorporation/ registration/ operations	Date of incorporation/ registration	Paid-in share capital/ registered capital	Proportion of ownership interest and voting power held by the Company					Principal activities	Notes
				As at December 31,			As at June 30,	Date of this report		
				2023	2024	2025	2026			
			RMB'000							
Yangzhou Detai Investment Partnership (Limited Partnership)* 揚州德泰投資合夥企業(有限合夥)	PRC	June 20, 2023	900	60%	60%	60%	60%	60%	Inactive	*(a)*
SSI New Materials (HongKong) Co., Limited 貝斯特新材料(香港)有限公司	Hong Kong	March 27, 2024	561	N/A	100%	100%	100%	100%	Overseas sales	*(a)*
Hefei Nexolar New Material Co., Ltd.* 合肥納科秀新材料有限公司	PRC	August 12, 2024	20,500	N/A	100%	100%	100%	100%	Inactive	*(a)*
Zhejiang AITEK New Material Co., Ltd.* 浙江愛科新材料有限公司	PRC	August 6, 2018	56,000	N/A	50%	55.36%	55.36%	55.36%	Research and development, production and sales of electronic ceramic materials	*(a)*
Zhongchuang Aike New Material (Zhejiang) Co., Ltd.* 中創愛科新材料(浙江)有限公司	PRC	October 17, 2022	10,000	N/A	50%	55.36%	55.36%	55.36%	Inactive	*(a)*
Shanghai Demao 上海德茂聚智企業管理諮詢合夥企業(有限合夥)	PRC	December 11, 2025	4,500	N/A	N/A	100%	100%	100%	Investment holding	*(a)*
Suzhou Advanced Flexible Ceramics Co., Ltd.* 蘇州柔陶新材料有限公司	PRC	December 23, 2019	8,565	N/A	N/A	N/A	59.14%	59.14%	Research and development, production and sales of Electronic ceramic materials	*(a)*

* *English name is for identification purpose only.*

All entities now comprising the Group are limited liability companies and have adopted December 31 as their financial year end date.

Notes:

(a) No statutory financial statements have been prepared for other subsidiaries of the Company for each of the three years ended December 31, 2023, 2024 and 2025, as there were no statutory audit requirements for these subsidiaries.

(b) The subsidiary was deregistered on August 25, 2025.

None of the subsidiaries had issued any debt securities at the end of each reporting period.

* *English name is for identification purpose only.*

42. RETIREMENT BENEFITS PLANS

The employees of the Group entities in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The PRC entities are required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. Contributions to the scheme vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

For the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2025 and 2026, the total amount provided by the Group to the scheme in the PRC and charged to profit or loss are RMB4,722,000, RMB5,685,000, RMB6,728,000, RMB3,264,000 (unaudited) and RMB3,840,000, respectively.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to June 30, 2026 and up to the date of this report.

The information set forth in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of the three years ended December 31, 2025 and the six months ended June 30, 2026 (the "Track Record Period") (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is for illustrative purpose only, and is set out to illustrate the effect of the proposed Global Offering (as defined in this Prospectus) on the consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2026 as if the Global Offering had taken place on that date.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Global Offering been completed as at June 30, 2026 or at any further dates.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2026 as derived from the Accountants' Report set out in Appendix I to this Prospectus, and adjusted as described below.

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2026	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2026**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at June 30, 2026**	
	RMB'000 (Note 1)	*RMB'000 (Note 2)*	*RMB'000*	*RMB (Note 3)*	*HK$ (Note 4)*
Based on the Offer Price of HK$6.00 per H Share	562,330	180,946	743,276	1.87	2.18
Based on the Offer Price of HK$7.00 per H Share	562,330	213,798	776,128	1.95	2.28

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2026 is arrived at after deducting intangible assets of RMB83,591,000 and goodwill of RMB9,755,000 attributable to owners of the Company, from the unaudited consolidated net assets of RMB655,676,000 attributable to owners of the Company as at June 30, 2026 as extracted from the Accountants' Report set out in Appendix I to this Prospectus.

2. The estimated net proceeds from the Global Offering are based on 39,999,000 H Shares at the Offer Price of HK$6.00 (equivalent to RMB5.13) and HK$7.00 (equivalent to RMB5.99) per H Share, being the low-end and high-end of the stated Offer Price Range respectively, after deduction of the estimated underwriting fees and commissions and other listing related expenses not yet recognised in profit or loss up to June 30, 2026. It does not take into account any other issuance or repurchase of shares by the Company.

   For the purpose of this unaudited pro forma financial information, the estimated net proceeds from the Global Offering are converted from HK$ into RMB at an exchange rate of RMB0.8556 to HK$1.00, which was the exchange rate prevailing on November 17, 2026 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at on the basis that 398,190,820 shares were in issue excluding 1,799,960 shares held as treasury shares and assuming that the proposed Global Offering has been completed, without taking into account any other issuance or repurchase of shares by the Company.

4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share, is converted from RMB into HK$ at an exchange rate of RMB0.8556 to HK$1.00, which was the exchange rate prevailing on November 17, 2026 with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or any other rates or at all.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2026 to reflect any trading result or other transactions of the Group entered into subsequent to June 30, 2026.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this document.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

Deloitte. 德勤

To the Directors of SSI New Material (Zhenjiang) Co., Ltd. (鎮江貝斯特新材料股份有限公司)

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of SSI New Material (Zhenjiang) Co., Ltd. (鎮江貝斯特新材料股份有限公司) (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at June 30, 2026 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated November 27, 2026 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Global offering on the Group's financial position as at June 30, 2026 as if the proposed Global offering had taken place at June 30, 2026. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended December 31, 2025 and the six months ended June 30, 2026, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at June 30, 2026 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma 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:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
November 27, 2026

ISSUANCE OF SHARES

Shares of the Company are in registered form and may be held in certificated form or in uncertificated form. For the avoidance of doubt, a share is not a separate class of shares merely because it is held in certificated form or in uncertificated form.

Shares shall be issued by a company under the principles of transparency, fairness and equitableness, and each share of the same class shall have the same rights.

For the same class of shares issued in the same offering, the issuance conditions and price per share shall be identical; the subscribers shall pay the same price for each share subscribed.

The Company makes arrangements for H Shares to be issued and traded in uncertificated form in accordance with applicable regulatory requirements. A registered holder of H Shares may hold them in uncertificated form through the UNSRT system, the CCASS or another permitted electronic system, subject to applicable laws and regulatory requirements. A statement or confirmation issued by the relevant electronic system or the electronic register of holders is sufficient evidence of title to such shares. Subject to applicable laws and regulations, the Company is not required to issue physical share certificates for H Shares held in uncertificated form.

From the date on which the Company's H Shares become participating securities under the USM Rules (the "Participation Date"), the Company will issue its H Shares in uncertificated form and will not issue share certificates for them, except where its H Shares are in the process of delisting. This applies to issues, allotments, transfers, transmissions, consolidations and subdivisions of H Shares taking place on or after the Participation Date and requiring registration in the register of holders, as well as requests for replacement certificates where the replacement certificate has not been issued as at the Participation Date. It also applies to requests to combine or divide existing certificates. Any share certificate issued before the Participation Date and not cancelled remains valid.

INCREASE AND DECREASE OF CAPITAL AND REPURCHASE OF SHARES

Capital Increase

The Company may, upon resolution by the general meeting, adopt the following methods to increase its capital based on its business and development needs and pursuant to the laws, administrative regulations and provisions of the securities regulatory authority where our shares are listed:

(I) issuance of shares to unspecified objects;

(II) issuance of shares to specified objects;

(III) distribution of bonus shares to existing shareholders;

(IV) conversion of reserve to increase share capital; and

(V) other methods approved by laws, administrative regulations and provisions of the securities regulatory authority where our Company's shares are listed.

Where the Company capitalises its statutory reserve into registered capital, the Board may, to the extent necessary and where no other practicable arrangement is available, make arrangements to separately calculate the respective rights of shareholders holding H Shares in certificated form and in uncertificated form.

Capital Decrease

The Company may reduce its registered capital in accordance with laws, administrative regulations, departmental rules, securities regulatory rules where the Company's shares are listed and the Articles of Association.

When reducing capital, the Company shall prepare a balance sheet and property list. It shall notify creditors within 10 days of the general meeting resolution, and announce the matter within 30 days on a qualified media, the National Enterprise Credit Information Publicity System and the HKEXnews website of the Stock Exchange (www.hkexnews.hk). Creditors shall have the right to demand debt settlement or guarantees within 30 days of receiving the notice (or 45 days of the announcement if no notice is received).

Capital reduction shall be proportional to shareholders' shareholding ratios, unless otherwise stipulated by laws or the Articles of Association.

Share Repurchase

The Company shall not repurchase its own shares except under the following circumstances:

(I) Reduction of registered capital;

(II) Merger with another company holding its shares;

(III) use of shares for employee stock ownership plan or equity incentives;

(IV) a shareholder's objection to the resolution on the company's merger or division passed by the general meeting, requesting the company to acquire its shares;

(V) use of shares for conversion of corporate bonds issued by the company that can be converted into shares;

(VI) necessity for the purpose of maintaining the value of the company and shareholders' equity;

(VII) other circumstances stipulated by laws, regulations departmental rules, and securities regulatory rules where the Company's shares are listed.

The Company may acquire its own shares through open centralized trading, or other methods recognized by laws, administrative regulations, the securities regulatory authorities and stock exchanges of the places where the Company's shares are listed.

The Company shall acquire its own shares through open centralized trading under the circumstances stipulated in items (III), (V) and (VI) of the first paragraph of Article 25 of the Articles of Association. A resolution shall be passed at the general meeting when the Company is to acquire its own shares under the circumstances (I) and (II) set out in the first paragraph of Article 25 of the Articles of Association. In case of the circumstances stipulated in items (III), (V) and (VI) of the first paragraph of Article 25, the Company may, in accordance with the provisions of the Articles of Association or the authorization of the general meeting, and in compliance with the applicable securities regulatory rules of the place where the Company's shares are listed, pass a resolution at a Board meeting attended by more than two-thirds of the Directors.

After the Company has acquired its own shares in accordance with the provisions of the first paragraph of Article 25, subject to the applicable securities regulatory rules of the place where the Company's shares are listed, if it falls under circumstance (I), the acquired shares shall be cancelled within 10 days from the date of acquisition; if it falls under circumstances (II) or (IV), the acquired shares shall be transferred or cancelled within 6 months; if it falls under circumstances (III), (V), or (VI), 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 3 years.

When the Company acquires its own shares, it shall fulfill its information disclosure obligations in accordance with the PRC Securities Law and the securities regulatory rules of the place where the Company's shares are listed. Where the securities regulatory rules of the place where the Company's shares are listed stipulate otherwise, such provisions shall prevail, provided that they do not contravene the Company Law, the PRC Securities Law and other laws and regulations, or the Guidelines for Articles of Association of Listed Companies and other applicable relevant domestic laws and regulations.

Share Transfer

Shares of a company shall be transferred pursuant to the laws, administrative regulations, securities regulatory rules where the Company's shares are listed.

Subject to applicable laws and regulations, including the Companies Ordinance, the SFO and the USM Rules, transfers of uncertificated H Shares are normally effected by a specified request from the transferor and the transferee through a permitted electronic system in accordance with its rules and procedures. A specified request must comprise an authenticated message attributable to each of the transferor and the transferee. A written instrument of transfer executed by the transferor and the transferee or their respective representatives may be used only if the Board is satisfied that a transfer by specified request is not reasonably practicable and best endeavours have been used to procure the use of a specified request. Any such instrument must comply with the USM Rules and be in a standard form or another form approved by the Board. Where the H Shares are in the process of delisting, transfers are made by written instrument as described below.

All transfers of H Shares held in certificated form shall be effected by an instrument of transfer in common or ordinary form or in any other form acceptable to the Board (including the standard transfer form or transfer table as may be prescribed by the Hong Kong Stock Exchange from time to time); and such instrument of transfer may only be executed by hand or by affixing the valid seal of the Company (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house or its agent as defined by the relevant ordinances in force in Hong Kong from time to time, the instrument of transfer may be signed by hand or by machine print. All instruments of transfer shall be kept at the Company's registered address or at such other address as the Board may from time to time designate.

The Company shall not accept its shares as subject matter of pledge.

UNCERTIFICATED SECURITIES MARKET REGIME

Terms defined in the USM Rules have the same meanings in this summary unless the context requires otherwise.

Dematerialisation

From the Participation Date, certificated H Shares must be dematerialised where required under the USM Rules. Whether initiated by the Company or requested by an H Shareholder or transferee, the Company's Approved Securities Registrar may charge the H Shareholder and/or transferee a reasonable fee within the applicable limit under the Code of Conduct for Approved Securities Registrars, except where the H Shares are in the process of delisting.

Replacement of share certificates

Unless otherwise provided in the USM Rules, if a certificate for participating H Shares is defaced, damaged, destroyed or lost and a replacement certificate was not issued before the Participation Date, the shares must instead be dematerialised and recorded in the register of holders in uncertificated form. The holder must satisfy the existing procedures and preconditions for replacing a certificate and any conditions set by the Board as to evidence, indemnity and reasonable fees. This paragraph does not apply where the H Shares are in the process of delisting. Subject to the Articles of Association and applicable laws and rules of the place of listing, a person registered, or seeking registration, as the holder of shares held in certificated form may apply to the Company for a replacement if the share certificate has been lost.

Rematerialisation

If the Company rematerialises uncertificated participating H Shares in the limited circumstances permitted by the USM Rules, it must issue the required number of share certificates to the holders, free of charge, as soon as reasonably practicable after rematerialisation. Only one certificate will be issued for an H Share held jointly.

Rectification of registration records

A person entered in, or seeking entry in, the register of holders who disputes or identifies an error in the electronic record of uncertificated H Shares in that person's name may apply to the Company and its Approved Securities Registrar for rectification. Such an application may be dealt with under the USM Rules, the laws and stock exchange rules of the place where the principal H Share register of holders is kept and other applicable requirements.

Transfer Registration and Electronic Systems

The Approved Securities Registrar appointed by the Company may charge a reasonable fee, not exceeding the applicable maximum prescribed by the Code of Conduct for Approved Securities Registrars, for registering any instrument of transfer, specified request or other document relating to or affecting the title to any shares.

Subject to the laws and regulations of the place of listing, the Board may refuse to register a transfer of H Shares held in uncertificated form in any of the following circumstances: (i) the specified request was not sent in accordance with the operating rules of the Approved Securities Registrar appointed by the Company; (ii) the transferor, the transferee or the legal successor (as the case may be) is not a system member of the uncertificated securities registration and transfer system operated by the Approved Securities Registrar appointed by the Company; (iii) the Company has received a written instrument of transfer where the Board is satisfied that it is reasonably practicable to transfer the relevant shares by way of a specified request; (iv) the H Shares of the Company are in the process of delisting; (v) any reasonable fee charged by the Approved Securities Registrar for registering the transfer (not exceeding any maximum prescribed by the Code of Conduct for Approved Securities Registrars) has not been paid; (vi) the Company has a lien on the relevant H Shares; (vii) the Company has commenced dematerialisation of the relevant shares and the dematerialisation fee has not been paid; or (viii) any other circumstances prescribed by the USM Rules or any other applicable laws.

Subject to the laws and regulations of the place of listing, the Board may refuse to register a transfer of H Shares held in certificated form in any of the following circumstances: (i) the transfer application is sent by way of a specified request; (ii) the relevant shares are participating securities and a dematerialisation request in respect of them has not been received or has been rejected; (iii) the transferor, the transferee or the legal successor (as the case may be) is not a system member of the uncertificated securities registration and transfer system operated by the Approved Securities Registrar appointed by the Company; (iv) the instrument of transfer is not accompanied by the share certificate for the relevant H Shares or by such other evidence as the Board reasonably requires to prove the transferor's right to transfer, or the right of any other person to transfer on the transferor's behalf; (v) any reasonable fee charged by the Approved Securities Registrar for registering the transfer (not exceeding any maximum prescribed by the Code of Conduct for Approved Securities Registrars) has not been paid; or (vi) the Company has a lien on the relevant H Shares.

If the Board refuses to register a transfer under the Articles of Association, it must notify the transferor and transferee within the period prescribed by the Code of Conduct for Approved Securities Registrars.

The Company is not responsible for any delay or failure of any electronic system unless such delay or failure is caused by the Company's own negligence.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Shareholders

The Company shall establish its register of holders from uncertificated records provided by its Approved Securities Registrar and/or certificates provided by securities registration and settlement institutions. The register of holders is sufficient evidence of shareholding and includes the register of holders under the USM Rules. H Shares issued in uncertificated form or dematerialised are recorded as such in the register of H Shareholders. Entries recording uncertificated holdings may be added, amended or removed only in accordance with the USM Rules. Anyone may inspect and copy entries relating to that holder, or request copies of those entries, in accordance with those rules. For participating H Shares, the entries have the evidentiary and other effects prescribed by the USM Rules, and the Company must notify holders of changes to their uncertificated holdings or other particulars as required by those rules.

Shareholders shall enjoy the rights and bear the obligations by the type of shares held; shareholders who hold the same type of shares shall enjoy the same rights and bear the same type of obligations.

Rights and Obligations of Shareholders

The rights of our shareholders are as follows:

(I) to receive dividends and other forms of interest distribution according to the number of shares held;

(II) to legitimately request, convene, chair, attend, or appoint proxies to attend the general meeting, speak at the meeting, and exercise voting rights (except where voting rights must be waived on specific matters according to securities regulatory rules where our Company's shares are listed);

(III) to supervise our company's business operations, propose suggestions, or make inquiries;

(IV) to transfer, donate, and pledge their shares in accordance with laws, administrative regulations, relevant securities regulators rules, and the Articles of Association;

(V) to read and copy the Articles of Association, register of holders, minutes of general meetings, resolutions of board meetings and financial accounting reports; qualified shareholders may consult the Company's accounting books and accounting vouchers; if the securities regulatory rules of the place where the company's shares are listed provide otherwise, such rules shall prevail;

(VI) to participate in the distribution of residual property based on their shareholding upon termination or liquidation of the company;

(VII) dissenting shareholders who object to resolutions on our Company's merger or division passed at the general meeting are entitled to demand that the Company purchase their shares;

(VIII) to inspect the Hong Kong branch register of holders, subject to the Company's power to close the register or suspend the registration of H Share transfers in accordance with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the USM Rules where applicable and other applicable requirements;

(IX) any other rights stipulated by laws, administrative regulations, departmental rules, securities regulatory rules where the Company's shares are listed, or the Articles of Association.

A shareholder requesting inspection or copies of the materials referred to above must comply with applicable laws and rules, including the USM Rules where applicable, and provide evidence of the class and number of shares held. The Company will provide the requested materials after verifying the shareholder's identity.

The obligations of Shareholders are as follows:

(I) to comply with laws, administrative regulations, departmental rules, securities regulatory rules where the Company's shares are listed and the Articles of Association;

(II) to pay subscription monies according to the shares subscribed for and the method of subscription;

(III) not to withdraw Shares except as prescribed by the law or regulations;

(IV) not to abuse Shareholders rights to damage the company or other shareholders' interests; not to abuse the independent legal person status of the company and the limited liability of the shareholders to damage the interests of creditors;

(V) other obligations conferred by laws, administrative regulations, departmental rules, securities regulatory rules where the Company's shares are listed, and the Articles of Association.

Shareholders who abuse their shareholder's rights and cause the Company or other shareholders to suffer losses shall be liable for compensation in accordance with the law.

Shareholders who abuse the independent legal person status of the Company and shareholder's limited liability to evade debts and seriously damage the interests of creditors of the Company shall bear joint and several liability for the debts of the Company.

SHAREHOLDERS MEETINGS

General Provisions for General Meetings

The general meeting of the Company is composed of all shareholders. The general meeting is an organisation of authority of the Company and exercises the following powers pursuant to the law:

(I) electing and replacing the Directors, and deciding the remuneration matters of Directors;

(II) deliberating and approving the reports of Board of directors;

(III) deliberating and approving the profit distribution plan and loss compensation plan of the company;

(IV) making resolution on increasing or decreasing the registered capital of the company;

(V) making resolution on the issuing of company bonds;

(VI) making resolution on merger, division, dissolution, liquidation or changing the form of the company;

(VII) amending the Articles of Association;

(VIII) making resolution on engagement and dismissal of the accountant firm that undertakes the auditing of the company;

(IX) deliberating and approving transactions or external guarantees that should be decided by the general meeting according to laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and the Rules of Procedure for Shareholders Meetings;

(X) deliberating purchases and sales of significant assets within a year exceeding 30% of the most recently audited total assets of the company;

(XI) authorizing the Board of Directors to make resolutions regarding the issuance of shares and bonds convertible into shares by the Company, subject to compliance with all applicable laws, regulations and the securities regulatory rules of the place where the Company's shares are listed;

(XII) deliberating and approving changes in usage of raised funds;

(XIII) deliberating equity incentive plans and employee stock ownership plans;

(XIV) deliberating on transactions of the Company that require shareholder approval pursuant to the Listing Rules;

(XV) deliberating other matters which shall be decided by the general meeting as required the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The general meeting may authorize or delegate to the Board of Directors to handle such matters as it may authorize or delegate, subject to compliance with all applicable laws, regulations, the rules of the CSRC and the securities regulatory rules of the place where the Company's shares are listed.

Convening of General Meetings

The general meeting shall be convened by the Board of Directors, which shall convene the general meeting within the prescribed period.

Upon consent by more than half of all the independent non-executive Directors, the independent non-executive Directors may propose to the Board of Directors to convene an extraordinary general meeting. Where independent non-executive Directors propose to convene an extraordinary general meeting, the Board of Directors shall provide written feedback on approval or non-approval of convening of an extraordinary general meeting within 10 days from receipt of the proposal pursuant to the provisions of laws, administrative regulations, and the Articles of Association.

Where the Board of Directors gives consent to convening of an extraordinary general meeting, a notice on convening of general meeting shall be issued within 5 days after the board resolution is passed; if the Board of Directors does not give consent to convening of an extraordinary general meeting, it shall state the reasons and make an announcement.

Where the Audit Committee proposes to the Board of Directors on convening of an extraordinary general meeting, the proposal shall be made in writing to the Board of Directors. The Board of Directors shall provide written feedback on approval or non-approval of convening of an extraordinary general meeting within 10 days from receipt of the proposal pursuant to the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Where the Board of Directors gives consent to convening of an extraordinary general meeting, a notice on convening of general meeting shall be issued within 5 days after the board resolution is passed; any change to the original proposal in the notice shall be approved by the Audit Committee.

Where the Board of Directors does not give consent to convening of an extraordinary general meeting or does not issue feedback within 10 days from receipt of the proposal, the Board of Directors shall be deemed as unable to perform or failed to perform the duties of convening of general meeting, and the Audit Committee may convene and chair the general meeting on its own.

A shareholder who individually or jointly holds 10% or more of the company's shares (including preferred shares with resumed voting rights etc.) shall make a request to the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall

provide written feedback on approval or non-approval of convening of an extraordinary general meeting within 10 days from receipt of the request pursuant to the provisions of laws, administrative regulations the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Where the Board of Directors gives consent to convening of an extraordinary general meeting, a notice on convening of general meeting shall be issued within 5 days after the board resolution is passed; any change to the original request in the notice shall be approved by the relevant shareholders.

Where the Board of Directors does not give consent to convening of an extraordinary general meeting, or does not provide feedback within 10 days from receipt of the request, a shareholder who individually or jointly holds 10% or more of the company's shares proposes to the Audit Committee to convene an extraordinary general meeting, the request shall be made to the Audit Committee in writing.

Where the Audit Committee gives consent to convening of an extraordinary general meeting, a notice on convening of general meeting shall be issued within 5 days from receipt of the request; any change to the original request in the notice shall be approved by the relevant shareholders.

Where the Audit Committee does not issue a notice of general meeting within the stipulated period, the audit committee shall be deemed not to convene and chair the general meeting, and a shareholder who individually or jointly holds 10% or more of the Company's Shares for 90 or more consecutive days may convene and chair the general meeting on his/her own.

If the Audit Committee or shareholders decide to convene a Shareholders meeting on their own, they must notify the Board of Directors in writing, and at the same time, complete the necessary filings or announcements in accordance with the securities regulatory rules and the requirements of the stock exchange of the place where the Company's shares are listed.

Before the announcement of the resolution of the general meeting, the proportion of shares (excluding treasury shares) held by the convening shareholders shall not be less than 10%.

The Audit Committee or the convening shareholders shall submit relevant supporting documents in accordance with the securities regulatory rules and the requirements of the stock exchange of the place where the Company's shares are listed when issuing the notice of the general meeting and the announcement of the resolution of the general meeting.

In respect to general meetings convened by the Audit Committee or by the shareholders, the Board of Directors and its secretary shall assist. The Board of Directors shall provide the register of holders as of the date of record.

All costs and expenses necessary for general meetings convened by the Audit Committee or by the shareholders shall be borne by the company.

Proposals and Notices of General Meetings

The contents of proposals shall fall within the scope of duties and powers of the general meeting, contain clear topics and detailed resolutions and comply with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The convener will notify all shareholders by means of announcement 21 days prior to the annual general meeting. An extraordinary general meeting will be notified to all shareholders by means of announcement 15 days prior to the meeting.

For the purpose of calculating the aforementioned "21 days" and "15 days", the date on which the meeting is held shall be excluded, but the date on which the notice is published shall be included.

A notice of the general meeting includes the following contents:

(I) the time, venue, and duration of the meeting;

(II) the matters and proposals to be submitted to the meeting for deliberation;

(III) a conspicuous written statement as follows: all shareholders have the right to attend the general meeting and may authorize in writing a proxy, who needs not necessarily be a shareholder, to attend and vote at the meeting;

(IV) the date of record of shareholders entitled to attend the general meeting;

(V) the name and telephone number of the permanent contact person of meeting;

(VI) the voting time and procedures online or by any other method; and

(VII) other matters stipulated by laws, regulations, departmental rules, and securities regulatory rules where our Company's shares are listed.

Subject to the USM Rules and the operating rules of the Company's Approved Securities Registrar, the Company and holders or transferees of H Shares may send or provide information to one another by authenticated message. The provisions of the USM Rules on the effect of such an authenticated message apply where it is attributable to the person sending or providing it and the recipient is its intended addressee. Subject to the applicable listing rules, the Company may also use authenticated messages to send or make corporate communications available to H Shareholders. The Company shall implement corporate actions by electronic means as required by the USM regime.

Voting and Resolution at General Meetings

Resolutions at general meetings consist of ordinary resolutions and special resolutions.

If the general meeting makes an ordinary resolution, it shall be passed by more than half of the voting rights held by shareholders (including proxies) attending the meeting.

If the general meeting makes a special resolution, it shall be passed by two-thirds or more of the voting rights held by shareholders (including proxies) attending the meeting.

The following matters are adopted by ordinary resolutions at the general meeting:

(I) work report of the Board of Directors;

(II) profit distribution plans and loss compensation plans proposed by the Board of Directors;

(III) appointment, removal, remunerations and method of payment of members of the Board of Directors;

(IV) resolution on appointment and dismissal of an accounting firm by the Company for auditing;

(V) matters other than those which shall be adopted by special resolutions as specified by the laws, administrative regulations the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The following matters are adopted by special resolutions at the General meeting:

(I) the increase or decrease of registered capital of the company;

(II) division, split, merger, dissolution or liquidation of the company (including voluntary winding-up);

(III) amendment of the Articles of Association;

(IV) the purchase or sales of material assets within one year or provision of guarantees to others by the company whose amount exceeds 30% of the most recently audited total assets;

(V) share incentive plans and employee stock ownership plan; and

(VI) matters specified by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, and other matters which are confirmed through ordinary resolutions at general meetings as having a significant influence on the company and requiring special resolutions to approve.

Shareholders shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall have one vote.

The shares in the company held by the company shall have no voting right and shall not be included in the total number of shares with voting rights present at the general meeting.

When the general meeting deliberates on related-party transactions, the related shareholders may make appropriate representations on the related-party transaction matters, but shall not participate in the voting, and the number of shares held with voting rights shall not be included into the total number of valid votes. Such related-party transaction matters shall be voted on by the non-related shareholders present at the meeting, and shall be approved if more than half of the valid voting rights are in favor thereof; if such transaction matters fall within the scope of special resolutions, they shall be approved by more than two-thirds of the valid voting rights. The announcement of shareholders' resolution shall fully disclose the voting of the non-related shareholders.

Unless the Articles of Association provide otherwise, each shareholder may appoint one proxy, who need not be a shareholder, to attend, speak and vote at a general meeting. A recognised clearing house or its nominee may authorise its corporate representative or one or more persons to act for it at a general meeting in accordance with the Articles of Association.

A proxy form sent by authenticated message is valid if it complies with the operating rules of the Company's Approved Securities Registrar, is attributable to the sender or provider and is received by its intended addressee. To the extent permitted by applicable laws, the Hong Kong Listing Rules and the USM Rules, and subject to the Approved Securities Registrar's operating rules and the same requirements as to attribution and the intended addressee, a shareholder may give, vary or revoke a proxy appointment or voting instruction for a general meeting by authenticated message.

If necessary, the Board may make arrangements to separately calculate the respective rights of shareholders in respect of H Shares held in certificated form and H Shares held in uncertificated form where no other method is reasonably practicable.

Directors and Board of Directors

Directors are elected or replaced by the general meeting and may be removed from office by the general meeting before the expiry of term of office. The term of office for directors shall be three years. A director may be re-elected for consecutive terms upon expiry of his/her term of office.

Senior executives may serve as directors concurrently, provided that the aggregate number of directors concurrently serving as senior executives, together with directors who are employee representatives may not exceed 50% of the total number of directors of the company.

The Board of Directors shall consist of 7 directors, including three independent non-executives, of whom at least one independent non-executive shall be an accounting professional and possess appropriate professional qualifications or expertise in accounting or related financial management.

The Board of Directors exercises the following functions and powers:

(I) convening the general meeting and reporting its work to the general meeting;

(II) executing resolutions of the general meeting;

(III) deciding the operational plans and investment plans of the company;

(IV) preparing the profit distribution plans and loss compensation plans of the company;

(V) preparing plans for the company to increase or decrease its registered capital, issue bonds or other securities as well as the listing of the company;

(VI) drafting plans for the company with respect to significant acquisitions, purchase of shares, mergers, divisions, dissolution or change of the form of the company;

(VII) deciding the company's outbound investments, purchase and sale of assets, pledge of assets, external guarantees, entrusted wealth management, related-party transactions, external donations and other matters within the scope authorized by the general meeting;

(VIII) deciding to establish the internal management organizations of the company;

(IX) deciding on the appointment or dismissal of company manager, secretaries to the Board of Directors, and other senior executives, as well as deciding on their remuneration, reward and disciplinary matters; deciding on the appointment or dismissal of senior executives such as deputy managers, chief financial officer, and deciding on their remuneration, reward and disciplinary matters based on the managers' nominations;

(X) preparing the basic management system of the company;

(XI) preparing plans to amend the Articles of Association;

(XII) managing the disclosure of information by the company;

(XIII) requesting the general meeting to engage or replace the accounting firm that provides audit services to the company;

(XIV) listening to the manager's work report and checking the manager's work;

(XV) deliberating and approving transactions that are required to be considered and approved by the Board of Directors pursuant to the securities regulatory rules of the place where the Company's shares are listed; and

(XVI) other powers authorized by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the general meeting.

The Board of Directors shall have one Chairman. The Chairman shall be elected by more than half of all the directors on the Board of Directors.

The Chairman shall exercise the following official powers:

(I) presiding over the general meetings, and convening and chairing board meetings;

(II) supervising and inspecting implementation of board resolutions;

(III) representing the Company in signing relevant documents, including but not limited to signing shares certificates, corporate bonds and other marketable securities issued by the Company, and signing important documents of the Board of Directors and other documents that should be signed by the legal representative of the Company;

(IV) exercising the powers of the legal representative of the Company;

(V) in the event of major natural disasters and other emergency situations beyond control, to exercise special disposal rights in compliance with legal provisions and in the interests of the Company over the Company's affairs, and to report the same to the Company's Board of Directors and Shareholders meeting afterwards; and

(VI) other powers and duties authorized by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Board of Directors.

The Board of Directors shall hold at least four meetings every year; the Chairman shall convene the board meetings and issue a written notice to all the directors 14 days before the meeting is held.

Shareholders holding one-tenth or more of the voting rights, one-third or more of the directors or the Audit Committee may propose an extraordinary board meeting. The Chairman shall convene and chair a board meeting within 10 days from receipt of the proposal.

A board meeting shall be held only after more than half of the directors are present at the meeting. Unless otherwise provided by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the company's shares are listed and the Articles of Association, Board resolutions shall be passed by more than half of all the directors.

When voting for board resolutions, a director shall have one vote.

Specialized Committees under Board of Directors

Audit Committee

The Board of Directors of a company shall establish the Audit Committee to exercise the official powers of the board of supervisors stipulated by the Company Law.

The members of the Audit Committee shall comprise 3 Directors who are not senior executives of the company, among them there are 3 independent non-executive Directors, and an accounting professional among the independent non-executive Directors shall act as the convener.

The Audit Committee shall be responsible for review of the company's financial information and disclosure thereof, supervision and evaluation of internal and external audit and internal control. The following matters shall, upon consent by more than half of all the members of the Audit Committee, be tabled at a board meeting for deliberation:

(I) disclosure of financial information in financial accounting reports and periodic reports, internal control evaluation report;

(II) appointment or dismissal of accounting firm which undertakes audit engagement of a listed company;

(III) appointment or dismissal of chief financial officer of the Company;

(IV) change in accounting policies or accounting estimates or correction of material accounting error for a reason other than change in accounting standards; and

(V) any other matters stipulated by laws, administrative regulations, the rules of CSRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

SENIOR EXECUTIVES

The Company shall have one General Manager who shall be appointed or dismissed by the Board of Directors.

The Company shall have several Deputy General Managers, one Secretary to the Board of Directors and one chief financial officer who shall be appointed or dismissed by the Board of Directors.

The General Manager is responsible to the Board of Directors and exercises the following powers:

(I) presiding over the production and operation of the company, implementing resolutions of the Board of Directors and reporting his/her work to the Board of Directors;

(II) implementing the annual operation plan and investment plan of the company;

(III) drafting plans for establishment of the internal management organization of the company;

(IV) drafting the basic management system of the company;

(V) laying down the specific rules and regulations of the company;

(VI) requesting the Board of Directors to appoint or dismiss deputy managers and chief financial officer;

(VII) deciding to appoint or dismiss management personnel other than those who shall be appointed or dismissed by the Board of Directors; and

(VIII) other powers authorized by the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the Board of Directors.

The Company shall have a secretary to the Board of Directors, responsible for the preparation of general meetings and meetings of Board of Directors, keeping of documents, management of shareholders' information, and disclosure of information.

Financial and Accounting System

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions of the relevant state authorities. The Company's financial year shall follow the Gregorian calendar year system, i.e., each financial year shall commence on 1 January and end on 31 December of the Gregorian calendar.

The Company shall, within four (4) months after the end of each financial year, prepare and disclose its annual report in accordance with the relevant regulatory requirements. It shall also prepare and disclose its interim report in accordance with the relevant regulatory requirements within three (3) months after the end of the first half of each financial year.

The above annual and interim reports are prepared according to the relevant laws, administrative regulations, departmental rules, and the requirements of the stock exchange of the place where the Company's shares are listed.

PROFIT DISTRIBUTION

When a company distributes its after-tax profits of the current year, it shall allocate 10% of the profits into the legal reserve fund. If the company's legal reserve fund exceeds 50% of the registered capital, no further allocation is required.

If the legal reserve fund of the company is insufficient to compensate for the losses suffered in the previous year, then before making the allocation mentioned in the last paragraph, profits of he current year shall first be used to cover up the losses.

After the company withdraws the legal reserve fund from the after-tax profits, if resolved by the general meeting, it may also withdraw an optional reserve fund from the after-tax profits.

After the company makes up losses and withdraws reserve funds, the balance of after-tax profits shall be distributed according to the proportion of shares held by shareholders, unless the Articles of Association provide that the distribution is not made as per the proportion of shareholding.

If the general meeting violates the Company Law by distributing profits to shareholders, the shareholders shall return the distributed profits to the company. If losses are caused to the company, the shareholders and the responsible directors and senior executives shall be liable for compensation.

Shares of the company held by the company do not participate in profit distribution.

The Company shall appoint one or more receiving agents in Hong Kong for the H Shareholders. The receiving agents shall collect and hold on behalf of the relevant H Shareholders the dividends and other sums payable by the Company in respect of the H Shares, pending payment to such H Shareholders. The receiving agents appointed by the Company shall comply with the requirements of the laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

Dissolution and Liquidation

The Company may be dissolved due to the following reasons:

(I) expiry of the business term as specified by the Articles of Association or the occurrence of other matters for dissolution as specified by the Articles of Association;

(II) dissolution by a resolution of the general meeting;

(III) dissolution due to merger or division;

(IV) revocation of the business license, or being ordered to be closed down or revoked according to the law; or

(V) where the company has serious difficulties in its business management and its subsistence will cause serious damage to the interests of its shareholders, which is unable to be resolved through any other means, a shareholder who holds 10% or more of the voting rights of the company may apply to a people's court for dissolution of the company.

Upon occurrence of an event which triggers dissolution as stipulated in the preceding paragraph, an announcement shall be made through the National Enterprise Credit Information Publicity System within 10 days.

The Company dissolved pursuant to the provisions of item (I), item (II), item (IV) and item (V) above shall undergo liquidation. As the liquidation obligors of the company, directors shall form a liquidation team to carry out liquidation within 15 days from occurrence of the event which triggers dissolution. The liquidation team shall comprise directors, unless otherwise provided in the Articles of Association or as resolved by the general meeting to elect others.

The liquidation team shall notify the creditors within 10 days from establishment and make an announcement on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the National Enterprise Credit Information Publicity System within 60 days. The creditors shall declare their creditor's rights to the liquidation team within 30 days from receipt of notification or within 45 days from the date of announcement if they do not receive notification.

Upon sorting out of the company's assets and formulation of balance sheet and list of assets, the liquidation team shall formulate a liquidation plan and submit it to the general meeting or a people's court for confirmation.

Upon sorting of the company's assets and formulation of balance sheet and list of assets, where the liquidation team discovers that the company's assets are inadequate for repayment of debts, it shall apply to a people's court for bankruptcy liquidation.

Upon acceptance of a bankruptcy application by a people's court, the liquidation team shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of liquidation, the liquidation team shall prepare a liquidation report and submit it to the general meeting or a people's court for confirmation and submit it to the company registration authority to apply for deregistration.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, a company shall amend its Articles of Association:

(I) after amendments are made to the Company Law or other relevant laws, administrative regulations or regulatory rules at the place where the shares of the Company are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations or regulatory rules at the place where the shares of the Company are listed;

(II) there is a change to the company's details which result in inconsistency with the matters set out in the Articles of Association; or

(III) the general meeting has decided on amendment to the Articles of Association.

If the Articles of Association conflict with, are inconsistent with or are silent on a matter governed by the applicable requirements of the uncertificated securities market regime, those requirements prevail. These include the USM Rules and the applicable operating rules of the Company's Approved Securities Registrar.

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation of Our Company

The Company was established as a limited liability company under the laws of the PRC on March 14, 2017 and was converted into a joint stock company with limited liability on October 14, 2021.

The Company has established a place of business in Hong Kong at Room 1915, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. The Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on January 22, 2026, with Ms. Mak Sin Ki appointed as the Hong Kong authorized representative of the Company for acceptance of the service of process and any notices required to be served on the Company in Hong Kong.

As the Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the Articles of Association is set out in Appendix III.

2. Changes in the Share Capital of the Company

Please refer to the section headed "History, Development and Corporate Structure" for changes in the share capital of the Company.

Save as disclosed above, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 41 to the Accountants' Report set out in Appendix I to this prospectus.

On December 11, 2025, Shanghai Runshi increased its registered capital from RMB10,000,000 to RMB15,000,000 by way of capital contribution from our Company.

On June 30, 2026, Suzhou Routao increased its registered capital from RMB5,833,330 to RMB8,565,789 by way of capital contribution from our Company.

Save as disclosed above, there has been no alteration in the share capitals of subsidiaries of our Company during the two years immediately preceding the date of this prospectus.

4. Resolutions Passed by Our Shareholders' General Meetings in Relation to the Global Offering

At the extraordinary general meetings of the Shareholders held on November 28, 2025 and December 31, 2025, the following resolutions, among other things, were duly passed:

(i) the issue by the Company of H Shares with a nominal value of RMB0.10 each and such H Shares be listed on the Stock Exchange;

(ii) the number of H shares to be issued shall be no more than 25% of the total issued share capital upon the Global Offering;

(iii) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the Global Offering, the issue and listing of H Shares on the Stock Exchange; and

(iv) subject to the completion of the Global Offering, the conditional adoption of the revised Articles of Association, which shall become effective on the Listing Date.

5. Restrictions on Repurchase

Please refer to Appendix III to this prospectus for details.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of Material Contract

We have entered into the following contract (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that is or may be material:

(a) the Hong Kong Underwriting Agreement.

2. Intellectual Property

As at the Latest Practicable Date, the following intellectual property rights are material to the Group's business:

(a) Trademarks

As at the Latest Practicable Date, the Group had registered the following trademarks which are material to its business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
						(Year.Month.Date)
1. . . .	N'BASS	10	Our Company	PRC	76760325	2035.9.20
2. . . .	N'BASS	9	Our Company	PRC	71266088	2035.9.20
3. . .	N'BASS	17	Our Company	PRC	74160964	2034.4.13
4. . .	N'BASS	9	Our Company	PRC	66283157	2035.2.13
5. . .	N'BASS	1	Our Company	PRC	38289318	2030.2.6
6. . .	N'BASS	1	Our Company	PRC	66289823	2033.2.6
7. . .	N'BASS	35	Our Company	PRC	57642501	2032.1.20
8. . .	N'BASS	1	Our Company	PRC	74025203	2034.3.6
9. . .	N'BASS	9	Our Company	PRC	68881175	2035.6.6
10. . .	N'BOND	1	Our Company	PRC	57639321	2032.1.20

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
						(Year.Month.Date)
11. . .	N'BOND	35	Our Company	PRC	57628433	2032.1.20
12. . .	N'BOND	9	Our Company	PRC	57614502	2033.1.13
13. . .	N'BOND	9	Our Company	PRC	63498785	2033.4.6
14. . .	Nexolar	9	Our Company	PRC	65486563	2033.4.6
15. . .	Nexolar	35	Our Company	PRC	65473630	2032.12.20
16. . .	N'FILM	1	Our Company	PRC	57644002	2032.1.20
17. . .	N'FILM	35	Our Company	PRC	63515146	2033.1.20
18. . .	N'FILM	9	Our Company	PRC	57635259	2032.1.20
19. . .	N'LAYER	1	Our Company	PRC	63506790	2033.1.20
20. . .	N'LAYER	9	Our Company	PRC	63509388	2032.12.27
21. . .	N'LAYER	35	Our Company	PRC	63509755	2032.10.6
22. . .	Z'BASS	9	Our Company	PRC	66283852	2034.12.20
23. . .	Z'BASS	1	Our Company	PRC	66269195	2033.5.20
24. . .	润势	42	Shanghai Runshi	PRC	78428114	2034.10.20
25. . .	润势	2	Shanghai Runshi	PRC	78438030	2034.10.20
26. . .	AITEKPOL	1	Zhejiang AITEK	PRC	65730710	2032.12.20
27. . .	AITEKCERA	1	Zhejiang AITEK	PRC	65722201	2032.12.20
28. . .	AITEKPOL	3	Zhejiang AITEK	PRC	65717087	2032.12.27
29. . .	AITEKOXIDE	1	Zhejiang AITEK	PRC	62807676	2032.10.6
30. . .	AITEK	1	Zhejiang AITEK	PRC	36339743A	2032.1.20
31. . .	AITEK	14	Zhejiang AITEK	PRC	36337510A	2032.1.20

(b) Domain Names

As at the Latest Practicable Date, the Group had registered the following domain name which are material to its business:

No.	Domain Name	Registered Owner	Expiry Date
1. .	n-bass.com	Our Company	March 29, 2028

(c) Patents

As at the Latest Practicable Date, the Group had registered the following patents which are material to its business:

No.	Patent	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Application Date *(Date/Month/Year)*	Duration of Patent Right
1. . .	Speaker with granular zeolite material in deep-drawn foil resonator (深拉箔諧振體中具有粒狀沸石材料的揚聲器)	Invention patent	Our Company	PRC	ZL201480050198.2	9/9/2014	20 years
2. . .	Micro speaker module with high heat dissipation efficiency and smartphone including the same module (具有高散熱效率的微型揚聲器模組及包含其的智能手機)	Invention patent	Our Company	PRC	ZL202011389219.7	2/12/2020	20 years
3. . .	Porous sound-adsorbing zeolite spherical particles and their application in mobile phone speaker systems (沸石球型多孔吸聲顆粒及其在手機揚聲器系統中的應用)	Invention patent	Our Company	PRC	ZL201911367730.4	26/12/2019	20 years
4. . .	Acoustic enhancement material block and its manufacturing method and application (一種聲學增強材料塊及其製作方法與應用)	Invention patent	Our Company	PRC	ZL202110279512.6	16/3/2021	20 years

No.	Patent	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Application Date	Duration of Patent Right
						(Date/Month/Year)	
5. . .	Porous bulk material and its application, electronic device with reduced wind noise and its application (多孔塊狀材料及其應用、降低風噪的電子裝置及其應用)	Invention patent	Our Company	PRC	ZL202110116612.7	28/1/2021	20 years
6. . .	High-temperature-resistant sound-adsorbing material and its preparation method and application (一種耐高溫的吸音材料及其製備方法與應用)	Invention patent	Our Company	PRC	ZL202110324117.5	26/3/2021	20 years
7. . .	Low-temperature-resistant sound-adsorbing material and its preparation method and application (一種耐低溫的吸音材料及其製備方法與應用)	Invention patent	Our Company	PRC	ZL202110324116.0	26/3/2021	20 years
8. . .	Acoustic enhancement material block with layered pore channel structure and its manufacturing method and application (具有層狀孔道結構的聲學增強材料塊及其製作方法與應用)	Invention patent	Our Company	PRC	ZL202110280618.8	16/3/2021	20 years
9. . .	Expandable acoustic enhancement component and its manufacturing method and application (一種可膨脹聲學增強件及其製作方法與應用)	Invention patent	Our Company	PRC	ZL202110952864.3	19/8/2021	20 years
10. .	Method and device for reducing power consumption of speaker module (一種揚聲器模組功耗的降低方法及裝置)	Invention patent	Our Company	PRC	ZL202210189670.7	28/2/2022	20 years
11. . .	Acoustic performance testing method, system, storage medium, and device for materials (一種材料聲學性能測試方法、系統、存儲介質及裝置)	Invention patent	Our Company	PRC	ZL202210830135.5	15/7/2022	20 years

No.	Patent	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Application Date	Duration of Patent Right
						(Date/Month/Year)	
12.	Speaker and electronic device improved with high-density FER zeolite (一種高密度FER分子篩改進的揚聲器、電子設備)	Invention patent	Our Company	PRC	ZL202310259049.8	15/3/2023	20 years
13.	Phosphoaluminosilicate zeolite acoustic enhancement material and its preparation method, speaker and electronic device (一種磷鋁分子篩聲學增強材料和其製備方法及揚聲器、電子設備)	Invention patent	Our Company	PRC	ZL202310197878.8	3/3/2023	20 years
14.	Low-resonance structure and electronic device (低共振結構及電子設備)	Invention patent	Our Company	PRC	ZL202211231927.7	30/9/2022	20 years
15.	High silica-alumina ratio SSZ-13 zeolite and its preparation method, acoustic enhancement material, speaker and electronic device (高矽鋁比SSZ-13分子篩及其製備方法、聲學增強材料和揚聲器、電子設備)	Invention patent	Our Company	PRC	ZL202310279471.X	21/3/2023	20 years
16.	MFI-type core-shell structure zeolite and its preparation method, acoustic enhancement material, speaker and electronic device (MFI型核殼結構分子篩及其製備方法、聲學增強材料和揚聲器、電子設備)	Invention patent	Our Company	PRC	ZL202310279249.X	21/3/2023	20 years
17.	Acoustic enhancement material with low surface tension and its preparation method, speaker and electronic device (具有低表面張力的聲學增強材料及其製備方法和揚聲器、電子設備)	Invention patent	Our Company	PRC	ZL202310277441.5	21/3/2023	20 years

No.	Patent	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Application Date (Date/Month/Year)	Duration of Patent Right
18.	Hydrophilic self-cleaning enhancement coating composition, coating, and their preparation method and application (一種親水自清潔增效塗料組合物、塗層和其製備方法與應用)	Invention patent	Our Company	PRC	ZL202310426280.1	20/4/2023	20 years
19.	Sound-adsorbing microsphere material and its preparation method, speaker and electronic device (一種吸音微球材料及其製備方法和揚聲器、電子設備)	Invention patent	Our Company	PRC	ZL202311104789.0	30/8/2023	20 years
20.	Three-dimensional air adsorption structure (三維空氣吸附結構)	Invention patent	Our Company	PRC	ZL201480014443.4	14/3/2014	20 years
21.	Speaker system (揚聲器系統)	Invention patent	Our Company	PRC	ZL201380052411.9	29/8/2013	20 years
22.	Noise-cancelling soundproof earplugs (降噪隔音耳塞)	Utility model	Our Company	PRC	ZL202421547048.X	2/7/2024	10 years
23.	Leak-proof powder acoustic enhancement material with breathable barrier membrane, and speaker and electronic device (一種具有透氣阻隔膜的防漏粉聲學增強材料及揚聲器和電子設備)	Utility model	Our Company	PRC	ZL202422355027.4	26/9/2024	10 years
24.	Mobile phone and its back cover (手機及其背蓋)	Utility model	Our Company	PRC	ZL202422790420.6	15/11/2024	10 years
25.	Wearable electronic device with shock-absorbing and noise-reducing structure (具有減震降噪結構的可穿戴電子設備)	Utility model	Our Company	PRC	ZL202423069750.2	12/12/2024	10 years
26.	Method for improving electrode contact resistance and conductivity of HIT battery, and electrode manufacturing method (改善HIT電池電極接觸電阻和電導率的方法、電極製作方法)	Invention patent	Shanghai Runshi	PRC	ZL201911044429.X	30/10/2019	20 years

No.	Patent	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Application Date (Date/Month/Year)	Duration of Patent Right
27.	A conductive paste (一種導電漿料)	Invention patent	Shanghai Runshi	PRC	ZL201911044437.4	30/10/2019	20 years
28.	A conductive particle combination (一種導電顆粒組合)	Invention patent	Shanghai Runshi	PRC	ZL201911045200.8	30/10/2019	20 years
29.	Low-temperature cutting method and device suitable for HIT battery (一種適用HIT電池的低溫切割方法及裝置)	Invention patent	Shanghai Runshi	PRC	ZL201911057191.4	30/10/2019	20 years
30.	Encapsulation film for photovoltaic modules and its preparation method and application (一種光伏電池組件封裝膠膜及其製備方法和應用)	Invention patent	Shanghai Runshi	PRC	ZL202111189284.X	12/10/2021	20 years
31.	Encapsulation film for photovoltaic cells with high interlayer bonding strength (一種高層間結合力的光伏電池用封裝膠膜)	Invention patent	Shanghai Runshi	PRC	ZL202111236330.7	22/10/2021	20 years
32.	Pressure sensor capable of multi-directional sensing and electronic device (一種可實現多方位感應的壓力傳感器及電子設備)	Invention patent	Shanghai Runshi	PRC	ZL202210491949.0	5/5/2022	20 years
33.	Diaphragm with functional components and its preparation method (一種帶有功能件的振膜及其製備方法)	Invention patent	Shanghai Runshi	PRC	ZL202210497542.9	5/5/2022	20 years
34.	High-adhesion encapsulation film for solar photovoltaic cells and its preparation method (一種高黏性太陽能光伏電池用封裝膠膜及其製備方法)	Invention patent	Shanghai Runshi	PRC	ZL202310040770.8	13/1/2023	20 years
35.	Integrated speaker device with an acoustic chamber containing sound-adsorbing material (具有一包含吸音材料聲學腔室之整合式揚聲器裝置)	Invention patent	Our Company	Taiwan	TW105138335	23/11/2016	20 years

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interest

(a) Interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

The following table sets out the interests and short positions of our Directors and chief executive of our Company immediately following completion of the Global Offering in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once our H Shares are listed on the Stock Exchange:

Name	Nature of interest	Description of Shares	Number of Shares[(1)]	Approximate percentage of shareholding in our Domestic Unlisted Shares/H Shares	Approximate percentage of shareholding in the total issued share capital of our Company
Dr. Guo Mingbo[(2)] . . .	Beneficial interest	H Shares	26,981,570 (L)	6.78%	6.75%
	Interest in controlled corporation	H Shares	5,089,430 (L)	1.28%	1.27%
Mr. Li Chengbin[(3)] . .	Beneficial interest	H Shares	12,599,710 (L)	3.17%	3.15%
	Interest in controlled corporation	H Shares	1,799,960 (L)	0.45%	0.45%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) See "Substantial Shareholders" in this prospectus for details.

(3) As at the Latest Practicable Date, Shanghai Demao was owned as to less than 0.01% by Shanghai Huicheng Juzhi Technology Development Co., Ltd.* (上海匯成聚智科技發展有限公司) ("**Shanghai Huicheng**") as its general partner, and Shanghai Huicheng was owned as to 50% and 50% by Mr. Li Chengbin and Dr. Guo Mingbo, respectively. According to SFO, Mr. Li is deemed to be interested in (i) the 12,599,710 Shares directly held by him, and (ii) the 1,799,960 Shares held by Shanghai Demao.

(b) Interests of the substantial shareholders

Save as disclosed in the table below and in section headed "Substantial Shareholders" of this prospectus, immediately following the completion of the Global Offering, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have

an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any member of our Group.

Member of our Group	Name of Substantial Shareholder	Approximate percentage of interest
Shanghai Nexsolar New Material Co., Ltd.* (上海納科秀新材料有限公司)	Yangzhou Youhai Investment Partnership (Limited Partnership)* (揚州佑海投資合夥企業(有限合夥))	20.00%
Zhejiang AITEK New Material Co., Ltd.* (浙江愛科新材料有限公司)	Nanjing Guochen Chemical Co., Ltd.* (南京國晨化工有限公司)	23.43%
Yangzhou Detai Investment Partnership (Limited Partnership)* (揚州德泰投資合夥企業(有限合夥))	Mr. Yu Zhigang (喻志剛)	40.00%
Suzhou Advanced Flexible Ceramics Co., Ltd.* (蘇州柔陶新材料有限公司)	Mr. Wang Yuejiang (王躍江)	40.86%

2. Particulars of the Directors' Service Contracts and Letters of Appointment

Each of the Directors has entered into a service contract or a letter of appointment with our Company. The principal particulars of these service contracts and letters of appointment comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service contracts and letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has entered into, or has proposed to enter into, any service contracts as a director with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Remuneration of Directors

For details of the remuneration of Directors, see "Directors and Senior Management – Remuneration" and note 12 in the Accountants' Report as set out in Appendix I to this prospectus.

4. Disclaimers

(a) Save as disclosed in "Substantial Shareholders" and "C. Further information about our Directors and Substantial Shareholders" of this section, none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV

the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed on the Stock Exchange;

(b) Save as disclosed in this prospectus, none of our Directors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange;

(c) None of the Directors nor any of the experts referred to in "E. Other Information – 8. Qualifications and Consents of Experts" below:

(i) has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group; or

(ii) is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group;

(d) Save in connection with the Underwriting Agreements, none of the Directors nor any of the experts referred to in "E. Other Information – 8. Qualifications and Consents of Experts" below:

(i) 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;

(e) So far as is known to the Directors, none of the Directors or their associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of the Company has any interest in the top five customers or our top five suppliers of the Group.

D. SHARE INCENTIVE SCHEMES

1. June 2020 Share Incentive Scheme

The following is a summary of the principal terms of the Share Incentive Scheme adopted by the Company in June 2020 (the "**June 2020 Share Incentive Scheme**"). The terms of the June 2020 Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the June 2020 Share Incentive Scheme does not involve the grant of share awards by the Company after the Listing. As of the Latest Practicable Date, all share awards under the June 2020 Share Incentive Scheme have been granted to a specific grantee.

The purpose of the June 2020 Share Incentive Scheme is to recognise the contributions of and provide incentives to the senior management of our Company. Dr. Guo Mingbo, our executive Director and chief executive officer, was the eligible participant of the June 2020 Share Incentive Scheme and was granted 13,157,890 Shares (as adjusted to reflect the share subdivision on December 31, 2025) at a total consideration of RMB25,000,000. The grant was completed on July 28, 2020 pursuant to a capital increase agreement entered into between Dr. Guo, Zhengxin Dexu, and our Company.

The Shares granted to Dr. Guo Mingbo under the June 2020 Share Incentive Scheme were subject to a lock-up period commencing on the date Dr. Guo Mingbo became a Shareholder of our Company and ending on the last day of a 5-year continuous service period within the Group. Our Company had a right to repurchase or assign a third-party to repurchase the Shares from Dr. Guo Mingbo at the original subscription price if Dr. Guo Mingbo committed any non-compliant acts or resigned from our Group before the end of 5-year lock-up period. Such 13,157,890 Shares represented approximately 3.66% of the total issued share capital of the Company as of the Latest Practicable Date and 3.29% of the total issued share capital of the Company immediately following the completion of the Global Offering. As of the Latest Practicable Date, the lock-up period under the June 2020 Share Incentive Scheme had expired and all lock-up restrictions imposed under that scheme had been lifted.

2. November 2020 Share Incentive Scheme

The following is a summary of the principal terms of the November 2020 Share Incentive Scheme as approved and adopted by passing the resolutions of our Shareholders at the extraordinary general meeting of the Company held on November 2, 2020 (the "**November 2020 Share Incentive Scheme**"). The terms of the November 2020 Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the November 2020 Share Incentive Scheme does not involve the grant of share awards by the Company after the Listing. As of the Latest Practicable Date, all share awards under the November 2020 Share Incentive Scheme have been granted to specific grantees.

(a) Purpose

The purpose of the November 2020 Share Incentive Scheme is to acknowledge the contributions of our employees, offer incentives to core management and personnel of the Group and provide the eligible participants an opportunity to have a personal stake in the Company with the view to optimise their performance and efficiency for the interests of the Group.

(b) Administration

The November 2020 Share Incentive Scheme is administered by the Board, which oversees the day-to-day management and implementation of the November 2020 Share Incentive Scheme.

(c) Participants of the November 2020 Share Incentive Scheme

Eligible participants of the November 2020 Share Incentive Scheme (the "**Participant(s)**") are principally senior management members and core personnel of the Group, which shall be determined by the management of the Company from time to time on factors such as the performance, contribution, position and years of service of the Participants.

(d) Number of the Shares

The maximum number of incentive Shares, which are restrictive shares of the Company under the November 2020 Share Incentive Scheme is 3,289,470 Shares (as adjusted to reflect the share subdivision on December 31, 2025).

(e) Grant price and grant of Shares

The grant price per Share under the November 2020 Share Incentive Scheme was RMB3.04. Each of the grantees under the November 2020 Share Incentive Scheme shall pay the grant price in full and shall be entitled to receive cash dividends of the Company in proportional to his or her actual capital contribution. Grantees who hold the Shares indirectly through Zhenjiang Demao shall not have voting rights in the general meetings of the Company and the general partner of Zhenjiang Demao shall have discretion to make business decisions and exercise voting rights for and on behalf of Zhenjiang Demao.

The grant of 3,289,470 Shares (as adjusted to reflect the share subdivision on December 31, 2025) underlying the share incentives under the November 2020 Share Incentive Scheme was completed on December 9, 2022, among which, 592,100 Shares underlying the share incentives (as adjusted to reflect the share subdivision on December 31, 2025) were subject to lock-up restrictions as of the Latest Practicable Date, corresponding to 18.00% in aggregate of the partnership interests in Zhenjiang Demao held by seven employees of the Group as limited partners. Such 592,100 Shares represented approximately 0.16% of the total issued share capital of the Company as of the Latest Practicable Date and 0.15% of the total issued share capital of the Company immediately following the completion of the Global Offering. See "History, Development and Corporate Structure — Share Incentive Schemes" for details.

(f) Lock-up period on the incentive Shares

The incentive Shares granted under November 2020 Share Incentive Scheme are subject to a lock-up period commencing on the date of Shares granted and ending on the latter of: (i) the last day of a 5-year continuous service period within the Group or (ii) the Company completes its initial public offering, and the lock-up restrictions over the Shares granted shall be completely released thereafter. If the grantee is a Director or a senior management of our Company, during the period of employment, the incentive Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds indirectly through Zhenjiang Demao at the time of the Listing. No Share can be transferred within six months after termination of his or her employment.

(g) Mandatory transfer of restrictive Shares

During the lock-up period, the Company shall have the right to require the relevant grantee to transfer his or her incentive Shares to the general partner of Zhenjiang Demao or its designated third-party, in the event that (1) the grantee voluntarily resigns from the Group and terminates the employment with the Group, and/or (2) the grantee's violation or non-compliance with laws, regulations, or the Company's rules and policies, thereby causing adverse impact on the Group and resulting in the termination of employment relationship.

3. 2023 Share Incentive Scheme

In December 2023, the Company adopted a restricted share incentive scheme (the "**2023 Scheme**") by granting Dr. Guo Mingbo indirect ownership of the Company's share through ownership of the Company's shareholder, Zhengxin Dexu. Dr. Guo Mingbo entered into a capital injection agreement with Zhengxin Dexu to acquire 6.63% equity interest in Zhengxin Dexu, equivalent to 13,823,680 Shares (as adjusted to reflect the share subdivision on December 31, 2025) of the Company, at a total consideration of RMB32,000,000. The restricted share awards granted under the 2023 Scheme will vest upon the earlier of (i) December 31, 2030, or (ii) the Company completes its initial public offering. Zhengxin Dexu has a right to repurchase or assign a third-party to repurchase the unvested restricted shares from Dr. Guo Mingbo at the amount Dr. Guo Mingbo paid to acquire those shares less any dividend he received from holding them if Dr. Guo Mingbo resigned from the Group before the restricted shares are vested.

As a modification to the 2023 Scheme, in November 2025, Dr. Guo Mingbo reduced his shareholding in Zhengxin Dexu by divesting all his equity interests thereof, and Zhengxin Dexu transferred 13,823,680 Shares (as adjusted to reflect the share subdivision on December 31, 2025) to Dr. Guo Mingbo, upon the completion of which, Dr. Guo Mingbo directly held such 13,823,680 Shares, representing approximately 3.84% of the total issued share capital of the Company as of the Latest Practicable Date, and approximately 3.46% of the total issued share capital of the Company immediately upon completion of the Global Offering.

The 2023 Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the 2023 Scheme does not involve the grant of share awards by the Company after the Listing. As of the Latest Practicable Date, all share awards under the 2023 Scheme have been granted to a specific grantee.

4. 2025 Share Incentive Scheme

The following is a summary of the principal terms of the 2025 Share Incentive Scheme as approved and adopted by passing the resolutions of our Shareholders at the extraordinary general meeting of the Company held on December 23, 2025 (the "**2025 Scheme**"). The 2025 Scheme comprised two parts, (i) certain participants shall have the right to invest in the Company by way of becoming limited partners of Shanghai Demao, our employee share incentive platform, and making capital contribution to the Company through Shanghai Demao; and (ii) Mr. Li Chengbin shall have the right to make capital contribution to the Company directly and become our

Shareholder. The terms of the 2025 Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the 2025 Scheme does not involve the grant of share awards by the Company after the Listing. As of the Latest Practicable Date, all share awards under the 2025 Scheme have been granted to specific grantees.

(a) Purpose

The purpose of the 2025 Scheme is to recognise the contributions of our employees and to offer incentives to core management and personnel of the Group.

(b) Administration

The 2025 Scheme is administered by the Board. As authorized by the Board, the office of the chief executive officer of the Company shall be responsible for the implementation of the 2025 Scheme in accordance with its provisions.

(c) Participants of the Scheme

Eligible participants of the 2025 Scheme (the "**Participant(s)**") are principally core management members and core personnel of the Group. The scope of participants excludes independent directors and supervisors and their spouse, parents and children.

(d) Number of the Incentive Shares

The maximum number of incentive Shares, which are restricted shares of the Company under the 2025 Scheme is 14,399,670 Shares (as adjusted to reflect the share subdivision on December 31, 2025), representing approximately 3.60% of the total issued share capital of the Company immediately following the completion of the Global Offering, which shall be held by Shanghai Demao and/or directly held by Mr. Li Chengbin.

(e) Grant price and grant of Shares

The grant price per Share under the 2025 Scheme is RMB2.50. Each of the grantees under the 2025 Scheme shall pay the grant price in full pursuant to the relevant provisions of the grant instrument, and shall be entitled to receive cash dividends of the Company in proportional to his or her actual capital contribution. Grantees who hold the Shares indirectly through Shanghai Demao shall not have voting rights in the general meetings of the Company and the general partner of Shanghai Demao shall have discretion to make business decisions and exercise voting rights for and on behalf of Shanghai Demao.

The grant of 14,399,670 Shares underlying the share incentives under the 2025 Scheme was completed on December 24, 2025. As of the Latest Practicable Date, Shanghai Demao and Mr. Li Chengbin held 1,799,960 Shares and 12,599,710 Shares, representing approximately 0.50% and 3.50% of the total issued share capital of the Company, respectively. Immediately upon completion of the Global Offering, Shanghai Demao and Mr. Li Chengbin will hold approximately 0.45% and 3.15% of the total issued share capital of the Company. See "History, Development and Corporate Structure — Share Incentive Schemes" for details.

(f) Lock-up period on the incentive Shares

The incentive Shares granted under the 2025 Scheme whether directly or indirectly held by the grantees are subject to lock-up period pursuant to the provisions of the 2025 Scheme. The grantees shall remain in continuous employment of the Group for a period of not less than six years, commencing from September 24, 2024 (the "**Service Period**"). The lock-up restrictions over the incentive Shares shall be released in tranches of 40% and 60% upon expiry of the following lock-up periods: (1) the first lock-up period commences from the Grant Date and ends on the latter of (i) one year after the initial public offering and (ii) three years after commencement date of the Service Period, and (2) the second lock-up period commences from the day (i) immediately following the end of the three-year Service Period, or (ii) if the first lock-up period has not yet ended at the date of completion of the three-year Service Period, immediately following the expiry of the first lock-up period, and ends upon the expiry of the six-year Service Period. If the grantee is a Director or a senior management of our Company, during the period of employment, the incentive Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds, whether directly or indirectly. No Share can be transferred within six months after termination of his or her employment.

(g) Mandatory transfer of incentive Shares

During the Service Period, the Company shall have the right to require the relevant grantee to transfer his or her incentive Shares that are subject to lock-up period to another Participant, in the event that (1) the grantee voluntarily resigns from the Group and terminates the employment with the Group, and/or (2) the grantee's violation or non-compliance with laws, regulations, the Company's rules and policies, or breach of the obligations under the 2025 Scheme, thereby causing substantial loss to the Group and resulting in the termination of employment relationship.

E. OTHER INFORMATION

1. Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group.

2. Litigation

As of the Latest Practicable Date, the Company was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

3. The Sole Sponsor's Independence

The Sole Sponsor has made an application on our behalf to the Listing Committee for listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive an aggregate fee of HK$5 million for acting as the sponsor for the Listing.

4. Compliance Adviser

The Company has appointed Altus Capital Limited as the compliance adviser upon Listing in compliance with Rules 3A.19 and 19A.05 of the Listing Rules.

5. Preliminary Expenses

The Company has not incurred any preliminary expenses for the purpose of the Listing Rules.

6. Taxation of holder of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of holders will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred (in other words, a total of 0.20% 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.

7. Promoters

Our promoters at the time of our Company's conversion into a joint stock limited liability company on October 14, 2021 were as follows: Zhengxin Dexu, Muyu Investment, Shaoxing Jinze, Zhuxin Fund, Xiaomi Changjiang, Dr. Guo Mingbo, Changzhou Optoelectronics, Shaoxing Yuexin, Yiwu Weihao, Jiaxing Jiacan, Suzhou Fenhu, Zhenjiang Demao and Zhenjiang Chanfa.

Within the two years immediately preceding the date of this prospectus, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

8. Qualifications and Consents of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) which have given opinions or advice in, or referred to in, this prospectus are as follows:

Name of Expert	Qualifications
Guotai Junan Capital Limited	A licenced corporation under the SFO permitted to carry out type 6 (Advising on Corporate Finance) regulated activity (as defined under the SFO)
Deloitte Touche Tohmatsu	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Beijing DeHeng Law Offices	Legal advisers to our Company as to PRC laws
Beijing DeHeng Law Offices	Legal advisers to our Company as to data compliance matters under PRC laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Shanghai Deloitte Tax Ltd., Suzhou Branch	Transfer Pricing Tax Consultant

Each of the experts listed above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name and qualifications included herein in the form and context in which they respectively appear.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, 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 so far as applicable.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2026, which would materially affect the information presented in our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus.

12. Miscellaneous

(a) Save as disclosed in the section headed "History, Development and Corporate Structure" and this section, within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiary has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash.

(b) No share or loan capital of the Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option.

(c) No founder, management or deferred shares of the Company or any of its subsidiary have been issued or have been agreed to be issued.

(d) Our Company has no outstanding convertible debt securities or debentures.

(e) None of the experts listed under "– 8. Qualifications and Consents of Experts":

  (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or

  (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the Underwriting Agreements.

(f) There are no procedures for the exercise of any right of pre-emption or transferability of subscription rights.

(g) There is no arrangement under which future dividends are waived or agreed to be waived.

(h) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.

(i) None of the equity and debt securities of our Company is listed or dealt with on any other stock exchange nor is any listing or permission to deal with on any stock exchange other than the Stock Exchange being or proposed to be sought.

(j) There are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from overseas.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the material contract referred to in "Appendix IV – Statutory and General Information – B. Further Information about the Business – 1. Summary of Material Contract" in this prospectus; and

(b) the written consents referred to in "Appendix IV – Statutory and General Information – E. Other Information – 8. Qualifications and Consents of Experts" in this prospectus.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.n-bass.com** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountants' Report for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;

(d) the audited consolidated financial statements of the Group for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026;

(e) the PRC legal opinion issued by Beijing DeHeng Law Offices, our PRC legal advisers, in respect of, among other things, general corporate matters and property interests of our Group in the PRC;

(f) the legal opinion issued by Beijing DeHeng Law Offices, our legal advisers as to data compliance matters under PRC laws;

(g) the industry report prepared by Frost & Sullivan;

(h) the transfer pricing analysis report issued by Shanghai Deloitte Tax Ltd., Suzhou Branch, our Transfer Pricing Tax Consultant;

(i) the service contracts and letters of appointment referred to in "Appendix IV – Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders – 2. Particulars of the Directors' Service Contracts and Letters of Appointment" in this prospectus;

(j) the material contract referred to in "Appendix IV – Statutory and General Information – B. Further Information about the Business – 1. Summary of Material Contract" in this prospectus;

(k) the written consents referred to in "Appendix IV – Statutory and General Information – E. Other information – 8. Qualifications and Consents of Experts" in this prospectus; and

(l) the PRC Company Law, the PRC Securities Law and the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies together with their unofficial English translations.

SSI New Material (Zhenjiang) Co., Ltd.

鎮 江 貝 斯 特 新 材 料 股 份 有 限 公 司