

The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission take no responsibility for the contents of this Application Proof, 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 Application Proof.

Application Proof of

Janbon High Tech Co., Ltd.

建邦高科有限公司

(the “**Company**”)

(Incorporated in the Cayman Islands with limited liability)

WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Securities and Futures Commission (the “**Commission**”) solely for the purpose of providing information to the public in Hong Kong.

This Application Proof is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with the Company, its sole sponsor, sole overall coordinator, advisers or members of the underwriting syndicate that:

- (a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;
- (b) the publication of this document or any supplemental, revised or replacement pages on the Stock Exchange’s website does not give rise to any obligation of the Company, its sole sponsor, sole overall coordinator, advisers or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with the offering;
- (c) the contents of this document or any supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;
- (d) this document is not the final listing document and may be updated or revised by the Company from time to time in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- (e) this document does not constitute a prospectus, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;
- (f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;
- (g) neither the Company nor any of its affiliates, advisers or underwriters is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;
- (h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;
- (i) the Company has not and will not register the securities referred to in this document under the United States Securities Act of 1933, as amended, or any state securities laws of the United States;
- (j) as there may be legal restrictions on the publication of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and
- (k) the application to which this document relates has not been approved for listing and the Stock Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company’s prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be published to the public during the offer period.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

IMPORTANT

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

Janbon High Tech Co., Ltd.

建邦高科有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] Shares (subject to the [REDACTED])

Number of [REDACTED] : [REDACTED] Shares (subject to [REDACTED])

Number of [REDACTED] : [REDACTED] Shares (subject to [REDACTED] and the [REDACTED])

Maximum [REDACTED] : [REDACTED] per [REDACTED] (payable in full in Hong Kong dollars on [REDACTED] plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%, and subject to refund)

Nominal value : HK\$0.000001 per Share

[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED]



中信建投國際
CHINA SECURITIES INTERNATIONAL

[REDACTED]

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 Document, 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 Document. A copy of this Document, having attached thereto the documents specified in “Documents Delivered to the Registrar of Companies and Available on Display” in Appendix VI to this Document 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 and the Registrar of Companies in Hong Kong take no responsibility for the contents of this Document or any other documents referred to above.

The [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company on the [REDACTED] or such later date as may be agreed by the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company but in any event no later than 12:00 noon on [[REDACTED], [REDACTED]]. The [REDACTED] will be not more than [REDACTED] per [REDACTED] and is currently expected to be not less than [REDACTED]. Applicants for [REDACTED] may be required to pay, on application (subject to application channel), the [REDACTED] of [REDACTED] per [REDACTED] together with brokerage of 1%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the [REDACTED] should be less than [REDACTED] per [REDACTED]. If, for any reason, the [REDACTED] is not agreed between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company on or before [REDACTED], the [REDACTED] (including the [REDACTED]) will not proceed and will lapse.

The [REDACTED] (for itself and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range below as stated in this Document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, notices of the reduction in the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range will be published on the websites of our Company at www.sdjbsp.com and the Stock Exchange at www.hkexnews.hk as soon as practicable but in any event not later than the morning of the day which is the last day for lodging applications under the [REDACTED]. Details of the arrangement will then be announced by us as soon as practicable. For further information, please refer to the sections headed “[REDACTED]” in this Document.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for itself and on behalf of the [REDACTED]) if certain grounds arise prior to [REDACTED] on the [REDACTED]. Further details of such circumstances are set out in “[REDACTED]”.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be [REDACTED], sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The [REDACTED] are being [REDACTED] and sold to non-U.S. persons outside the United States in offshore transactions in accordance with Regulation S.

[REDACTED]

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

IMPORTANT

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

IMPORTANT

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

EXPECTED TIMETABLE

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

EXPECTED TIMETABLE

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

EXPECTED TIMETABLE

[REDACTED]

CONTENTS

This Document is issued by our Company solely in connection with the [REDACTED] and the [REDACTED] and does not constitute an [REDACTED] to sell or a solicitation of an [REDACTED] to buy any security other than the [REDACTED] by this Document pursuant to the [REDACTED]. This Document may not be used for the purpose of marketing, and does not constitute, an [REDACTED] or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this Document in any jurisdiction other than Hong Kong. The distribution of this Document and the [REDACTED] and sale of the [REDACTED] 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 Document to make your [REDACTED] decision. We have not authorised anyone to provide you with information that is different from what is contained in this Document. Any information or representation not made in this Document must not be relied on by you as having been authorised by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors or any other person or party involved in the [REDACTED].

	<i>Page</i>
Expected Timetable	iii
Contents	vi
Summary	1
Definitions	16
Glossary of Technical Terms	28
Forward-looking Statements	34
Risk Factors	36
Waivers from Strict Compliance with the Listing Rules	71
Information about this Document and the [REDACTED]	76
Directors and Parties Involved in the [REDACTED]	80
Corporate Information	83
Industry Overview	86

CONTENTS

	<i>Page</i>
Regulatory Overview	100
History, Reorganisation and Corporate Structure	121
Business	144
Relationship with our Controlling Shareholders	233
Directors and Senior Management	240
Substantial Shareholders	263
Share Capital	264
Financial Information	268
Future Plans and [REDACTED]	319
[REDACTED]	324
Structure of the [REDACTED]	338
How to Apply for [REDACTED]	350
Appendix I — Accountants’ Report	I-1
Appendix II — Unaudited [REDACTED] Financial Information	II-1
Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law	III-1
Appendix IV — Statutory and General Information	IV-1
Appendix V — Documents Delivered to the Registrar of Companies and Available on Display	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this Document and should be read in conjunction with the full text of this Document. As this is only a summary, it does not contain all the information that may be important to you. You should read this Document in its entirety before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in “Risk Factors.” You should read that section carefully before you decide to [REDACTED] in the [REDACTED]. Various expressions used in this section are defined or explained in “Definitions” and “Glossary of Technical Terms” in this Document.

OVERVIEW

We are a pioneer and leader in China in the research, development, manufacturing, and sales of silver powder. Our silver powder products are primarily used in the production of PV silver paste, a crucial raw material in manufacturing PV cells. One of our key strengths lies in our ability to produce the advanced silver powder that is ultimately used in the production of more recent types of PV cells or their components, including, during the Track Record Period, front-side fine grids (正面細柵) in PERC cells and TOPCon cells, as well as conductive grids in HJT cells and xBC cells. According to Frost & Sullivan, in terms of PV silver powder sales revenue in China during the Track Record Period, we ranked first among all domestic manufacturers and second among all global manufacturers, with a market share of 9.9%.

Our history can be traced back to March 2010, when our operating subsidiary, Janbon Colloidal Materials, was established with the aim of specialising in high-tech new energy and advanced materials. In December 2012, we launched a collaborative research and development project dedicated to the commercial production of silver powder for PV applications, which, according to Frost & Sullivan, makes us one of the earliest companies and a pioneer in China to focus on the research, development, manufacturing, and sales of PV silver powder production. Since then, our continued commitment and investment in this area have led to a number of successes. In March 2014, we constructed one of China’s earliest silver powder production lines using proprietary technology; in January 2019, we became one of the first enterprises in the industry to achieve industrial production with a single batch yield of over 100 kg of silver powder; and in the fourth quarter of 2023, we established us as one of the first domestic companies capable of producing silver powder compatible with TOPCon cell LECO technology.

We have developed an independent, leading, and comprehensive system of silver powder production technology and processes with proprietary intellectual property rights, which allows us to swiftly respond to evolving customer and product requirements by offering a wide range of silver powder products that are ultimately utilised in the production of all mainstream PV cells, including PERC, TOPCon, HJT and xBC cells. Our production technology expertise covers all critical aspects of silver powder manufacturing, and has played a vital role in establishing and sustaining our leading position in China’s silver powder production industry. As of the Latest Practicable Date, we held 19 invention patents and 23 utility model patents, most of which are related to PV silver powder manufacturing technology and processes.

SUMMARY

During the Track Record Period, our revenue and profit for the year grew significantly, primarily driven by the increase in our sales volume of silver powder products, which in turn was mainly attributable to our continuous and successful efforts in responding to evolving PV silver powder product requirements, as well as the rapid development of the overall PV cell industry facilitated by favourable PRC government policies. Our revenue increased by 58.1% from RMB1,759.2 million for the year ended 31 December 2022 to RMB2,781.7 million for the year ended 31 December 2023, and further increased by 42.0% to RMB3,949.6 million for the year ended 31 December 2024. Our profit for the year increased by 147.5% from RMB24.2 million for the year ended 31 December 2022 to RMB59.9 million for the year ended 31 December 2023, and further increased by 31.9% to RMB79.0 million for the year ended 31 December 2024.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths are crucial to our current success and future growth:

- A pioneer and leader in the research, development, manufacturing, and sales of PV silver powder in China;
- Independent and comprehensive silver powder production technology supported by strong research and development capabilities;
- Extensive and high-quality silver powder product portfolio;
- Long-term, stable cooperation with key upstream and downstream partners; and
- Visionary and experienced management team.

For further details, see “Business — Our Competitive Strengths”.

OUR STRATEGIES

Our goal is to become a leader in advanced new materials in the world. To accomplish this goal, we plan to implement the following strategies:

- Strengthen our leading position in PV silver powder production in China;
- Explore non-silver powder materials in the PV industry;
- Expand into non-PV silver powder applications; and
- Expand internationally.

For further details, see “Business — Our Strategies”.

SUMMARY

OUR PRODUCTS AND SERVICES

The table below provides a breakdown of our revenue by product and service types during the Track Record Period:

	Year ended 31 December								
	2022			2023			2024		
	Percentage of Total		Sales Volume	Percentage of Total		Sales Volume	Percentage of Total		Sales Volume
	Revenue	Revenue		Revenue	Revenue		Revenue	Revenue	
	(RMB in thousand)		(kg)	(RMB in thousand)		(kg)	(RMB in thousand)		(kg)
Sales of products	1,759,181	100%	388,758	2,780,179	99.9%	529,760	3,943,547	99.8%	594,072
Silver powder	1,733,524	98.5%	388,758	2,756,497	99.1%	529,760	3,848,791	97.4%	594,072
Others ⁽¹⁾	25,657	1.5%	N/A	23,682	0.8%	N/A	94,756	2.4%	N/A
Processing services⁽²⁾	—	—	—	1,507	0.1%	N/A	6,073	0.2%	N/A
Total	<u>1,759,181</u>	<u>100%</u>	<u>388,758</u>	<u>2,781,686</u>	<u>100%</u>	<u>529,760</u>	<u>3,949,620</u>	<u>100%</u>	<u>594,072</u>

Notes:

- (1) Others primarily include silver powder generated as scrap or substandard products during our production and research processes, which we sell as recyclable precious metals.
- (2) Processing services refers to us providing processing services for some of our customers, whereby we manufacture and supply silver powder products to them using silver ingots provided by these customers and charge a processing fee.

During the Track Record Period, we derived most of our revenue from manufacturing and selling silver powder used in the production of PV silver paste, a crucial raw material in the manufacturing of PV cells. In addition, we generated a small percentage of our revenue from providing processing services to some customers, whereby we manufactured and supplied silver powder products to them using silver ingots provided by these customers and charged a processing fee.

Our product portfolio primarily includes a diverse selection of silver powder offerings that are ultimately used in the production of PV cells. Our products consist of both general PV silver powder and the advanced PV silver powder that is used in the production of more recent types of PV cells or their components, including front-side fine grids in PERC cells and TOPCon cells, as well as conductive grids in HJT cells and xBC cells during the Track Record Period. A small portion of our silver powder products are also used in non-PV applications, primarily high-quality electronic components such as semiconductor packaging, PCB printed circuit boards, and transparent flexible display screens.

SUMMARY

Our Silver Powder Product Series

The table below sets forth the major silver powder product series that we manufacture and offer on a commercial scale as of the Latest Practicable Date, and their product types and detailed technical specifications:

Product Series ⁽¹⁾	Particle Size Distribution				Particle Crystal Structure
	D10 (µm) ⁽²⁾	D50 (µm) ⁽²⁾	D90 (µm) ⁽²⁾	D100 (µm) ⁽²⁾	
152-3	≤0.32	0.2-0.36	≤1	—	Monocrystalline
152-5N	0.3-0.45	0.45-0.6	≤1	—	Monocrystalline
152-10	0.65-0.95	1.15-1.35	≤2.5	≤4.5	Monocrystalline
152-10H	0.55-0.9	0.9-1.1	1.2-1.7	1.5-3.6	Polycrystalline
152-10N	0.65-0.75	0.85-0.95	1.05-1.25	1.3-1.9	Monocrystalline
152-14H	0.85-1.00	1.15-1.25	1.45-1.65	1.8-2.7	Polycrystalline
152-16	0.85-1.25	1.3-1.5	1.5-2.5	2.2-6	Monocrystalline
152-16N	1.1-1.2	1.4-1.55	1.7-2.0	2.0-4.0	Monocrystalline
152-20	1.35-1.55	1.8-2.0	2.3-2.7	2.7-6.6	Monocrystalline
152-20J	1.35-1.45	1.8-1.87	2.3-2.55	2.7-5.0	Monocrystalline
152-25105M	0.6-0.9	2.05-2.35	2.8-3.2	3.5-5.5	Polycrystalline
156-16	1.05-1.15	1.35-1.5	1.8-1.9	2.3-2.55	Polycrystalline
156-16N	0.95-1.15	1.35-1.5	1.8-2.1	2.0-3.5	Polycrystalline
156-14L	0.85-1	1.15-1.25	1.5-1.75	2.0-3.1	Polycrystalline
158-14K	0.8-1.0	1.18-1.34	1.45-2.0	≤6	Polycrystalline
158-16K	0.95-1.05	1.4-1.5	1.8-2.3	2.7-6.0	Polycrystalline
162-Q10	0.55-0.7	0.8-1.0	0.8-2.0	≤5	Polycrystalline
162-Q14	0.8-0.9	1.08-1.31	1.4-2.05	≤6.5	Polycrystalline
162-F2	0.7-0.9	1.2-1.32	1.8-2.2	≤5	Polycrystalline
166-13	0.7-0.85	1.0-1.2	1.35-1.8	2.0-4.0	Polycrystalline
166-15	0.9-1.0	1.3-1.45	1.8-2.2	≤5	Polycrystalline
150-8	0.5-0.6	0.7-0.8	1.1-1.3	≤3	Monocrystalline
150-10	0.6-0.7	0.85-1.0	1.2-1.5	≤4	Monocrystalline

Notes:

- (1) The names of the product series are generally based on our internal production generation and the specifications of the products. For instance, for the “152-10N” series of our silver powder product:
 - “152” represents our internal production generation for the products;
 - “10” indicates the average particle size of the silver powder products. It is calculated by multiplying the D50 value (please see below for its meaning) by 10. As such, the average particle size of the “152-10N” series is 1.0 µm; and
 - the suffixes, such as “N”, “H”, “M” and “K”, generally represent certain surface treatment specifications or specific customer customisations of the silver powder products. For example, the suffix “N” indicates that the product has undergone surface nano-structuring treatment, which involves modifying the surface of silver particles at the nanometre scale to improve various characteristics of silver powder, including its sintering activity and electrical properties.
- (2) D10, D50, D90, and D100 values are statistical measurements obtained from laser particle size analyser to describe the particle size distribution of a sample:
 - D10 represents the particle size below which 10% of the particles in the sample are smaller;
 - D50, also known as the average particle size, the median, or the 50th percentile, represents the particle size below which 50% of the particles in the sample are smaller;

SUMMARY

- D90 represents the particle size below which 90% of the particles in the sample are smaller; and
- D100 represents the maximum particle size in the sample.

Processing Services

Since 2023, we have provided processing services to some PV silver paste manufacturers, converting silver ingots supplied by them into silver powder products and charging a processing fee.

For further details, see “Business — Our Products and Services”.

PRICING POLICY

We price our silver powder products by adding a mark-up to the prevailing market price of silver to account for our processing of silver nitrate into silver powder. The prevailing market price of silver is determined with reference to either the highest real-time price for Silver No. 1 on the Metal Information Network (金屬資訊網) at www.i001.com, or the real-time Ag(T+D) price (the trading price for silver spot deferred delivery contracts) on the Shanghai Gold Exchange’s (上海黃金交易所). We determine our mark-up by taking into consideration a number of factors, including the cost of supplemental raw materials such as reducing agents and dispersants, production costs, administrative expenses, transportation costs, competitors’ pricing, prevailing market conditions, anticipated market trends, and the specific features of the products.

PRODUCTION FACILITY

We operate a fully integrated plant located in Jinan, Shandong province, with a total site area of 57,998.0 sq.m. and a total gross floor area of 8,780.64 sq.m. As of the Latest Practicable Date, our plant had a designed annual production capacity of 1,485 tonnes of silver powder.

For further details, see “Business — Production”.

RAW MATERIALS AND SUPPLIERS

We source all raw materials domestically, with silver nitrate as our primary raw material. During the years ended 31 December 2022, 2023, and 2024, our silver nitrate procurement costs amounted to RMB1,692.0 million, RMB2,667.0 million, and RMB3,830.4 million, representing 98.1%, 98.6%, and 99.1% of our procurement costs of raw materials, respectively.

Our procurement of raw materials, primarily including silver nitrate, is concentrated to a certain extent. During the years ended 31 December 2022, 2023, and 2024, purchases from our largest supplier of raw materials accounted for 58.3%, 51.1%, and 47.9% of our total amount of purchase, respectively, while our five largest suppliers of raw materials accounted for 98.4%, 97.7%, and 98.3% of our total amount of purchase during the respective years. We believe that this concentration level is primarily due to the structural characteristics of the silver nitrate industry which is inherently concentrated.

SUMMARY

Our suppliers of silver nitrate span a wide spectrum, ranging from large state-owned enterprises to reputable private enterprises. We have had enduring supply relationships with three major domestic suppliers of silver nitrate in China: Tongbai Hongxin New Material Co., Ltd.* (桐柏泓鑫新材料有限公司) for over nine years, Shanghai Zhebo New Material Technology Co., Ltd.* (上海浙铂新材料科技有限公司) for over seven years, and Lanzhou Jinchuan Technology Park Co., Ltd.* (蘭州金川科技園有限公司) for over three years.

For further details, see “Business — Raw Materials and Suppliers”.

CUSTOMERS

We operate a direct sales model. Our customers include well-known PV silver paste manufacturers and range from domestic listed companies to leading multinational enterprises. Our top two customers in terms of sale revenue during each of the years in the Track Record Period, Customer A and Changzhou Fusion New Material Co., Ltd.* (常州聚和新材料股份有限公司) (“Changzhou Fusion”), are generally acknowledged as two of the most prominent PV silver paste manufacturers in China. We have maintained long-term cooperative relationships with Customer A for over six years and Changzhou Fusion (常州聚和) for over five years.

For each of the years ended 31 December 2022, 2023, and 2024, sales to our largest customer accounted for 51.4%, 45.1%, and 36.7% of our total revenue for the respective periods, while the combined revenue from our five largest customers accounted for 95.4%, 94.8%, and 84.4% of our total revenue during the respective periods.

During the Track Record Period, our revenue was concentrated among our two largest customers. For each of the years ended 31 December 2022, 2023, and 2024, sales to our two largest customers accounted for 87.9%, 82.8%, and 63.1% of our total revenue for the respective periods. We believe that this concentration is reflective of the industry dynamics rather than an over-reliance on individual customers, as our customer portfolio generally aligns with their respective market shares in the overall industry. According to Frost & Sullivan, in 2024, they collectively represented 56.6% of the total domestic silver paste market in China by sales revenue, which is largely in line with their contribution to our revenue during the Track Record Period. We have also actively expanded our customer base to mitigate customer concentration risks, securing partnerships with other potential customers such as Zhejiang Guangda Electronic Technology Co., Ltd.* (浙江光達電子科技有限公司), Heraeus Photovoltaics (Shanghai) Co., Ltd. (賀利氏光伏(上海)有限公司), and Guangzhou Rutech Development Co., Ltd.* (廣州市儒興科技股份有限公司).

For further details, see “Business — Customers”.

COMPETITIVE LANDSCAPE

According to Frost & Sullivan, the competition in global PV silver powder industry has intensified. Due to high technical barrier, there were less than 20 PV silver powder manufacturers in the world as of 31 December 2024. The total sales revenue of PV silver powder in China reached RMB38.7 billion in 2024. In terms of PV silver powder sales revenue in China during the Track Record Period, we ranked first among all domestic manufacturers and second among all global manufacturers, with a market share of 9.9%. In terms of PV silver powder sales revenue in China in 2024, the top five manufacturers

SUMMARY

accounted for 59.2%, among which our Group ranked third among all domestic manufacturers and fourth among all global manufacturers, with a market share of 9.8%. See “Industry Overview” for more details on the competitive landscape of the industry in which we operate.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary of combined financial information as of and for the three years ended 31 December 2022, 2023 and 2024. We have derived this summary from our financial information set forth in the Accountants’ Report set out in Appendix I to this Document. The summary financial data set forth below should be read together with our combined financial information and the related notes, as well as the section headed “Financial Information”.

Combined Statements of Profit or Loss

The following table sets forth a summary of our combined statements of profit or loss for the years indicated:

	For the year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	1,759,181	2,781,686	3,949,620
Cost of sales	<u>(1,698,851)</u>	<u>(2,674,440)</u>	<u>(3,818,822)</u>
GROSS PROFIT	60,330	107,246	130,798
Other income	1,263	2,705	11,381
Selling and marketing expenses	(468)	(763)	(755)
Administrative expenses	(4,464)	(7,640)	(14,691)
Research and development expenses	(23,378)	(24,754)	(26,457)
Impairment losses on financial asses, net	(1)	(649)	651
Other expenses	(3,189)	(4,416)	(4,545)
Finance costs	<u>(5,642)</u>	<u>(5,006)</u>	<u>(6,571)</u>
PROFIT BEFORE TAX	24,451	66,723	89,811
Income tax expense	<u>(251)</u>	<u>(6,833)</u>	<u>(10,784)</u>
PROFIT FOR THE YEAR	<u>24,200</u>	<u>59,890</u>	<u>79,027</u>

Our profit for the year increased from RMB24.2 million in 2022 to RMB59.9 million in 2023 and RMB79.0 million in 2024, primarily due to our increased revenue as a result of the increase in our sales volume of silver powder, which in turn was mainly attributable to our continuous and successful efforts in responding to evolving PV silver powder product requirements, as well as the rapid development of the overall PV cell industry facilitated by favourable PRC government policies.

SUMMARY

Selected Items from the Combined Statements of Financial Position

The following table sets forth our combined statements of financial position as of the dates indicated:

	As of 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	31,602	36,084	37,820
Right-of-use assets	31,886	31,018	30,150
Intangible assets	—	136	75
Prepayments, other receivables and other assets	4,516	467	4,147
Deferred tax assets	16,430	9,597	—
Total non-current assets	84,434	77,302	72,192
CURRENT ASSETS			
Inventories	41,212	73,007	121,485
Trade and bills receivables	—	94,092	175,421
Prepayments, other receivables and other assets	10,961	505	2,121
Tax recoverable	—	—	288
Cash and cash equivalents	16,890	10,799	29,447
Pledged deposits	—	—	26,977
Total current assets	69,063	178,403	355,739
CURRENT LIABILITIES			
Trade and bills payables	1,387	391	57,753
Other payables and accruals	75,994	9,151	17,997
Interest-bearing bank borrowings	62,427	151,716	206,260
Lease liabilities	1,029	—	—
Total current liabilities	140,837	161,258	282,010
NET CURRENT (LIABILITIES)/ ASSETS	(71,774)	17,145	73,729
TOTAL ASSETS LESS CURRENT LIABILITIES	12,660	94,447	145,921
Net asset	12,660	94,447	145,921
EQUITY			
Equity attributable to owners of the parent			
Share capital	—	—	—
Reserves	12,660	94,447	145,921
Total equity	12,660	94,447	145,921

SUMMARY

Our net current liabilities of RMB71.8 million as of 31 December 2022 was primarily attributable to our continued investment in and focus on the research and development on the commercial production of PV silver powder since December 2012. Historically, we funded our operations and investment in research and development mainly with cash generated from our operating activities as well as investments from our shareholders and bank borrowings. Following our years of continuous investment and efforts, we have developed an independent and comprehensive system of silver powder production technology and processes, with full proprietary intellectual property rights. We achieved a turnaround from an accumulated losses position to an accumulated profits position and achievement of a net current assets position as of 31 December 2023. Our net current assets increased further to RMB73.7 million as of 31 December 2024 and RMB82.1 million as of 31 March 2025.

Selected Items from the Combined Statements of Cash Flows

The following table is a summary of our cash flow data from our combined statements of cash flows for the years indicated:

	For the year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows used in operating activities	(39,341)	(211,442)	(369,326)
Net cash flows used in investing activities	(27,869)	(27,836)	(11,016)
Net cash generated from financing activities	71,319	233,187	398,990
Net increase/(decrease) in cash and cash equivalents	4,109	(6,091)	18,648
Cash and cash equivalents at beginning of the year	<u>12,781</u>	<u>16,890</u>	<u>10,799</u>
Cash and cash equivalents at end of the year	<u>16,890</u>	<u>10,799</u>	<u>29,447</u>

The cash flows relating to the discounting of our bills receivables are counted as our financing cash flows in the form of new or repayment of bank and other borrowings, and are excluded from our operating cash flows through adjustment for changes in working capital. Our bills receivables arise from our operations and represent the outstanding amounts due to us from our customers. As such, we believe that counting the cash flows relating to the discounting of our bills receivables as our operating cash flows provide useful information to investors and others in understanding and evaluating our operating cash flows in the same manner as they help our management. For illustrative purpose only, had the cash flows relating to the discounting of our bills receivables been counted as our operating cash flows rather than our financing cash flows, our adjusted net cash flows used in operating activities (non-IFRS measure) for the years ended 31 December 2022 and 2023 would have been RMB30.0 million and RMB0.8 million, respectively, and our adjusted net cash flows from operating activities (non-IFRS measure) for the year ended 31 December 2024 would have been RMB44.0 million. However, you should note that such adjustment is

SUMMARY

not required by, and is not made in accordance with IFRS, and you should not consider our adjusted net cash flows from or used in operating activities (non-IFRS measure) in isolation from, or as a substitute of, our net cash flows used in operating activities as reported under IFRS.

Key Financial Ratios

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

	As of/For the year ended 31 December		
	2022	2023	2024
Gross profit margin ⁽¹⁾	3.4%	3.9%	3.3%
Net profit margin ⁽²⁾	1.4%	2.2%	2.0%
Return on equity ⁽³⁾	N/A	111.8%	65.8%
Return on total assets ⁽⁴⁾	21.0%	29.3%	23.1%
Current ratio ⁽⁵⁾	0.5	1.1	1.3
Quick ratio ⁽⁶⁾	0.2	0.7	0.8
Gearing ratio ⁽⁷⁾	57.8%	61.6%	63.4%

Notes:

- (1) Gross profit margin is calculated using gross profit divided by revenue and multiplied by 100%.
- (2) Net profit margin is calculated using profit for the year divided by revenue and multiplied by 100%.
- (3) Return on equity ratio is profit for the year as a percentage of the average balance of total equity at the beginning and the end of the year and multiplied by 100%. The average balance of our total equity in 2022 was negative, and therefore the return on equity ratio for 2022 is not applicable.
- (4) Return on total assets ratio is profit for the year as a percentage of the average balance of total assets at the beginning and the end of the year and multiplied by 100%.
- (5) Current ratio is calculated using total current assets divided by total current liabilities.
- (6) Quick ratio is calculated using total current assets less inventories divided by total current liabilities.
- (7) Gearing ratio is calculated using debt (being trade and bills payables, payroll payable, accrued [REDACTED], deposit and other payables, lease liabilities and interest-bearing bank borrowings) divided by total assets.

SUMMARY

RISK FACTORS

Our business and the [REDACTED] involve certain risks, as detailed in the “Risk Factors” section of this Document. You should carefully review that section before making any [REDACTED] decisions regarding our Shares. Some of the major risks we face include, but are not limited to, the following:

- The majority of our revenue was generated from a small number of customers during the Track Record Period;
- We source most of our key raw materials from a small number of suppliers during the Track Record Period;
- We are highly dependent on a single product category, namely silver powder;
- The industry we operate in is characterised by rapid technological changes and advancements;
- Fluctuations in the silver price may have a material and adverse effect on our business, financial condition, and results of operations;
- Short-term orders from customers and counterparty risks may materially and adversely affect our business;
- We rely on the market demand for our silver powder products from the PV paste and PV cell industry; and
- We face intense market competition, and the PV silver powder industry may undergo unforeseen changes under rapid development.

OUR SHAREHOLDING STRUCTURE

Our Controlling Shareholders

Immediately after the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme), Cerulean Harbor will be interested in [REDACTED] of the issued share capital of our Company. Cerulean Harbor is owned as to 99% by PoplarC Holding (as a nominee which is wholly-owned by the PoplarC Trust) and 1% by Azure Harbor (which is wholly-owned by Mr. Chen), respectively. Pursuant to the PoplarC Trust, Vistra Trust (Singapore) Pte. Limited holds the equity interest in our Company through PoplarC Holding and Cerulean Harbor on trust for the benefit of Azure Harbor. The voting rights held by Cerulean Harbor in our Company are directly controlled by its sole director, namely Mr. Chen.

In this regard, Mr. Chen, Cerulean Harbor, PoplarC Holding and Azure Harbor will be our Controlling Shareholders within the meaning of the Listing Rules. For details, please refer to the section headed “Relationship with our Controlling Shareholders” in this Document.

SUMMARY

[REDACTED]

We have secured [REDACTED] financing from a number of investors with diverse background. See “History, Reorganisation and Corporate Structure — [REDACTED]” for more details.

[REDACTED] STATISTICS

The numbers in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] Shares are issued and sold in the [REDACTED], (ii) the [REDACTED] and the options that may be granted under the Share Option Scheme are not exercised, and (iii) [REDACTED] Shares are issued and outstanding following the completion of the [REDACTED].

	Based on an [REDACTED] of [REDACTED] per Share	Based on an [REDACTED] of [REDACTED] per Share
Market capitalisation after completion of the [REDACTED] ⁽²⁾	[REDACTED]	[REDACTED]
Unaudited [REDACTED] adjusted combined net tangible assets of our Group per Share ⁽³⁾	[REDACTED]	[REDACTED]

Notes:

- (1) All statistics in this table are presented based on the assumption that the [REDACTED] and the options that may be granted under the Share Option Scheme are not exercised.
- (2) The calculation of market capitalisation is based on [REDACTED] Shares expected to be in issue and outstanding following the completion of the [REDACTED].
- (3) The unaudited [REDACTED] adjusted combined net tangible assets per Share is arrived at after adjustments referred to in “Appendix II — Unaudited [REDACTED] Financial Information” to this Document and on the basis that a total of [REDACTED] Shares were in issue assuming that the [REDACTED] have been completed on 31 December 2024 but takes no account of any Shares which may be issued upon the exercise of (i) the [REDACTED], (ii) the options that may be granted under the Share Option Scheme, or (iii) any Shares which may be issued or repurchased by the Company.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our total [REDACTED] (including [REDACTED]) will be [REDACTED], accounting for [REDACTED] of the [REDACTED] from the [REDACTED] (assuming an [REDACTED] of [REDACTED] per Share, being the mid-point of the indicative [REDACTED] range stated in this Document and the [REDACTED] is not exercised). During the Track Record Period, [REDACTED] of [REDACTED] were charged to our combined statements of profit or loss for the year ended

SUMMARY

31 December 2024, and [REDACTED] were capitalised to our combined statements of financial position and recognised as deferred [REDACTED] as of 31 December 2024, which are expected to be deducted from equity upon [REDACTED] as they are directly attributable to the [REDACTED] of the Shares to the public. The estimated remaining [REDACTED] of [REDACTED] are expected to be charged to our combined statements of profit or loss for the year ending 31 December 2025, and [REDACTED] are expected to be deducted from equity upon [REDACTED]. The [REDACTED] consist of [REDACTED] [REDACTED]-related expenses and [REDACTED] non-[REDACTED]-related expenses (including fees and expenses of legal advisers and the Reporting Accountants of [REDACTED] and other fees and expenses of [REDACTED]).

[REDACTED]

The [REDACTED] from the [REDACTED] that we will receive after deducting the [REDACTED] and other estimated expenses paid and payable by us in connection with the [REDACTED] (assuming that the [REDACTED] is not exercised) will be approximately [REDACTED] (equivalent to approximately [REDACTED]), assuming an [REDACTED] of [REDACTED] per [REDACTED] (being the [REDACTED] of the [REDACTED] [REDACTED]).

Assuming an [REDACTED] at the [REDACTED] of the [REDACTED] [REDACTED], we intend to use these [REDACTED] for the following purposes:

- Approximately [REDACTED] of the [REDACTED], or [REDACTED] (equivalent to approximately [REDACTED]), will be used to strengthen our research and development efforts and drive technological innovation;
- Approximately [REDACTED] of the [REDACTED], or [REDACTED] (equivalent to approximately [REDACTED]), will be used for equipment upgrades, including both research and production equipment;
- Approximately [REDACTED] of the [REDACTED], or [REDACTED] (equivalent to approximately [REDACTED]), will be used to fund our overseas expansion;
- Approximately [REDACTED] of the [REDACTED], or [REDACTED] (equivalent to approximately [REDACTED]), will be used for the repayment of interest-bearing bank loans; and
- Approximately [REDACTED] of the [REDACTED], or [REDACTED] (equivalent to approximately [REDACTED]), will be used for working capital and general corporate uses.

For further details, see “Future Plans and [REDACTED]”.

SUMMARY

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be involved in contractual or other disputes or legal proceedings arising out of the ordinary course of business or pursuant to governmental or regulatory enforcement actions. During the Track Record Period and up to the Latest Practicable Date, neither we nor any of our Directors were involved in or subject to any litigation, arbitration, administrative proceedings, claims, damages or losses which would have a material adverse effect on our business, financial position or results of operations as a whole. As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us or any of our Directors, which individually or in the aggregate, would have a material adverse effect on our business, financial position or results of operations. For the potential impact of legal or other disputes on us, see “Risk Factors — Risks Relating to our Business and Industry — We may be involved in legal proceedings and commercial or contractual disputes, which could have a material and adverse effect on our business, results of operations and financial condition.”

Legal Compliance

During the Track Record Period and up to the Latest Practicable Date, we did not have any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our business as a whole. Our Directors confirm that we were not involved in any material or systematic non-compliance incidents during the Track Record Period and up to the Latest Practicable Date.

DIVIDEND POLICY

In October 2024, we declared and paid a dividend to the then shareholders of Janbon Colloidal Materials in the amount of RMB30.0 million. No other dividend has been paid or declared by our Company or other companies comprising our Group during the Track Record Period.

Our Company currently does not have a formal dividend policy or a fixed dividend payout ratio. Our Board of Directors may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment of dividends will be subject to our constitutional documents and applicable laws. Our shareholders at a general meeting must approve any declaration of dividends, which must not exceed the amount recommended by our Board of Directors. In addition, our Directors may from time to time pay such interim dividends as our Board of Directors considers to be justified by our profits and overall financial requirements, or special dividends of such amounts and on such dates as they think appropriate. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declaration of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board of Directors.

SUMMARY

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Pursuant to an equity transfer agreement dated 2 April 2025, Janbon Electronic Materials agreed to acquire the entire equity interest in Janbon Colloidal Materials held by Mr. Chen, Jinan Weilanwan and Xinchun Huizhi at a cash consideration of RMB126,478,429.86, RMB9,168,689.77 and RMB6,644,297.73, respectively. As advised by our PRC Legal Adviser, the aforementioned equity transfers were legally and validly completed on 2 April 2025 and all necessary PRC filings and approval procedures have been completed. As a result of such transaction, our Group’s total equity decreased by approximately RMB142,291,417.36 as compared to 31 December 2024, which will be reflected in the combined financial statements subsequent to 2 April 2025 as deemed distribution to shareholders and payables to shareholders. The considerations payable to Mr. Chen, Jinan Weilanwan and Xinchun Huizhi for the equity transfers will be settled by a combination of internal resources and bank borrowing. For further details, please see the section headed “History, Reorganisation and Corporate Structure — Reorganisation — 3. Acquisition of Janbon Colloidal Materials by Janbon Electronic Materials” and note 33 to the Accountants’ Report set out in Appendix I to this Document.

Our Directors have confirmed that, since 31 December 2024 and up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially affect the information shown in our financial information set forth in the Accountants’ Report included in Appendix I to this Document.

DEFINITIONS

In this Document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this Document.

“Accountants’ Report”	the Accountants’ Report for the three years ended 31 December 2022, 2023 and 2024, the text of which is set out in Appendix I to this Document
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, conditionally adopted on [•] with effect from the [REDACTED], and as amended from time to time, a summary of which is set out in the section headed “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix III to this Document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Azure Harbor”	Azure Harbor Limited, a company incorporated in the BVI with limited liability on 23 October 2024 and one of our Controlling Shareholders
“Board” or “Board of Directors”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
[REDACTED]	[REDACTED]
“Cayman Companies Act” or “Companies Act”	the Companies Act (As Revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
[REDACTED]	[REDACTED]

DEFINITIONS

“Cerulean Harbor”	Cerulean Harbor Limited, a company incorporated in the BVI with limited liability on 15 November 2024 and one of our Controlling Shareholders
“China” or “PRC”	the People’s Republic of China and for the purposes of this Document only, except where the context requires otherwise, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“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”	Janbon High Tech Co., Ltd. (建邦高科有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 12 December 2024
“Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Chen, Cerulean Harbor, PoplarC Holding and Azure Harbor. For further details, see “Relationship with our Controlling Shareholders”
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)

DEFINITIONS

“Deed of Indemnity”	the deed of indemnity dated [•] 2025 and entered into by each of our Controlling Shareholders (as indemnifiers) in favour of our Company (for ourselves and as trustee for each of our subsidiaries), particulars of which are set out in the section headed “Statutory and General Information — F. Other information — 1. Tax indemnity, other indemnity and estate duty” in Appendix IV to this Document
“Deed of Non-Competition”	the deed of non-competition dated [•] 2025 executed by each of our Controlling Shareholders in favour of our Company (for ourselves and as trustee for each of our subsidiaries), particulars of which are set out in the section headed “Relationship with our Controlling Shareholders — Deed of Non-Competition” in this Document
“Director(s)”	the director(s) of our Company
“EIT”	the PRC enterprise income tax
“EIT Law”	Enterprise Income Tax Law of the PRC
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
[REDACTED]	[REDACTED]
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent global market research and consulting company
“Frost & Sullivan Report”	the independent industry report prepared by Frost & Sullivan as commissioned by us
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Group”, “our Group”, “we”, or “us”	the Company and its subsidiaries from time to time or, where the context so 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

DEFINITIONS

“Guide”	the Guide for New Listing Applicants, as amended, supplemented or otherwise modified from time to time
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
[REDACTED]	[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“IFRS” or “IFRSs”	IFRS Accounting Standards, as issued from time to time by the International Accounting Standards Board
“independent third party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Issue Mandate”	the general unconditional mandate given to our Board by the Shareholders relating to allot, issue and deal with Shares, a summary of which is contained in the section headed “Statutory and General Information — A. Further information about our Group — 5. Written resolutions of our Shareholders passed on [•]” in Appendix IV to this Document
“Janbon BVI”	Janbon High Tech (BVI) Limited, a company incorporated in the BVI with limited liability on 23 December 2024 and a wholly-owned subsidiary of our Company
“Janbon Colloidal Materials”	Shandong Janbon Colloidal Materials Co., Ltd.* (山東建邦膠體材料有限公司), a limited liability company established under the laws of the PRC on 26 March 2010 and a wholly-owned subsidiary of our Company
“Janbon Electronic Materials”	Shandong Janbon Advanced Electronic Materials Co., Ltd.* (山東建邦高端電子材料有限公司), a limited liability company established under the laws of the PRC on 25 February 2025 and a wholly-owned subsidiary of our Company
“Janbon HK”	Janbon High Tech HK Limited, a company incorporated under the laws of Hong Kong on 21 January 2025 and a wholly-owned subsidiary of our Company
“Jinan Weilanwan Limited Partnership Agreement”	the limited partnership agreement dated 10 March 2023 and entered into between 32 employees of our Group
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Latest Practicable Date”	25 April 2025, being the latest practicable date for ascertaining certain information in this Document before its publication

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Magic Galaxy”	Magic Galaxy Limited, a company incorporated in the BVI with limited liability on 2 December 2024 and one of our [REDACTED][REDACTED]
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
[REDACTED]	[REDACTED]
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company, conditionally adopted on [•] with effect from the [REDACTED], and as amended from time to time, a summary of which is set out in the section headed “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix III to this Document
“MOFCOM” or “Ministry of Commerce”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Chen”	Mr. Chen Zichun (陳子淳), an executive Director, the Chairman of our Board, the Chief Executive Officer of our Company and one of our Controlling Shareholders
“NDRC”	the 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)
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
PoplarC Holding	PoplarC Holding Limited, a company incorporated in the BVI with limited liability on 24 January 2025 holding 99% interest of Cerulean Harbor as a nominee and wholly-owned by the PoplarC Trust, and one of our Controlling Shareholders
“PoplarC Trust”	A discretionary trust established on 24 January 2025 by Mr. Chen as the settlor, protector and investment manager, with Vistra Trust (Singapore) Pte. Limited acting as the trustee
“PRC Legal Adviser”	DeHeng Law Offices, our legal adviser as to PRC laws
“[REDACTED] Investments”	the [REDACTED] investments in our Company undertaken by the [REDACTED] Investors, details of which are set out in the section headed “History, Reorganisation and Corporate Structure” in this Document
“[REDACTED] Investors”	the [REDACTED] investors, namely Magic Galaxy, AV China Holdings PCC Limited, Emerald Investment Limited, Capital Ally Holdings Limited and Prospect Investment (BVI) Limited, details of which are set out in the section headed “History, Reorganisation and Corporate Structure” in this Document
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
“Document”	this document being issued in connection with the [REDACTED]
“Regulation S”	Regulation S under the U.S. Securities Act
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reorganisation”	the reorganisation arrangement undertaken by our Group, which is described in details in the section headed “History, Reorganisation and Corporate Structure” in this Document
“Reporting Accountants”	Ernst & Young
“Repurchase Mandate”	the general unconditional mandate given to our Board by the Shareholders relating to the repurchase of Shares, a summary of which is contained in the section headed “Statutory and General Information — A. Further information about our Group — 5. Written resolutions of our Shareholders passed on [•]” in Appendix IV to this Document
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on [•] 2025, the principal terms of which are summarised in the section headed “Statutory and General Information — E. Share Option Scheme” in Appendix IV to this Document

DEFINITIONS

“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of HK\$0.000001 each
“Shareholder(s)”	holder(s) of our Share(s)
“Silver Ocean”	Silver Ocean Limited, a company incorporated in the BVI with limited liability on 2 December 2024
“Silver Ocean Shareholders’ Agreement”	the shareholders’ agreement dated 25 April 2025 and entered into between 28 employees of our Group and Silver Ocean
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Sole Sponsor” or “Sponsor”	China Securities (International) Corporate Finance Company Limited
[REDACTED]	[REDACTED]
“State Council”	State Council of the PRC (中華人民共和國國務院)
[REDACTED]	[REDACTED]
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholders”	has the meaning ascribed to it in the Listing Rules
“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 three years ended 31 December 2024
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
“United States” or the “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“VAT”	value-added tax
“Wonder Particle”	Wonder Particle Limited, a company incorporated in the BVI with limited liability on 3 December 2024
“Wonder Particle Shareholders’ Agreement”	the shareholders’ agreement dated 25 April 2025 and entered into between four employees of our Group and Wonder Particle
“2023 Employee Shareholding Incentive Plan”	the employee shareholding incentive plan adopted by Janbon Colloidal Materials on 2 March 2023, which grants the equity interest of Janbon Colloidal Materials through Jinan Weilanwan Commercial Service, LP* (濟南蔚藍灣商務合夥企業(有限合夥)) to 32 employees of Janbon Colloidal Materials, and terminated pursuant to the shareholders’ resolution of Janbon Colloidal Materials dated 10 March 2025
“%”	percent

Unless otherwise specified or the context otherwise requires:

1. *statements contained in this Document assume no exercise of the [REDACTED];*
2. *all times refer to Hong Kong time;*
3. *references to years, months and days in this Document are to calendar years, calendar months and calendar days, respectively; and*
4. *all data in this Document is as of the date of this Document.*

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

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

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

DEFINITIONS

In this Document, “” denotes translation of certain natural persons, legal persons, enterprises, governmental authorities, institutions, entities, organisations, departments, facilities, laws and regulations into Chinese or English (as the case maybe), etc., or another language included in this Document for identification purposes only. In the event of any inconsistency, the Chinese names or the names in their original languages prevail.*

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain terms used in this Document in connection with our Company and our business. Some of these may not correspond to standard industry definitions or usage of these terms.

“ammonia solution (氨水)”	a solution of ammonia in water, often used in the synthesis process of silver powder to control particle size and morphology, as well as modify surface properties during production
“anhydrous ethanol (無水乙醇)”	ethanol that is free of water or has very low water content, often used as a solvent during the washing stages in the silver powder production process to remove impurities and ensure the quality of the final product
“burn-off loss (燃燒損失)”	the weight loss of silver powder or related materials during high-temperature processing, primarily due to the evaporation or decomposition of organic binders, dispersants, or residual processing agents
“centrifuge”	high-speed rotating equipment used to separate solid particles from liquids based on density differences, commonly employed in the production and refinement of silver powder to remove impurities and achieve desired particle size distribution
“conductivity”	the ability of silver powder or silver paste to conduct electricity; higher conductivity in silver powder or silver paste is critical for its effectiveness in PV cells, as it facilitates the efficient transfer of electrical charge
“consistency”	the uniformity of the physical properties of silver powder, such as particle size and morphology, which can affect the performance in downstream PV cell applications such as conversion efficiency and stability
“crystallinity (結晶度)”	the degree of structural order and arrangement of atoms in silver powder particles. In silver powder production, it represents the level of crystal structure in the silver particles, including monocrystalline and polycrystalline and ranging from high to low crystallinity. The level of crystallinity affects the sintering activity of the silver powder
“dispersant (分散劑)”	a substance used in the production of silver powder by the liquid-phase reduction method to control the size and shape of the silver particles and prevent agglomeration

GLOSSARY OF TECHNICAL TERMS

“dispersibility (分散性)”	the ability of silver powder particles to be evenly distributed in a liquid medium or paste. Good dispersibility is essential for the uniform application of silver powder in the manufacturing of PV silver paste and PV cells
“drying loss (乾燥損失)”	the percentage of moisture or volatile substances that evaporate from silver powder during the drying process
“fatty acid (油酸)”	an organic compound with a long hydrocarbon chain and a carboxyl group ($-\text{COOH}$), often used as an ancillary material to improve the dispersion and stability of silver particles in silver powder production
“formaldehyde (甲醛)”	a chemical compound with the formula CH_2O and a type of reducing agents
“front-side fine grids (正面細柵)”	fine gridlines printed on the front surface of PERC cells and TOPCon cells using silver paste. These grids help collect the electrical output from the cell, with the quality of these grids directly affecting cell efficiency
“functional group bonding”	the chemical interaction between functional groups, such as hydroxyl, carboxyl, or amine groups, in dispersants, binders, or surface-modified silver particles, influencing the stability, dispersion, and adhesion properties of silver powder in various formulations
“GW”	gigawatt; a unit of power used to measure large-scale energy production
“HJT cells”	Heterojunction cells; a type of N-type PV cells that combines both monocrystalline silicon and amorphous silicon layers. These cells are known for their high efficiency
“hydrophilic (親水性)”	silver powder or materials that attract water molecules. Hydrophilic silver powder is used in specific PV silver paste applications requiring enhanced wetting properties
“kg”	kilogramme
“liquid-phase reduction method”	a process used to produce silver powder in which silver ions in a solution are reduced to metallic silver particles through the addition of a reducing agent, resulting in the formation of fine silver powder

GLOSSARY OF TECHNICAL TERMS

“mono-dispersity (單分散性)”	the uniformity of the particle size and particle morphology in silver powder. High mono-dispersity indicates a high degree of uniformity and absence of variations in particle size and morphology
“monocrystalline (單晶)”	a type of crystal structure where a silver powder particle is made from a single crystal
“N-type cells”	a type of PV cells in which the base material is doped with electron-donating elements, providing higher efficiency and durability compared to P-type cells
“nano-electronic materials”	materials engineered at the nanometer scale (typically less than 100 nanometers), providing benefits such as improved conductivity, smaller form factors, and higher efficiency in PV cell applications
“nanocrystalline configurations”	particle configurations in silver powder that feature nanoscale crystal structures, offering enhanced conductivity and sintering properties for PV cells
“non-polar (非極性)”	a type of surface treatment for silver powder particles where they do not have an affinity for water
“oleophilic (親油性)”	describes silver powder that has an affinity for oils. This characteristic is essential for applications that require specific interactions with organic solvents or other non-polar substances
“particle morphology”	the shape of silver powder particles, which can range from spherical to more complex shapes such as flakes or rods. Particle morphology plays a significant role in the performance of PV cells
“particle surface treatment”	modifications made to the surface of silver powder particles to alter their chemical or physical properties, improving their performance in applications such as PV cells
“PERC cells” or “P-type PERC cells”	Passivated Emitter and Rear Contact Cells; a type of PV cells designed with an additional passivation layer on the rear side, which enhances light absorption and reduces electron recombination, thereby improving overall efficiency
“permeability (透過性)”	the ability of silver paste to pass through a screen during the printing process, affecting the print quality, line resolution and consistency in the fabrication of PV cells or electronic components. High permeability contributes to better screen printing efficiency and finer feature definition

GLOSSARY OF TECHNICAL TERMS

“pH value”	a measure of the acidity or alkalinity of a solution
“polar (極性)”	a property of silver powder particles that interacts with water molecules, often used for applications where these interactions are required
“polycrystalline (多晶)”	a type of crystal structure where a silver powder particle are made from multiple crystals, which affects its physical properties and application in different PV cell technologies
“polyvinyl pyrrolidone (聚乙烯吡咯烷酮)”	a polymer with the chemical formula $((C_6H_9NO)_n)$; a type of dispersants
“porous granular (多孔顆粒)”	a type of silver powder with a porous structure, providing unique properties such as enhanced sintering activity and better adhesion to substrates in PV applications
“printability”	the ability of silver paste to be easily applied through printing processes such as screen printing, essential for creating precise patterns on PV cells
“printed circuit boards”	thin boards made of insulating material, such as fibreglass, with conductive pathways etched or printed onto them to electrically connect and support various electronic components
“PV”	photovoltaic; the technology and method of converting sunlight directly into electricity using semiconductor materials
“PV cells”	individual units that convert sunlight into electrical energy through the photovoltaic effect, forming the fundamental building blocks of solar panels
“reducing agent”	a substance used in the production of silver powder by the liquid-phase reduction method that donates electrons to silver ions in solution, causing them to be chemically reduced to metallic silver particles
“screen printing”	a technique used to apply silver paste onto PV cells to create fine electrical contacts
“semiconductor packaging”	the process of enclosing and protecting semiconductor devices, such as integrated circuits, to provide physical support, electrical connections, and heat dissipation, facilitating their integration into electronic systems

GLOSSARY OF TECHNICAL TERMS

“silver nitrate”	an inorganic compound with the chemical formula AgNO_3 , commonly used in various chemical reactions and industrial applications due to its solubility in water and its role as a precursor to other silver compounds
“silver paste”	a conductive paste made from silver powder, essential for forming electrical contacts in PV cells
“silver-coated copper powder”	a composite conductive material consisting of copper particles coated with a thin layer of silver, balancing conductivity and cost efficiency for applications in PV silver paste, conductive adhesives, and electronic components
“sintering activity (焼結活性)”	the ability of silver powder to bond and shrink during the heating process, which is crucial for its role in forming strong electrical contacts in PV cells
“sq. m.”	square metre(s)
“substrate”	the base material onto which silver powder or silver-based conductive layers are applied, commonly including silicon wafers for PV cells, ceramic bases for multilayer ceramic capacitors, and polymer films for printed electronics
“tap density (振實密度)”	the bulk density of silver powder or other particulate materials measured after mechanically tapping or vibrating the sample, indicating packing efficiency and affecting flowability in conductive pastes and powder-based applications
“thermogravimetric analyser”	an instrument used to measure the weight changes of silver powder or related materials under controlled temperature conditions, providing data on thermal stability, burn-off loss, and organic residue content for quality control
“TOPCon cell LECO technology”	a specific advancement in TOPCon PV cells that focuses on enhancing Light and Elevated Temperature Induced Degradation (LeTID) resistance, thereby improving the long-term performance and efficiency of the PV cells
“TOPCon cells”	Tunnel Oxide Passivated Contact Cells; advanced PV cells that incorporate a thin tunnelling oxide layer and a passivated contact layer, enhancing efficiency by reducing electron recombination and improving conductivity
“ultrasonic reactor”	a processing equipment that uses high-frequency ultrasonic waves to disperse, homogenise, or modify silver powder particles, enhancing particle size uniformity and dispersion in conductive pastes and inks

GLOSSARY OF TECHNICAL TERMS

“xBC cells”	a type of high-efficiency PV cell design where both the positive and negative electrical contacts are placed on the rear side of the cell, reducing shading on the front and improving overall energy conversion efficiency
“μm”	micrometre; a unit of length equal to one-millionth of a metre (10^{-6} m)

FORWARD-LOOKING STATEMENTS

Certain statements in this Document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will,” “expect,” “anticipate,” “estimate,” “believe,” “going forward,” “ought to,” “may,” “seek,” “should,” “intend,” “plan,” “projection,” “forecast,” “could,” “vision,” “goals,” “objective,” “target,” “schedule,” “predict,” “project,” “aim,” “intend”, “consider,” “would,” “continue” and “outlook”) are not historical facts, but are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this Document), uncertainties and other factors some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- general political, market and economic conditions;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business;
- our planned projects and goals;
- our ability to control or reduce costs;
- our ability to control our risks;
- our ability to maintain good relationships with business partners;
- our business prospects and expansion plans;
- our ability to successfully implement our business plans and strategies;
- our financial condition and performance, debt levels and capital needs;
- our dividend policy;
- our capital expenditure plans;
- various business opportunities that we may pursue;
- the actions and developments of our competitors;

FORWARD-LOOKING STATEMENTS

- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate; and
- all other risks and uncertainties described in the section headed “Risk Factors” in this Document.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this Document. Any such intentions may change in light of future developments.

All forward-looking statements in this Document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

In addition to other information in this Document, you should carefully consider the following risk factors before making an [REDACTED] in our [REDACTED]. Our business, financial condition, or results of operations could be materially and adversely affected by any of these risks. The [REDACTED] of the [REDACTED] could decline due to any of these risks and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us or which we currently deem immaterial may arise or become material in the future and may have a material effect on us.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The majority of our revenue was generated from a small number of customers during the Track Record Period. Any reduced sales to key customers, customers failing to fulfil their obligations as stipulated in contracts with them, or failure to obtain new customers may significantly reduce our revenue and profit and materially and adversely affect our results of operation.

A significant portion of our revenue was generated from a small number of customers in each period during the Track Record Period. For each of the years ended 31 December 2022, 2023, and 2024, the sales revenue from our two largest customers amounted to RMB1,545.1 million, RMB2,304.3 million, and RMB2,492.1 million, respectively, accounting for 87.9%, 82.8%, and 63.1% of our total revenue for the respective period. The sales revenue from our five largest customers amounted to RMB1,678.1 million, RMB2,636.5 million, and RMB3,332.9 million, respectively, accounting for 95.4%, 94.8%, and 84.4% of our total revenue for the respective period. For more details about our five largest customers, see “Business — Customers” in this Document.

We may be affected by risks arising from customer concentration. Due to the highly competitive nature of the PV industry, we risk losing these customers in various situations including, among others, our failure to deliver high-quality products or services that meet the expectations and needs of our customers, our failure to adapt to changing market trends or technological advancements, and the prices of our products being uncompetitive.

Our sales to customers could be affected by a number of factors beyond our control, including their business and financial performance, which may fluctuate due to their liquidity and creditworthiness, market demand for their products, the financial health of their downstream industries, supply and competition in their target markets, and overall industry development. Broader macroeconomic conditions, such as inflation, interest rate changes, geopolitical uncertainties, and supply chain disruptions, could also impact their purchasing decisions. Any adverse developments affecting our key customers or affiliated companies, including changes in their procurement policies or financial difficulties, could reduce their demand for our products, which may in turn materially and adversely affect our revenue and profitability.

RISK FACTORS

We cannot assure you that our major customers will not change their business scope or business model, suspend their operation, operate in contravention to applicable laws, or have defects in operating licences and approvals, or encounter any operating or financial difficulties. Neither can we assure you that we will be able to continue to generate significant revenue from existing customers or maintain existing or further expand customer relationships. In the event that our customers cancel or reduce their orders, and if we are unable to identify suitable new customers within a reasonable period of time at a reasonable cost, we may not be able to recoup payments made to suppliers, which could materially and adversely influence our financial condition and results of operations. The loss of sales to any of these customers could also have a material adverse effect on our business, prospects and results of operations.

We source most of our key raw materials from a small number of suppliers during the Track Record Period. Any failure to obtain the required key raw materials from our existing suppliers, or inability to obtain these raw materials through secondary sources or markets may disrupt our production and materially and adversely affect our results of operation.

During the Track Record Period, our procurement of raw materials was concentrated among a relatively small number of suppliers. Our raw materials mainly include silver nitrate (AgNO_3) and other supplemental materials such as dispersants and reducing agents. Dispersants include polyvinyl pyrrolidone ($((\text{C}_6\text{H}_9\text{NO})_n)$), while reducing agents include vitamin C ($\text{C}_6\text{H}_8\text{O}_6$), and hydrazine hydrate (N_2H_4). Purchases from our two largest suppliers of raw materials amounted to RMB1,566.4 million, RMB2,114.3 million, and RMB2,460.2 million for the years ended 31 December 2022, 2023, and 2024, respectively, representing 90.4%, 77.9%, and 65.5% of our total purchases during the respective year. Purchases from our five largest suppliers of raw materials amounted to RMB1,704.2 million, RMB2,652.4 million, and RMB3,817.7 million for the years ended 31 December 2022, 2023, and 2024, representing 98.4%, 97.7%, and 98.3% of our total purchases during the respective year. If any of our major suppliers fail to adequately fulfil their obligations or experience disruptions in production due to, for example, bankruptcy, natural disasters, labour strikes or disruption of its supply chain, or decide to unilaterally terminate their contractual arrangements with us, we may experience a significant delay in the delivery of or fail to receive previously ordered raw materials including silver nitrate and/or other supplemental materials, which would materially and adversely affect our revenue and profitability and could jeopardise our ability to meet the demands of our customers.

If we are unable to obtain the required key raw materials from our existing suppliers, we may need to obtain these raw materials through secondary sources or markets, which could result in higher costs, delays, and/or materials that do not meet our quality requirements or technical specifications. We may not be able to turn to alternative sources of raw materials on a timely basis or on commercially reasonable terms to manufacture and deliver our silver powder products to customers in the required quantities and at prices that are profitable, which may escalate the severity. There can be no assurance that our inventories will address all the supply chain failures that may arise. This reliance on a limited number of suppliers and the lack of any guaranteed sources of supply exposes us to the risk of the inability to obtain an adequate supply of key raw materials, including silver nitrate and other supplemental materials of dispersant and reducing agents.

RISK FACTORS

As a result of this risk, we cannot guarantee that we will be able to secure a sufficient supply of key raw materials in the future or that their costs will not increase. If our supply of raw materials is disrupted or delayed, or if we need to replace our existing suppliers, there can be no assurance that additional raw materials will be available when required or on terms favourable to us. Such disruptions could extend our lead times, increase raw material costs, and materially and adversely affect our business, financial condition, results of operations, and prospects. Additionally, we may not be able to procure raw materials at reasonable prices, which could negatively impact our business or necessitate entering into longer-term contracts. Seeking alternative sources of supply to address these issues may further increase our manufacturing costs. Any such disruptions could exacerbate other risk factors, raise costs, and reduce our gross margins, thereby materially harming our business, financial condition, results of operations, and prospects.

We are highly dependent on a single product category, namely silver powder, and our efforts to develop and diversify our product portfolio other than silver powder may not be successful.

During the Track Record Period, we derived almost all of our revenue from sales of silver powder products. In the years ended 31 December 2022, 2023, and 2024, revenue generated from the sales of silver powder accounted for 98.5%, 99.1%, and 97.4% of our total revenue, respectively. We expect that the production and sales of silver powder products will continue to contribute to the vast majority of our total revenue in the near term. Given our significant reliance on a single product category, market acceptance of our silver powder products is critical to our future success. Any adverse developments affecting the demand for or pricing of silver powder, including changes in industry trends, customer preferences, technological advancements, competition from alternative materials, or regulatory developments, could materially and adversely impact our business, financial condition, and results of operations.

Furthermore, our current business strategy includes efforts to explore product portfolio other than silver powder such as copper powder. However, there can be no assurance that any of these initiatives will succeed. The development of new products requires substantial investment in research and development, production capabilities, and marketing, and there is no guarantee that we will be able to generate sufficient customer demand to achieve commercial viability. Additionally, new product segments may expose us to unfamiliar regulatory requirements, supply chain risks, and competitive dynamics, which could further challenge our ability to diversify revenue streams effectively. If we fail to develop, launch, and market new products successfully, or if these products do not gain sufficient market traction, we may be unable to recoup our investments, which in turn could materially and adversely affect our business, financial condition, and results of operations.

RISK FACTORS

The industry we operate in is characterised by rapid technological changes and advancements, which requires us to invest substantial resources in research and development, sustain technological innovation and keep up with the technological upgrades and iterations in a timely manner. Failure to do so could result in delays or failure to bring new and competitive products to the market, materially and adversely affecting our financial performance.

The silver powder manufacturing industry evolves rapidly and is subject to rapid technological changes and developments. Our future success, in part, depends on our ability to continue to improve the quality and performance of our existing products and develop and introduce new products that integrate new technological advances. If we are unable to integrate prevalent technological advances into our product offerings or design, develop, manufacture and market new products successfully in a timely manner or at all, our operating results and prospects may be adversely affected. We cannot assure you that we are able to bring new and competitive products to the market in a timely manner or at all. Any foregoing failure could threaten our market-leading position and damage our reputation. In the event we are unable to manage or mitigate the risks associated with technological changes and advancements, our business operation, profitability and future growth may be adversely affected.

We are actively seeking the production and sales of new products, such as non-PV applications for silver powder, as well as alternative conductive materials, including copper powder and silver-coated copper powder. Bringing in new products may expose us to market risks, including, but not limited to, low market acceptance, inefficient production capacity, fierce industry competition, potential difficulties in operating new products or different operational requirements. Our production and sales of these new products may not be successful, which may materially and adversely affect our business, results of operations, financial condition and growth prospects.

We are required, on a timely and consistent basis, to refine our existing technology and to design, develop and introduce new, improved and competitive products. We plan to continue to invest human and capital resources to develop or acquire technologies that will allow us to enhance the scope, quality and performance of our products, which can be capital-intensive and time-consuming. We cannot assure you that our improved products will be successful commercially or that the new products we introduce will achieve widespread market acceptance. If we fail to generate ideal results from research and development, there may be a waste of capital and human resources, which may adversely affect our results of operations and financial condition. Moreover, we cannot assure you that our research and development efforts can be completed in the anticipated time frame. If we encounter delays in production development and technology integration, fail to meet changing market demands, fail to keep up with the latest technological developments, or if our competitors respond to new technologies more promptly than we do, our business, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

Fluctuations in the silver price may have a material and adverse effect on our business, financial condition, and results of operations.

Our business, financial condition, and results of operations may be significantly influenced by fluctuations in the price of silver. Specifically, we determine the selling price of our silver powder products by adding a mark-up to the price of silver. The price of silver is the determinant of the selling price of our silver powder products for our customers and directly affects our revenue. Additionally, silver nitrate is our primary raw material, and the procurement costs for silver nitrate make up the vast majority of our cost of sales. Therefore, any fluctuations in the price of silver can directly impact our revenue, costs, gross profit, and gross profit margin. Our historical results of operations have been affected by these fluctuations. For more information, see “Financial Information — Review of Historical Results of Operations” section in this Document.

The price of silver is subject to volatility due to external factors such as market supply and demand. Consequently, we are exposed to the market risk associated with fluctuations in the price of silver. For instance, according to Frost & Sullivan, the average price of silver nitrate in China increased from RMB3.1 thousand per kg to RMB4.0 thousand per kg between 2020 and 2024, with a CAGR of 6.6%, and it is projected to reach RMB5.4 thousand per kg in 2029, growing at a CAGR of 6.2% from 2024 to 2029. If we are unable to effectively manage these price fluctuations, our revenue, costs, gross profit, and gross profit margin may fluctuate, and our business, financial condition, and results of operations may be materially and adversely affected.

Short-term orders from customers and counterparty risks may materially and adversely affect our business.

During the Track Record Period, we have not entered into any long-term or exclusive agreements with customers and sales of our products with our customers were characterised by short-term orders placed by our customers from time to time. As such, we primarily rely on ongoing communications with our customers in order to predict the future volume of our purchase orders. We cannot guarantee that our existing customers will continue to place orders with us, place orders of no less than the current volume of products, or not cancel any orders placed with us in the future. A variety of conditions, both specific to an individual customer and generally affecting the customer’s industry, can cause a customer to reduce or delay orders previously anticipated by or already placed with us, which could adversely impact our business. Given the volatility of short-term orders, we may experience an adverse change in our revenue. If any of these customers terminates their contracts with us or significantly reduces the amount of purchases from us, we may not be able to find replacement customers in the near term, and our results of operations could be adversely affected.

RISK FACTORS

We rely on the market demand for our silver powder products from the PV paste and PV cell industry. Any slowdown or decrease in downstream demand or technological developments resulting in substitute products may have a material and adverse impact on us.

Our silver powder products are primarily used in the production of PV silver paste for manufacturing PV cells. Revenue generated from our silver powder products accounted for 98.5%, 99.1%, and 97.4% of our total revenue in 2022, 2023 and 2024, respectively. We also generated a small portion of our revenue from providing processing services for some customers, whereby we manufactured PV silver powder products using silver ingots provided by them and charged a processing fee. There is no guarantee that the demand for PV silver paste will remain at previous levels or continue to grow in the future. Therefore, any potential changes in the demand for PV silver paste may have a significant impact on our PV silver powder sales.

In addition, technological advancements and the development of alternative materials to PV silver powder used in PV cells could negatively impact the demand for our silver powder products. As global commodity prices fluctuate, alternative materials may become more cost-effective, potentially rendering our silver powder products less marketable or even obsolete. According to Frost & Sullivan, at present, the alternative solutions for PV silver powder primarily focus on silver-coated copper and electroplated copper technologies.

Any of these events could have a material adverse effect on our businesses, financial condition and results of operations.

We face intense market competition, and the PV silver powder industry may undergo unforeseen changes under rapid development. If we fail to compete successfully, our business and results of operations may be materially and adversely affected.

We are a leading PV silver powder manufacturer in China. We currently face and will continue to face, significant competition from other manufacturers of similar products. According to Frost & Sullivan, due to high technical barrier, there were less than 20 PV silver powder manufacturers globally as of 31 December 2024. Overseas PV silver powder manufacturers have a leading position in global and China’s PV silver powder industry due to advanced technologies and first mover advantages. Our competitors may enjoy several competitive advantages over us, including, but not limited to, better brand recognition, more financial resources, longer operating history, stronger research and development capabilities, larger customer base and stronger relationships with suppliers.

We believe that our ability to compete effectively against other market participants depends upon many factors, some of which are beyond our control. These factors include:

- the quality, reliability, and technological advancement of our products compared to those of our competitors, which are highly dependent on our research and development and technological capabilities, and our insights into customer needs and preferences as compared to our competitors;

RISK FACTORS

- our ability to identify and capture new market opportunities in advance of our competitors;
- our reputation relative to our competitors;
- regulations or government policies in the industry where we operate;
- our ability to attract, retain, and motivate talented employees, in particular highly qualified research and development personnel; and
- our ability to manage and grow our operations cost-effectively.

We may be unable to compete successfully against these competitors or new market entrants, which may adversely affect our business and financial performance. Any failure by us to successfully react to the changes in alternative technologies and competitive market conditions could materially harm our competitive position and growth prospects.

We may face an overcapacity of production in China’s PV silver powder industry.

According to Frost & Sullivan, other market players in China have also been expanding their production capacity in recent years. If the expansion of production capacity across the industry outpaces the growth in demand from PV silver paste manufacturers and PV cell producers, the industry may experience overcapacity. The future demand for PV silver powder is influenced by numerous factors beyond our control, including the macroeconomic environment in China, government policies affecting the PV sector, technological advancements leading to reduced silver consumption in PV applications, and shifts in supply chain dynamics.

There is no assurance that we will not face the effects of overcapacity in the PV silver powder industry. If supply significantly exceeds demand, competition among silver powder producers may become more intense, leading to potential price reductions, margin compression, and increased pressure to secure and retain customers. In such a scenario, our capacity utilisation rate may decline, resulting in higher per-unit manufacturing costs due to underutilised production facilities. Moreover, if we are unable to effectively differentiate our products or maintain our competitive positioning, we may struggle to sustain our market share and profitability. Any prolonged overcapacity in the industry could materially and adversely affect our business, financial condition, and results of operations.

The success of our business depends on our ability to attract, train, and retain highly skilled employees and key personnel.

Our success depends, to a significant extent, on the capability, expertise and continued services of our key personnel, including, among others, key executives and research and development personnel. We rely on the expertise and experience of our key personnel in developing business strategies, product research and development, business operations and maintaining relationships with customers. If we lose the services of any of our key personnel, we may not be able to find a suitable replacement with comparable knowledge

RISK FACTORS

and experience, and our business, financial condition, results of operations and prospects may be materially and adversely affected. Our success also depends on our ability to attract and retain talented personnel. We may not be able to attract or retain all the key personnel we need. We may also need to offer better remuneration and other benefits to attract and retain key personnel, and therefore, we cannot assure you that we will have the resources to fully achieve our staffing needs or that our costs and expenses will not increase significantly as a result of increased talent acquisition and retention cost. Our failure to attract and retain competent personnel and any increase in staffing costs to retain such personnel may have a negative impact on our ability to maintain our competitive position and grow our business. If this occurs, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to implement other expansions as planned. Expanding our business may exceed the original budget and may not necessarily achieve the expected economic benefits or commercial feasibility.

Our revenue realised steady growth over the past several years, and we intend to maintain our competitive advantages by, among others, expanding our business in the PV silver powder industry as well as exploring new business opportunities in non-silver powder materials and non-PV silver powder applications. Such expansion plans and any other future expansion plans would require significant capital investments in new production facilities and the engagement of additional qualified personnel. The success of our business expansion plans depends on various factors, many of which are beyond our control. There can be no assurance that we will be successful in implementing our strategies or that our strategies, even if implemented, will lead to the successful achievement of our business objectives.

Furthermore, in addition to the [REDACTED] from the [REDACTED], we expect to continue to fund our expansion plan through banking facilities and/or our operating cash flows. Finance costs in relation to our banking facilities may increase in the future and adversely affect our profitability. Accordingly, we may not be able to achieve the expansion of our operations in a timely or cost-effective manner. For risk relating to our financing activities, please see “Risk Factors — Risk Relating to our Business and Industry — Our business is capital-intensive, and we may require additional financing to support our developments or adapt to changes in business conditions. However, there is a risk that we may not be able to obtain additional financing on favourable terms or at all.” in this section.

If we fail to develop and maintain management, operational and administrative systems, resources and supporting infrastructure effectively and sufficiently to keep pace with our planned growth, we may experience difficulties in managing our growth and our business, financial condition and results of operations could be materially and adversely affected. For example, we may encounter difficulties in producing or selling our new products or in constructing our production or operational facilities for new products as a result of budget overruns, shortage of necessary equipment components, shortage of labour, increase in construction costs or unexpected extreme weather conditions. Furthermore, there is no assurance that we will be able to secure a stable supply of raw materials, power or water at favourable terms, or at all, to sustain our future expansion. Any delay or

RISK FACTORS

interruption in the schedule for our production and sales may impact our ability to meet increased customer demand. This could result in a loss of existing and potential new customers who, under such circumstances, may seek to source products from our competitors.

In addition, we may seek to expand our business through business cooperation, strategic investments, and joint research and development exercises. The success of these endeavours depends on the availability of, and competition for, suitable targets and on our financial resources, including available cash and borrowing capacity, and the business performance and financial condition of the targets. Moreover, future investments, joint ventures, mergers and acquisitions, partnerships and cooperation may expose us to potential risks, including the diversion of management attention and resources from our existing business and the inability to generate sufficient revenue to offset the costs and expenses. These endeavours may also result in increased leverage, sharing of potential legal liabilities in respect of the target businesses, and incurrence of impairment charges related to goodwill and other intangible assets. As a result, we cannot assure you that we will be able to achieve the strategic purpose of any investment, joint venture, merger and acquisition, partnership or cooperation, the desired level of control in management decisions made by the targets or our anticipated investment return target. If we are unable to implement our strategies effectively, our business, financial condition and results of operations may be materially and adversely affected.

Inefficient management of inventory risks or an increase in provisions for impairment of inventories may have a material and adverse effect on our financial condition and results of operations.

We had inventories of RMB41.2 million, RMB73.0 million, and RMB121.5 million as of 31 December 2022, 2023, and 2024, respectively. Our inventories mainly consist of finished goods, raw materials and consumables, goods in transit, and work in progress. As our markets are competitive and subject to rapid technological advances, we may not be able to accurately forecast market demand and maintain an appropriate level of inventory. Failing to do so could have a material and adverse effect on our business, financial condition, and results of operations.

On the one hand, if we have insufficient inventory, we may be unable to meet customer demand and lose market share. On the other hand, excessive inventory of our products, raw materials, and auxiliary materials can expose us to increased inventory risks. Excess inventory levels can lead to higher inventory costs, risks of inventory obsolescence, and provisions for impairment. As of 31 December 2022, 2023, and 2024, we recorded provision for impairment of inventories, being auxiliary raw materials for our silver powder production that aged more than one year, of RMB0.3 million, RMB0.5 million, and nil, respectively. Additionally, unforeseen events may damage or impair our inventories during storage. Furthermore, as our inventory ages, we may be required to write down its value in accordance with our accounting policies. Failing to effectively manage our inventories can have a material and adverse impact on our financial condition and results of operations.

RISK FACTORS

Our international strategy and ability to conduct business in international markets are subject to uncertainties and risks.

We plan to leverage our extensive industry experience and success in China to gradually grow our business beyond China, tapping into new markets and driving our long-term growth. For details, see “Business — Our Strategies — Expand Internationally.” Our international operations are subject to various risks and uncertainties including the following:

- compliance with foreign laws, regulatory requirements and local industry standards, with which we may not be familiar;
- competition from foreign players or failure to anticipate changes to the competitive landscape in the international markets due to a lack of familiarity with the local business environment;
- difficulty in managing relationships with foreign customers;
- political and economic instabilities, including changes in government policies or regulations affecting foreign investments, economic fluctuations and currency volatility, geopolitical tensions or conflicts impacting business operations, and potential social or civil unrest;
- global and regional health crisis;
- lack of familiarity with local operating and market conditions;
- difficulties and costs of staffing and managing foreign operations;
- cultural and language difficulties;
- exposure to increased litigation risks in the international markets, and
- foreign exchange rate exposure and risk of foreign exchange regulations.

Any of the foregoing factors could result in our failure to successfully expand our international business, which may in turn have a material and adverse impact on our business, operating results, and development strategy.

We may fail to protect our intellectual property rights or face infringement claims from third parties, either of which could undermine our competitive position and materially and adversely affect our business.

Intellectual property rights are important to our business. We rely on a combination of patent, trade secret, trademark laws and third-party non-disclosure agreements to protect our intellectual property rights and products. Please refer to the sections headed “Business — Intellectual Property” and “Appendix IV — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of Our Group” in this Document for details of our intellectual properties that are material to our business.

RISK FACTORS

However, we cannot assure you that our intellectual property rights will not be challenged, invalidated, circumvented or rendered unenforceable or that meaningful protection or adequate remedies will be available to us. For instance, it may be possible for unauthorised third parties to copy our intellectual property, to reverse engineer or obtain and use information that we regard as proprietary, or to develop equivalent technologies independently. Third parties may bring suits alleging infringement of intellectual property rights or otherwise assert their rights or urge us to purchase licences from them. Additionally, third parties may assert exclusive patent, copyright and other intellectual property rights to the technologies that are important to us. Enforcing our rights through litigation could be costly and time-consuming, divert management resources, require royalty payments, or restrict our use of critical technologies. We also could incur substantial costs to redesign our products or to defend any legal action taken against us.

In addition, our existing and future patents may not be sufficient to protect our products or technologies used in our products or product designs or prevent others from developing competing products, technologies or designs. Furthermore, there can be no assurance that our future patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. If any of the foregoing occurs, our business, results of operations and financial condition could be materially and adversely affected.

Any unexpected disruption at our production facilities could materially and adversely affect our business, financial condition and results of operations.

Our ability to meet the demands of our customers and grow our business relies on the efficient, proper and uninterrupted operation of our production plant and a constant and sufficient supply of raw materials. In the event of earthquake, fire, drought, flood or other natural disaster, environmental incidents, power outages, fuel shortages, mechanical breakdowns, extended outage of transportation systems or other events that limit or disrupt our ability to operate our production facilities, we may not be able to manufacture and deliver our products in a timely manner and may experience substantial losses, including loss of revenue from disrupted production. We may also need to incur substantial additional expenses to repair or replace any damaged facilities and recover production, which are not covered by our insurance coverage.

In addition, our ability to manufacture and supply products and our ability to meet our delivery obligations to our customers would be significantly disrupted, and our relationships with our customers could be damaged. Furthermore, if our research and development projects are interrupted by the disruptions at our production facilities, the launch of new products and the timing of improvements to existing products could be significantly delayed. These delays could adversely impact our ability to compete with other available products.

Any of these events could have a material and adverse effect on our business, financial condition and results of operations.

RISK FACTORS

Our business is capital-intensive, and we may require additional financing to support our developments or adapt to changes in business conditions. However, there is a risk that we may not be able to obtain additional financing on favourable terms or at all.

We operate in a capital-intensive industry that requires substantial capital and other short-term expenditures, including commitments for equipment and facilities, as well as working capital for daily operations, particularly for the procurement of silver nitrate, a precious metal raw material, to maintain adequate and secure inventory levels. To the extent that we grow our business, we expect to fund the related financial commitments and other capital and operating expenses from a combination of cash on hand, banking facilities, and the [REDACTED] from the [REDACTED]. We may require additional financing if we incur operating losses and/or incur additional capital expenditures for the development of our business. If our financing is insufficient to satisfy our working capital requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets and the PRC regulations over foreign investment and the industry we operate. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations and growth. There can be no assurance that financing would be available in a timely manner or in amounts or on terms favourable to us or at all. Any failure to raise sufficient funds on terms favourable to us, or at all, could severely restrict our liquidity as well as have a material and adverse effect on our business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing Shareholders.

Our operations depend on a stable, timely, and adequate supply of energy and utilities, including electricity and water, at commercially reasonable prices. Any disruption in the supply of energy or utilities, or fluctuations in energy prices, could significantly affect our production processes, costs, and profitability.

Our production and operations depend on a continuous and adequate supply of utilities, such as electricity and water, the use of which will further increase substantially as we expand our production capacity. Any disruption in the supply of electricity and water or other utilities at our production plants may disrupt our production. This may adversely affect our ability to fulfil our sales orders and consequently may have an adverse effect on our business, results of operations and financial condition. We cannot assure you that we will not encounter shortages of utility supplies or utility suspensions in the future. If such shortages or suspensions of utilities happen for a significant period of time, our business, results of operations and financial results may be materially and adversely affected.

RISK FACTORS

Additionally, our production volume and production costs are affected by price and supply of energy. The prices of energy are subject to a number of factors which may be beyond our control, including inflation, supplier capacity constraints, general economic conditions, commodity price fluctuations, demand from other industries for energy, power consumption policies and local and national regulatory requirements. Significant increases in energy prices may have a material effect on our profitability and result in a decrease in our profit margin if we are unable to adjust the price of our products and pass such increased costs to our customers accordingly. Moreover, if the supply of energy is affected by natural disasters, adverse weather conditions, suppliers’ equipment failures, disruptions in transport or other inclement factors, we may not be able to identify and secure alternative sources of supply and/or at acceptable prices. We cannot assure you that unexpected and serious shortages of energy will not occur in the future. Any disruption in the supply of energy or fluctuation in energy prices may have a material adverse effect on our business, financial condition and results of operations.

Any failure to comply with environmental, health, and safety regulations applicable to us could harm our business.

Our business operations are subject to national and local laws and regulations of the PRC pertaining to the protection of the environment and health and safety requirements, including but not limited to the treatment and discharge of pollutants into the environment. For further details, please see the section headed “Regulatory Overview — Regulation Relating to Environmental Protection” in this Document. Since the requirements imposed by the relevant environmental protection laws and regulations may be updated and more stringent laws or regulations could be adopted, we may be unable to comply in a timely manner or to accurately predict the potentially substantial cost of complying with these laws and regulations. If we fail to comply with the relevant environmental protection and health and safety laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, suspend production or suspensions in our business operations.

In addition, we cannot fully eliminate the risk of accidental contamination or personal injury at our production facilities during the development and manufacturing process. In the event of such an accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Other adverse effects could result from such liability, including reputational damage resulting in the loss of business from customers. We may also be forced to close or suspend operations at certain of our affected production facilities temporarily or permanently. As a result, any accidental contamination or personal injury could have a material and adverse impact on our business, financial condition, results of operations and prospects.

RISK FACTORS

Our failure to maintain an effective quality control system may result in a material adverse effect on our business, reputation, financial condition and results of operations.

The quality of our products is critical to the success of our business. These factors depend significantly on the effectiveness of our quality control system, which, in turn, depends on a number of factors, including, among others, the quality of raw materials, the design of production systems, machinery and equipment used, the quality of our staff and related training programmes and our ability to ensure that our employees adhere to our quality control policies and guidelines. For details of our quality control, please refer to “Business — Quality Control” in this Document. We cannot assure you that our quality control system will continue to be effective and compliant with relevant laws, regulations and standards. Any significant failure in or deterioration of the efficacy of our quality control systems could result in us damaging our relationships with our customers and losing accreditations and requisite certifications or qualifications, which could, in turn, have a material and adverse effect on our business, reputation, financial condition and results of operations.

Any preferential income tax treatment and the government grants that we enjoy may be altered or terminated.

According to the applicable PRC tax regulations, the statutory corporate income tax rate in the PRC is 25%. Our operating subsidiary, Janbon Colloidal Materials, has been qualified as a High and New Technology Enterprise and have enjoyed a preferential income tax rate of 15% since 2015.

We cannot assure you that Janbon Colloidal Materials will be able to enjoy or continue to enjoy the aforementioned preferential income tax treatment. For instance, under applicable PRC laws and regulations, the preferential income tax treatment for a “High and New Technology Enterprise” is subject to renewal every three years and can be revoked by the relevant local authorities upon a review process on the eligibility of such accreditation. We cannot assure you that Janbon Colloidal Materials will continue to be accredited as a “High and New Technology Enterprise” upon expiration of the relevant certificate, or that such accreditation will not otherwise be revoked by the relevant local authorities. If we fail to renew any preferential tax treatment qualification in time or at all, or if any change or termination of government grants or preferential tax treatment occurs, the decrease in other income or increase in our tax charge or any other related tax liabilities could materially and adversely affect our results of operations and financial condition.

In addition, during the Track Record Period, we received government grants from the PRC local government authorities to support our operation, for example, value-added tax additional deductions and incentives in support of our research and development activities. For the years ended 31 December 2022, 2023, and 2024, our government grants amounted to RMB1.1 million, RMB2.1 million, and RMB10.8 million, respectively. It is important to note that the future availability of government grants cannot be guaranteed. In the event that we are unable to secure such grants in the future, it could have an adverse impact on our operations and financial conditions.

RISK FACTORS

We failed to make adequate contributions to social insurance and housing provident funds according to the requirements of the relevant PRC laws and regulations during the Track Record Period, which may subject us to penalties.

Under PRC laws and regulations, we are required to make contributions to social insurance and housing provident funds for our employees. Any failure to make timely and adequate social insurance and housing provident funds contribution for employees may trigger an order of correction from competent authority requiring the employer to make up the full amount of such overdue social welfare contribution within a specified period of time, and the competent authority may further impose fines or penalties, or apply to the people’s court to enforce collection. During the Track Record Period, we did not fully contribute to social insurance and housing provident funds for certain employees based on their actual salary levels in accordance with the relevant PRC laws and regulations. For details of such non-compliance, including the potential penalties, please refer to “Business — Employees” in this Document.

Furthermore, as PRC labour laws and regulations, including the Labour Contract Law of the PRC and the Social Insurance Law of the PRC, may be subject to amendments and changes in interpretation from time to time, we cannot guarantee that our employment practices have complied or will continue to comply with all applicable requirements. Any failure to comply with relevant labour laws and regulations may expose us to labour disputes, government investigations, or additional compensation obligations to employees, which could materially and adversely affect our business, financial condition, and results of operations.

We may not have adequate insurance coverage for losses and liabilities arising from various operational risks and hazards that we are subject to.

We maintain insurance policies that are required under the PRC laws and regulations and are based on the assessment of our operational needs. However, we currently do not maintain insurance policies covering physical damage to, or loss of, our equipment, office furniture or inventory. We do not maintain product liability and professional errors and omissions insurance covering product liability claims arising from the use, consumption or operation of our products and claims arising from negligence in connection with our services to customers, which are not required by any applicable PRC laws or regulations.

We believe these insurance policies are generally consistent with the customary industry practices, with respect to deductibles and limits of coverage, but we cannot be fully insured against all potential hazards incidental to our business, including losses resulting from business interruptions, or all potential losses, including damage to our reputation. If we were to incur significant liabilities for which we are not fully insured, it may have an adverse effect on our results of operations. In light of the change of market conditions, premiums and deductibles for certain insurance policies may increase substantially and, in some instances, certain insurance policies may become unavailable at a reasonable cost or available only for certain risks. If for any reason we were no longer covered by our existing insurance policies, we may not be able to obtain replacement of insurance policies on acceptable terms or at all, which may have an adverse effect on our results of operations.

RISK FACTORS

We may experience product return or exchange from time to time, which may materially and adversely affect our business, results of operations and financial position.

Generally, we allow product returns if there exist product defects for which we are responsible, and the relevant products in question are still within the warranty duration prescribed in sales contracts or production specifications. We may also accept product exchanges negotiated with our customers on a case-by-case basis under specific situations for commercial consideration despite the fact that there is no product defect. There is no assurance that we will not encounter material product returns or cancellation of orders due to product defects or other product exchanges negotiated with our customers on a case-by-case basis under specific situations for commercial consideration despite that there is no product defect. If that happens, our business, results of operations and financial position may be materially and adversely affected.

We are subject to certain risks relating to the delivery of our raw materials and products, including delays caused by suspension or interruption to the services of our third-party logistics providers and an increase in delivery costs.

During the Track Record Period, we sourced our raw materials from qualified suppliers in the PRC, who generally arrange for their delivery to our production facilities via vehicle transportation at their own expense. Similarly, we engage third-party logistics providers to deliver our products to customers, utilising vehicle transportation based on delivery distances. For details of our logistics arrangements for delivery of products, please refer to “Business — Warehousing and Logistics” in this Document.

Fleet transportation is subject to various risks, including accidents, property damage, fire, mechanical failures, adverse traffic conditions, and extreme weather events. If any of these incidents occur, we cannot assure that our raw materials will be delivered in a timely manner, which may delay our production schedules. Likewise, if transportation services for our products are suspended or interrupted and we are unable to secure alternative delivery methods promptly, our ability to meet customer deadlines could be compromised, potentially leading to reputational damage, loss of customer confidence, and adverse financial impacts. Additionally, any significant increase in transportation or logistics costs could further erode our profitability.

As such, any disruptions in the transportation and delivery of our raw materials or products could materially and adversely affect our business operations, financial condition, and results of operations.

RISK FACTORS

Any of our share incentive schemes, including share option or award plans, may have a significant impact on our future operation and dilute the ownership interests of our Shareholders.

We may implement various forms of share-based incentive schemes as part of our long-term strategy to attract, retain, and motivate key personnel and employees. We believe that share-based compensation plays a crucial role in enhancing employee engagement and aligning their interests with our overall business objectives. For the years ended 31 December 2022, 2023 and 2024, we recorded equity-settled share award expense of nil, RMB2.0 million and RMB2.4 million, respectively, in connection with the 2023 Employee Shareholding Incentive Plan we adopted in March 2023 (see “History, Reorganisation and Corporate Structure — Our Corporate Developments — (6) The PRC Employee Shareholding Platform and Capital Increase in March 2023” for details). However, there is no assurance that such incentive schemes will not have an adverse impact on our operations or shareholders’ rights. The recognition of equity-settled share award expense will reduce our net profit, while any additional issuance of Shares under such plans will dilute the ownership interests of our Shareholders. Conversely, if we limit or reduce the scale of our share-based compensation, we may face challenges in attracting and retaining key personnel by offering competitive incentives linked to the value of our Shares. Pursuant to the resolutions in writing of our Shareholders passed on [•] 2025, our Company has conditionally adopted the Share Option Scheme. For the principal terms of the Share Option Scheme, see “Statutory and General Information — E. Share Option Scheme” in Appendix IV to this Document.

We may be involved in legal proceedings and commercial or contractual disputes, which could have a material and adverse effect on our business, results of operations and financial condition.

We may be involved in legal proceedings and commercial or contractual disputes in the ordinary course of our business. We cannot assure you that we will not be involved in various legal and other disputes in the future, which may expose us to additional risks and losses. In addition, we may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to enquiries, investigations and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management’s attention from our core business. The disruption of our business due to judgement, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may have a material adverse effect on our reputation and our financial condition, results of operations and prospects.

RISK FACTORS

Negative publicity or damage to our reputation may materially and adversely affect our business and results of operations.

We value and rely on our reputation to maintain and grow our business operations. Negative publicity associated with our operations could cause loss of business, divert management attention and other resources and incur litigation costs. We conduct business with a number of counterparties, including customers and suppliers. If any of such counterparties, or any of our former employees, are dissatisfied with us, whether or not justified, and raise any complaints or allegations relating to our operations and/or our Directors, senior management or employees, our business may be adversely affected. Any negative publicity on any form of media following such complaints or allegations, regardless of whether the court has ruled in our favour or otherwise, may also damage our reputation and impact customers’ perceptions of our brand, which may, in turn, materially and adversely affect our business and results of operations.

Our risk management and internal control systems may not fully protect us against various risks inherent in our business.

We have established risk management and internal control systems consisting of organisational frameworks, policies, procedures and risk management methods. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, including the identification and evaluation of risks, internal control variables and the communication of information, we cannot fully assure you that such systems will be able to identify, mitigate and manage all our exposure to risks.

Our risk management and internal controls also depend on the proficiency of and implementation of our employees. We cannot assure you that such implementation will not involve any human error or mistakes, which may materially and adversely affect our business, financial condition and results of operations.

Our failure to obtain or renew or continuously comply with certain approvals, licences, permits or certificates required for our business may materially and adversely affect our business.

We are subject to certain laws and regulations that require us to obtain and maintain various approvals, licences, permits and certificates from different authorities to operate our business. Please see the section headed “Business — Licences and Permits” in this Document. We may face sanctions or other enforcement actions if we fail to obtain approvals, licences, permits or certificates as might be necessary for our operations. We could be ordered by the relevant regulatory authorities to cease operation or may be required to undertake corrective measures requiring capital expenditure or other remedial actions, which could materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

In addition, some of these approvals, permits, licences and certificates may be subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may be subject to updates. We cannot assure you that we can successfully obtain such renewals and/or reassessments. Any failure by us to obtain the necessary renewals and/or reassessment, be in continuous compliance with, or otherwise maintain all approvals, licences, permits and certificates necessary to carry out our business at any time could cause severe disruption to our business and prevent us from continuing to carry out our business, which could have a material adverse effect on our business, financial condition and results of operations.

We may also be required to obtain additional approvals, permits, licences or certificates that were previously not required to operate our existing business as a result of new regulations coming into effect or changes to the interpretation or implementation of existing laws and regulations. We cannot assure you that we will successfully obtain such approvals, permits, licences or certificates. Our failure to obtain the additional approvals, permits, licences or certificates may restrict the conduct of our business, decrease our revenue and/or increase our costs, which could materially reduce our profitability and prospects.

Changes in the fair value of financial assets at fair value through profit or loss may affect our results of operations.

Fluctuations in the fair value of our financial assets at fair value through profit or loss, which consist of bills receivables, may impact our financial results. As of 31 December 2022, 2023, and 2024, we had bills receivables of nil, RMB81.7 million, and RMB175.4 million, respectively. Changes in the fair value of bills receivables are reflected in our combined statement of profit or loss. See note 18 to “Appendix I — Accountants’ Report” and “Financial Information — Selected Items from the Combined Statements of Financial Position — Trade and Bills Receivables” for details. The methodology that we use to assess the fair value of bills receivables involves a significant degree of management judgement and is inherently uncertain. We cannot assure you that we will not incur any fair value losses on our bills receivables in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

We may incur impairment loss on long-lived assets in the future. Significant impairment of our long-lived assets could materially impact our financial position and the results of our operations.

We evaluate our long-lived assets — including property, plant and equipment, right-of-use assets, and intangible assets — whenever events or changes in circumstances suggest that the carrying amount of an asset may not be recoverable. If such an indication arises, we estimate the recoverable amount of the cash-generating unit to which the asset belongs to determine the extent of any impairment loss, if applicable. The recoverable amount is estimated based on future cash flows 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 cash-generating unit for which the estimates of future cash flows have not been adjusted.

RISK FACTORS

If the recoverable amount of the cash-generating unit is less than the carrying amount, we recognise an impairment loss in profit or loss by reducing the carrying amount of the cash-generating unit to its recoverable amount. The application of a long-lived asset impairment test requires significant management judgement. If our estimates and judgements are inaccurate, the fair value determined could be inaccurate, the impairment may not be adequate, and we may need to record impairments in the future. Any significant impairment losses charged against our long-lived assets could materially adversely affect our results of operations.

We may be exposed to the credit risk of our customers, and failure to collect our trade and bills receivables in a timely manner may have a material and adverse effect on our financial condition and results of operations.

Our business operations are subject to the risk of payment deferrals and/or defaults by our customers. As of 31 December 2022, 2023, and 2024, our trade and bills receivables amounted to nil, RMB94.1 million, and RMB175.4 million, respectively. Our trade and bills receivables turnover days were 0.6 days, 6.2 days, and 12.5 days in 2022, 2023, and 2024, respectively. As our businesses continue to develop, our trade and bills receivables may continue to rise and would increase our credit risk exposure. Any significant delay in payment or default by our customers may affect our liquidity and cash flows, which may, in turn, adversely affect our results of operations and financial condition.

We cannot assure you that our control over trade receivables and the evaluation of their collectability by us will be effective. We also cannot guarantee that all of our customers are credit worthy and reputable and will not default on us in the future. As a result, we are exposed to risks that our customers may fail to fulfil their obligations to us under our contracts in this regard.

Our level of indebtedness may materially and adversely affect our ability to raise additional capital to fund our operations, expose us to interest rate risk to the extent of our variable rate debt, and prevent us from meeting our obligations under our indebtedness.

During the Track Record Period, we, to a certain extent, relied on bank borrowings to finance our capital expenditures and business operations. We expect that we may continue to do so in the future, and our liquidity risk may increase. As of 31 December 2022, and 2023 and 2024, our interest-bearing bank borrowings amounted to RMB62.4 million, RMB151.7 million, and RMB206.3 million, respectively. As of the same dates, our gearing ratio was 57.8%, 61.6% and 63.4%, respectively.

We cannot assure you that we will not have a substantial level of bank borrowings in the future. The high level of bank borrowings and gearing ratio may (i) make it more difficult for us to satisfy our obligations under our indebtedness, exposing us to the risk of default, which, in turn, would negatively affect our ability to operate as a going concern, (ii) require us to allocate a higher portion of our cash flow from operations to fund repayments of principal and interest on our borrowings, thus reducing the availability of our cash flow for other purposes (such as working capital, capital expenditure and other corporate purposes); (iii) increase our vulnerability to adverse economic or industry conditions; (iv) limit our flexibility in planning for, or reacting to, changes in our business or in the industry

RISK FACTORS

in which we operate; (v) potentially restrict us from pursuing potential strategic business opportunities; (vi) limit our ability to borrow additional funds; (vii) increase our exposure to interest rate fluctuations; and (viii) increase our exposure to unpredictable adverse events, such as not having enough cash to cover potential product liability and/or expenses for upgrading technologies or equipment requirement for our production; and (ix) decrease our sales volume or our rate of expansion, since our marketing and sales budget will be limited as a result of the repayment of our indebtedness.

As a result of the covenants and restrictions, we are limited in how we conduct our business, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. A breach of any of the restrictive covenants could result in a default concerning the related indebtedness. If a default occurs, the relevant lenders could demand immediate payment. This, in turn, could cause cross-default or payment acceleration of our other debts. In the event that some or all of our debts are accelerated and become immediately due and payable, we may not have the funds to repay or the ability to refinance such debt.

Any labour shortages, increased labour costs, or other factors affecting labour supply for our production could materially and adversely affect our business, financial condition, results of operations and prospects.

Any labour shortage, suspension or slowdown at our production facilities may significantly disrupt our business operations or delay our expansion plan. We may have difficulties in hiring or retaining sufficient and qualified employees. In addition, if our employees were to engage in a strike or other work stoppage, we could experience a significant disruption of our operations and/or higher ongoing labour costs, which may have an adverse effect on our business, results of operations and reputation.

Natural disasters, epidemics, acts of war or terrorism, or other factors beyond our control in the future could materially and adversely affect our business, financial condition, and results of operations.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions in which we conduct our business. These regions may be under the threat of typhoons, tornados, snowstorms, earthquakes, floods, droughts, power shortages or failures, or are susceptible to epidemics, such as avian influenza, H1N1 influenza, H5N1 influenza, H7N9 influenza, Middle East respiratory syndrome, potential wars or terrorist attacks, riots, disturbances or strikes. Serious natural disasters may result in a tremendous loss of lives and injury and destruction of assets and disrupt our business and operations. Severe communicable disease outbreaks could result in a widespread health crisis that could materially and adversely affect business activities in the affected regions, which could materially and adversely affect our operations. Acts of war or terrorism, riots or disturbances may also injure or cause deaths to our employees and disrupt our business network and operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment, cause uncertainties in the

RISK FACTORS

regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely affect our business, financial condition and results of operations.

We are subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws, and non-compliance with such laws could materially and adversely affect our business, results of operations, financial condition, and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws and regulations. The anti-corruption laws and regulations strictly prohibit bribery of government officials. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation. We have formulated internal policies and implemented measures with regard to the prevention and control, monitoring and response procedure, as well as the establishment of risk prevention mechanisms to ensure compliance with the applicable anti-corruption, anti-bribery and anti-money laundering-related laws and regulations. However, our policies and procedures may not be sufficient, and our Directors, officers, employees, representatives, consultants, agents and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering and similar laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRY WHERE WE OPERATE

Changes in China’s or global economic, political or social conditions or government policies in the countries and regions where we operate could have an adverse effect on our business and operations.

All of our operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

Over the past three decades, the Chinese government has implemented economic reforms and industrial policies, and has made efforts to fully leverage market forces to foster economic development. While the Chinese economy has experienced significant growth over the past decades, there can be no assurance that the growth would be maintained or equitable across sectors. The Chinese government has implemented various measures to encourage economic growth. Some of these measures may benefit the overall Chinese economy but may not have the same effect on us.

RISK FACTORS

In addition, although all of our operations are based in China, we may still be adversely affected by global economic, political, and social conditions. The global economic, political and social conditions are evolving rapidly and are subject to uncertainties. For example, health epidemics have caused significant downward pressure for the global economy. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system, and the tightening of monetary policy by the U.S. Federal Reserve impose new challenges and uncertainties on the global economy. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Furthermore, sanctions and export control measures are unilaterally imposed by the U.S. or other jurisdictions from time to time. These measures may have a significant impact on the targeted countries, markets and/or entities. Chinese companies may be affected by such sanctions or export control measures. We may also be exposed to risks in dealing with business partners subject to sanctions or export controls. As a result, we could be required to incur additional costs to comply with these complicated regulations and measures and could face penalties for any violation, even if inadvertent.

We may be considered a “PRC resident enterprise” under the Enterprise Income Tax (EIT) Law, which could result in our global income being subject to a 25% PRC enterprise income tax.

Our Company is incorporated in the Cayman Islands. We conduct our business primarily through our operating subsidiaries in the PRC. Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the “EIT Law”), enterprises established under the laws of foreign countries or regions and whose “de facto management bodies” are located within the PRC are considered “PRC resident enterprises” and thus will generally be subject to a EIT at the rate of 25% on their global income. On 6 December 2007, the State Council adopted the implementation rules of the EIT Law (the “EIT Rules”), which became effective on 1 January 2008 and was amended on 23 April 2019 and 6 December 2024, which defines the term “de facto management bodies” as “bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises.” Currently, substantially all of our management is based in the PRC and may continue to be based in the PRC in the future. On 22 April 2009, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》, the “Circular”) issued by the State Administration of Taxation in respect of the standards used to classify certain Chinese-invested enterprises controlled by Chinese enterprises or Chinese group enterprises and established outside of China as “resident enterprises” clarified that dividends and other income paid by such “resident enterprises” will be considered to be Chinese source income, subject to withholding tax in the PRC, currently at the rate of 10%, when recognised by non-Chinese enterprise shareholders. Under the EIT Rules, a “de facto management body” is defined as a body that has material and overall management and control over the production and business operations, personnel and human resources, finances and properties of an enterprise. In addition, the Circular sets forth the criteria for determining whether “de facto management bodies” are located in the PRC for overseas incorporated, domestically controlled enterprises. However, as the Circular only applies to

RISK FACTORS

enterprises established outside of the PRC, which are controlled by Chinese enterprises or groups of Chinese enterprises, it remains unclear how the tax authorities will interpret the location of “de facto management bodies” of overseas incorporated enterprises. As such, despite the fact that substantially all of our management members are currently located in China, it remains unclear whether the PRC tax authorities would require our overseas registered entities to be treated as PRC resident enterprises.

If we were considered a PRC resident enterprise, we would be subject to the EIT at the rate of 25% of our global income, and any dividends or gains on the sale of our Shares received by our non-resident enterprise shareholders may be subject to a withholding tax at a rate of up to 10%. In addition, although the EIT Law provides that dividend payments between qualified PRC resident enterprises are exempted from EIT, it remains unclear as to the qualification requirements for this exemption and whether dividend payments made by our PRC operating subsidiaries to us would meet such qualification requirements if we were considered a PRC resident enterprise for the purpose. If our global income were to be taxed under the EIT Law, our financial position and operating results would be materially and adversely affected.

We may rely on dividends and other distributions of equity paid by our operating subsidiaries to fund cash and financing requirements. Limitations on the ability of our operating subsidiaries in the PRC to pay dividends to us could have an adverse effect on our ability to conduct our business.

We are a holding company incorporated in the Cayman Islands and conduct all of our operations through our PRC subsidiaries. We will rely on dividends paid by our PRC subsidiaries for our future cash needs that cannot be provided by equity issuance or borrowings outside of the PRC, including the funds necessary to pay dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. Under PRC laws, payment of dividends is only permitted out of accumulated profits, if any, determined according to PRC accounting standards and regulations, and subsidiaries in the PRC are also required to set aside part of their after-tax profits to fund certain reserve funds that are not distributable as cash dividends. As a result, our PRC subsidiaries will be restricted in their ability to transfer the net profits to us in the form of dividends. Other factors such as cash flow conditions, restrictions on distributions contained in the PRC subsidiaries’ articles of association, restrictions contained in any debt instruments, withholding tax and other arrangements will also affect the ability of our subsidiaries in the PRC to make distributions to our Company. If our PRC subsidiaries cannot pay dividends due to government policy and regulations or contractual restrictions or because they cannot generate the requisite cash flow, we may not be able to pay dividends, service our debt or pay our expenses, which may have a material adverse effect on our business, prospects, financial condition and results of operations.

RISK FACTORS

Failure by our Shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from distributing profits and could expose us to liabilities under PRC law.

On 4 July, 2014, SAFE promulgated the Notice on Relevant Issues Relating to Domestic Residents’ Investment and Financing and Round-Trip Investment through Special Purpose Vehicles* (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “SAFE Circular 37”), which requires a PRC resident (including PRC individuals and PRC corporate entities as well as foreign individuals that are deemed as PRC residents for foreign exchange administration purpose) (the “PRC Resident”) to register with the local SAFE branch before they contribute their onshore or offshore assets or equity interests in an overseas special purpose vehicle (the “Overseas SPV”), that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing. Following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, any major change of the PRC Resident shareholder, name of the Overseas SPV, term of operation, or any increase or reduction of the overseas SPV’s registered capital, share transfer or swap, and merger or division. According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) released in February 2015 by SAFE, as amended in December 2019, or SAFE Circular 13, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under Circular 37 from June 2015.

The failure to comply with registration procedures set forth in SAFE Circular 37 may result in restrictions being imposed on the foreign exchange activities of our PRC subsidiaries, including the payment of dividends and other distributions to us and the capital inflow from us and may also subject the relevant PRC Residents to penalties under PRC foreign exchange administration regulations. Further, failure to comply with various SAFE registration requirements described above would result in liability for foreign exchange evasion under PRC laws. According to the Notice of the State Administration of Foreign Exchange on Issuing the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《國家外匯管理局關於發佈境內機構境外直接投資外匯管理規定的通知》), the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) and other regulations, if our Shareholders who are PRC entities do not complete their registration, filing with the competent SAFE, NDRC or MOFCOM branches, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. In addition, our Shareholders may be required to suspend or stop the investment and complete the registration or filing within a specified time, and may be warned or prosecuted for relevant liability. It remains unclear how this regulation, and any further regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities; we cannot predict how these regulations will affect our business operation or future strategies. In addition, we may

RISK FACTORS

not at all times be fully aware or informed of the identities of all of our Shareholders and beneficial owners who are PRC residents, and we may not always be able to timely compel our Shareholders to comply with the requirements of Circular 37 and other PRC regulations in connection with overseas [REDACTED] by PRC residents.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》). Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures, unless certain exceptions are available. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or non-PRC citizens living in China for a continuous period of not less than one year and have been granted options will be subject to these regulations when our Company becomes an [REDACTED] upon the completion of the [REDACTED]. Failure to complete SAFE registrations may subject them or us to fines or supervision measures, which could affect our ability to adopt additional incentive plans for our directors, executive officers and employees.

In addition, the State Taxation Administration has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiary has obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes for those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

The currency conversion system may affect our operation and financial results.

The PRC government imposes regulations on the convertibility of the Renminbi into foreign currencies and the remittance of currency out of China. We receive all of our revenue in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of dividends declared in respect of our shares, if any. If we cannot comply with

RISK FACTORS

the regulations on foreign currency, it may affect the ability of our PRC subsidiaries to remit foreign currency to pay dividends or other payments or otherwise satisfy their foreign currency-denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments, and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration or filings with competent government authorities is required where the Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. Pursuant to the Notice by the State Administration of Foreign Exchange on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-Funded 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》) (the “SAFE Circular 19”), a foreign-invested enterprise may convert up to 100% of the foreign currency in its capital account into Renminbi on a discretionary basis according to the actual needs. The Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of Foreign Exchange Settlement under the Capital Account* (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the “SAFE Circular 16”) provides for an integrated standard for the conversion of foreign exchange under capital account items on a discretionary basis, which applies to all enterprises registered in China. In addition, SAFE Circular 16 has narrowed the scope of purposes for which an enterprise must not use the Renminbi funds so converted, which has been further narrowed by the Notice by the State Administration of Foreign Exchange of Further Deepening Reform and Promoting 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》) (the “SAFE Circular 28”), including, among others, (i) payment for expenditure beyond its business scope or otherwise as prohibited by the applicable laws and regulations, (ii) unless otherwise explicitly specified, investment in securities or other financial products other than the wealth management products with a risk ratings no higher than Level II and structured deposits, (iii) provision of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope of the enterprise or in the four specific zones as designated under the Circular 28, and (iv) purchase of non-self-used residential real properties, except for real estate developers and the enterprises engaged in real estate leasing operations. If any new foreign exchange rules or regulations circulated by competent authorities in future prevent us from obtaining sufficient foreign currencies to satisfy our foreign currency needs, we may not be able to pay dividends in foreign currencies to our shareholders.

We face foreign exchange risk, fluctuations in exchange rates, and the PRC government’s administration over foreign currency exchange and requirements for governmental approval, which could have a material and adverse effect on our business, our results of operations, and our financial position.

The Renminbi has fluctuated against Hong Kong dollars and the U.S. dollars at times significantly and unpredictably. The fluctuation of Renminbi against Hong Kong dollars, U.S. dollar and other currencies is affected by, among other things, changes in global political and the PRC government’s currency policies. It is difficult to predict how market

RISK FACTORS

forces may impact Renminbi and foreign currencies going forward. During Track Record Period, even though all of our revenue and expenses were denominated in Renminbi, fluctuation in exchange rates may nevertheless in the future adversely affect the value of our net costs and earnings. In particular, the [REDACTED] from the [REDACTED] will be in Hong Kong dollars. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong dollars and U.S. dollars in the future. Any unfavourable movement in the exchange rate of the Renminbi against Hong Kong dollar may adversely affect the value of our [REDACTED] from the [REDACTED]. In addition, any unfavourable fluctuations in the exchange rate between the Renminbi and [REDACTED] currencies may also lead to an increase in our costs, which would affect our business, results of operations and financial conditions.

Pursuant to existing foreign exchange regulations in the PRC, we are allowed to carry out current account foreign exchange transactions in the PRC (including dividend payouts) without submitting the certifying documents of such transactions to SAFE for approval in advance as long as they are processed by banks designated for foreign exchange trading. However, foreign exchange transactions for capital account purposes, including direct overseas investment and various international loan, may require and prior approval or registration with SAFE.

PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the [REDACTED] from the [REDACTED] to make additional capital contributions or loans to our major PRC subsidiaries.

In utilising the [REDACTED] of the [REDACTED] in the manner described in the section headed “Future Plans and [REDACTED]” in this Document or any other debt or equity [REDACTED], as an offshore holding company of our PRC operating subsidiaries, we may make loans or additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to PRC regulations and approvals. For example, loans made by our Company to our PRC subsidiaries to finance their activities cannot exceed the statutory limits and must be registered with NDRC and SAFE or its local counterpart.

In addition, any capital contributions made to our PRC subsidiaries must be filed with local State Administration for Market Regulation, the relevant government authorities. We cannot assure you that we will be able to obtain such government registrations or approvals on a timely basis, if at all, concerning future loans or capital contributions made by us to our PRC subsidiaries. If we fail to receive such registrations or approvals, our ability to use the [REDACTED] of the [REDACTED] could be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

RISK FACTORS

You may experience difficulties in effecting service of process or enforcing foreign judgements against us, our Directors or senior management residing in the PRC.

Our Company was incorporated in the Cayman Islands. All of our assets are located in China, and all of our Executive Directors and senior management reside in China. Therefore, it may not be possible to effect service of process within Hong Kong or elsewhere outside of China upon us or our Directors or senior management. Moreover, China has not entered into treaties for the reciprocal recognition and enforcement of court judgements with Japan, the United Kingdom, the United States and many other countries. As a result, recognition and enforcement in China of a court judgement obtained in other jurisdictions may be difficult or impossible.

On 14 July 2006, China and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “Arrangement”). Pursuant to the Arrangement, a party with a final court judgement rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgement in China. Similarly, a party with a final judgement rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgement in Hong Kong.

On 18 January 2019, the Supreme People’s Court of the PRC and the Department of Justice of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “New Arrangement”), which has come into effect on 29 January, 2024 and superseded the Arrangement. This New arrangement seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgements in wider range of civil and commercial matters between Hong Kong and the mainland. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. After the New Arrangement became effective, a judgement rendered by a Hong Kong court can generally be recognised and enforced in the PRC even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgements made by Hong Kong courts will be recognised and enforced in the PRC, as whether a specific judgement will be recognised and enforced is still subject to a case-by-case examination made by the relevant court in accordance with the New Arrangement.

RISK FACTORS

RISKS RELATING TO THE [REDACTED]

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

Prior to the completion of the [REDACTED], there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the [REDACTED]. The [REDACTED] is the result of negotiations between our Company and the [REDACTED] (for itself and on behalf of the [REDACTED]), which may not be indicative of the price at which our Shares will be traded following completion of the [REDACTED]. The market price of our Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

Purchasers of our Shares in the [REDACTED] will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

If the final [REDACTED] is higher than the net tangible asset value per Share of the outstanding Shares issued to our existing Shareholders immediately prior to the [REDACTED], purchasers of our Shares in the [REDACTED] will experience an immediate dilution in terms of the pro forma combined net tangible asset value. In addition, we may consider [REDACTED] and issuing additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. Purchasers of our Shares may experience further dilution in terms of the net tangible asset value per Share if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share.

The [REDACTED] of our Shares may be volatile, which could result in substantial losses for investors purchasing our Shares under the [REDACTED].

The [REDACTED] of our Shares may be volatile. The market price of our Shares may fluctuate significantly and rapidly as a result of the following factors, among others, some of which are beyond our control:

- actual or anticipated variations of our operating results;
- loss of key customers or raw material suppliers;
- changes in securities analysts’ estimates or market perception of our financial performance;
- announcement by us of significant acquisitions, depositions, strategic alliances or joint ventures;
- addition or departure of key senior management or other key personnel;
- fluctuations in stock market price and volume;
- regulatory or legal developments, including involvement in litigation; and

RISK FACTORS

- general economic, political and stock market conditions in Hong Kong, the PRC and elsewhere in the world.

In addition, stock markets and the shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced increasing price and volume fluctuations in recent years, some of which have been unrelated or disproportionate to the operating performance of such companies. Such market fluctuations may materially and adversely affect the [REDACTED] of our Shares.

[REDACTED] of our Shares in the [REDACTED] could have a material and adverse effect on [REDACTED] of our Shares and our ability to raise additional capital in the future.

The [REDACTED] of our Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the [REDACTED], 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 [REDACTED], including any future [REDACTED], could also materially and adversely affect our ability to raise capital at a specific time and on terms favourable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-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 influence over the Company, and our Controlling shareholders’ interests may not always be aligned with the interests of our other Shareholders.

Immediately following the completion of the [REDACTED], Mr. Chen, Cerulean Harbor, PoplarC Holding Limited and Azure Harbor will directly or indirectly hold in aggregate [REDACTED]% of our Shares (assuming that the [REDACTED] and the options that may be granted under the Share Option Scheme are not exercised), and will be our Controlling Shareholders within the meaning of the Listing Rules. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders.

Our Controlling Shareholders may have conflicts of interest with our other shareholders and us. Accordingly, our Controlling Shareholders may take actions that favour their own interests but which are not in the best interests of our other shareholders and which would adversely affect the interests of our other shareholders. As our Controlling Shareholders and subject to our Memorandum and Articles and applicable laws and regulations, Mr. Chen, Cerulean Harbor, PoplarC Holding Limited and Azure Harbor will have significant influence over our business and affairs, including decisions in respect of mergers, consolidations, other business combinations, acquisition or disposition of assets, issuance of additional Shares, timing and amount of dividend payments, election of Directors and senior management and approval of our annual budget. This concentration of ownership may discourage, delay or prevent changes in control that would otherwise benefit our other Shareholders. To the extent that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholders may be deprived of opportunities to advance or protect their interests.

RISK FACTORS

We may not pay any dividends in the future.

As a general matter, we cannot guarantee future dividend payments. Therefore, you should not rely on an [REDACTED] in our Shares as a source for any future dividend income. Our Board has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our Shareholders may, by ordinary resolution, declare a dividend, but no dividend may exceed the amount recommended by our Directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Additionally, past dividends declared should not be used as an indicator for future dividends.

We have no experience operating as a [REDACTED], and we may incur increased costs as a result of becoming a [REDACTED].

We have no experience conducting our operations as a [REDACTED]. As a result of the [REDACTED] on the Hong Kong Stock Exchange, we may face enhanced administrative and compliance requirements, which may make us incur substantial related costs and expenses that we did not incur as a private company. We expect rules and regulations applicable to [REDACTED] to increase our accounting, legal and financial compliance costs and to make certain corporate activities more time-consuming and costly. Our management may be required to devote substantial time and attention to our [REDACTED] reporting obligations and other compliance matters. We will evaluate and monitor developments with respect to these rules and regulations, but we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. Our reporting and other compliance obligations as a [REDACTED] may place a significant strain on our management, operational and financial resources and systems for the foreseeable future.

If securities or industry analysts cease to publish research or reports about our business, or if they adversely change their recommendations regarding our Shares, the [REDACTED] for our Shares and [REDACTED] could decline.

The [REDACTED] for our Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who cover us downgrade our Shares or publish inaccurate or unfavourable research about our business, the [REDACTED] for our Shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the [REDACTED] for our Shares to decline.

RISK FACTORS

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ from those in Hong Kong and other jurisdictions.

Since our Company is incorporated under Cayman Islands law, its corporate affairs are governed by its Memorandum of Association and Articles of Association and by the Companies Act and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in certain aspects from those established under statutes or judicial precedents in existence in Hong Kong and other jurisdictions. These differences may mean that our Company’s minority Shareholders may have different remedies than they would have under the laws of Hong Kong or other jurisdictions.

Potential investors should be aware that there is a risk that the provisions of the Companies Act may not offer the same protection as the laws in Hong Kong or other jurisdictions and should consider obtaining independent legal advice on the implications of [REDACTED] foreign-incorporated companies.

Certain industry statistics contained in this Document may not be accurate and should not be unduly relied upon.

Certain facts and statistics in this Document related to the PRC, its economy and the industries in which we operate within the PRC are derived from official government publications generally believed to be reliable. We believe that the sources of these facts and statistics 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 in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. These facts and statistics have not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our or their respective directors, officers or representatives or any other person involved in the [REDACTED] and therefore we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up-to-date. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable from period to period or to statistics produced for other economies and should not be unduly relied upon. Further, we cannot assure you that they are stated with the same degree of accuracy as may exist elsewhere. In all cases, investors should give consideration as to how much weight or importance they should place on all such facts and statistics.

RISK FACTORS

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

This Document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Document, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would,” and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialise or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Document. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements and information.

You should read the entire Document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the [REDACTED].

We strongly caution you not to rely on any information contained in the press articles or other media regarding us and the [REDACTED]. Prior to the publication of this Document, there has been press and media coverage regarding us and the [REDACTED], including certain financial information, industry comparisons, and/or other information about the [REDACTED] and us. There may continue to be additional press and media coverage on us and this [REDACTED]. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this Document is inconsistent with, or conflicts with, the information contained in this Document, we disclaim it, and accordingly, you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the information included in this Document.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications contained in this Document.

Facts, forecasts and statistics in this Document relating to the silver powder manufacturing industry are obtained from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], [REDACTED], the

RISK FACTORS

[REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors, officers, employees, advisers or agents, or any other persons or parties involved in the [REDACTED], and no representation is given as to the accuracy or completeness of such information and statistics. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. Accordingly, the information from official government sources contained herein should not be unduly relied upon. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary [REDACTED] [REDACTED] must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

Our Group’s business and operations has been and will continue to be based, managed and conducted in the PRC.

All of our executive Directors and senior management members are and will continue to be ordinarily based in the PRC. Our Company does not and, in the foreseeable future, will not have sufficient management presence in Hong Kong, for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Our Company considers that it would be more effective and efficient for our executive Directors to be based in the PRC since our Company’s executive Directors and all of the members of our senior management have vital roles to play in our Group’s core operations outside of Hong Kong, so our Company considers that it is important for them to stay close to our Company’s core operations in the PRC.

In addition, our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong by means of relocation of existing executive Directors for the sole purpose of satisfying the requirements of Rule 8.12 of the Listing Rules. Moreover, such relocation may not be approved in time for the proposed [REDACTED] of our Company.

Our Company considers that the appointment of additional executive Directors who are ordinarily resident in Hong Kong for the sole purpose of satisfying the requirements of Rule 8.12 of the Listing Rules would not only add administrative costs for our Company, but would also have an impact on the effectiveness of our Board when making decisions for our Group, in particular when such decisions are required to be made within a short period of time. Our Company believes that the addition of executive Directors who are not familiar with the business and operations of our Group or physically close to the operations and members of the senior management of our Company would not be in the interests of our Shareholders as a whole. It is because these additional executive Directors would not (i) have full understanding of the day-to-day operations and management of the business of our Group, (ii) have effective working relationships with the members of the senior management team who reside in the PRC, and (iii) fully appreciate the issues or circumstances affecting or the challenges faced by our Group, which are all essential for such executive Directors to make appropriate business decisions for our Company that are most beneficial to the operations and development of our Group.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Accordingly, an application has been made to the Stock Exchange for a waiver from strict compliance with the requirement to have a sufficient management presence in Hong Kong under Rule 8.12 of the Listing Rules and such waiver [has been granted] by the Stock Exchange. The arrangements proposed by our Company for maintaining at all times regular, adequate and effective communication with the Stock Exchange for the purpose of Rule 8.12 of the Listing Rules are as follows:

- (a) our Company has appointed two authorised representatives (the “Authorised Representatives”) pursuant to Rule 3.05 of the Listing Rules, namely Mr. Chen, the Chairman of our Board, executive Director and Chief Executive Officer, and Ms. Wong Wing Yee, a joint company secretary of our Company, and will act as our Company’s principal channel of communication with the Stock Exchange and will ensure that our Group complies with the Listing Rules at all times. Each of the Authorised Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the Authorised Representatives is authorised to communicate on behalf of our Company with the Stock Exchange;
- (b) our Company shall promptly inform the Stock Exchange if there is any change to the Authorised Representatives;
- (c) each of the Authorised Representatives has means to contact all members of our Board (including independent non-executive Directors) or the senior management team promptly at all times as and when the Stock Exchange wishes to contact them or any of them for any matters. To enhance the communication between the Stock Exchange, the Authorised Representatives and our Directors, our Company has implemented a number of policies whereby (i) each Director has provided his/her office telephone number (if applicable), home telephone number (if applicable), mobile telephone number, fax number (if applicable), email address (if applicable) and residential or correspondence address to the Authorised Representatives; (ii) in the event that any Director expects to travel and be out of office, he/she will provide the phone number of the place of his/her accommodation to the Authorised Representatives; and (iii) each Director and Authorised Representative of our Company has provided his/her office telephone number (if applicable), home telephone number (if applicable), mobile telephone number, fax number (if applicable), email address (if applicable) and residential or correspondence address to the Stock Exchange;
- (d) if circumstances require, meeting of our Board can be convened and held in such manner as permitted under the Articles at short notice to discuss and address any issue with which the Stock Exchange is concerned in a timely manner;
- (e) each of our Directors has confirmed that he/she possesses or can apply for valid travelling documents to visit Hong Kong to meet with the Stock Exchange upon reasonable short notice, when required;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (f) our Company has appointed Zhongtai International Capital Limited as compliance adviser pursuant to Rule 3A.19 of the Listing Rules to provide our Company with professional advice on continuing obligations under the Listing Rules, who will also act at all times, in addition to the Authorised Representatives, as the principal channel of communication between our Company and the Stock Exchange, from the [REDACTED] to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its first full financial year immediately after the [REDACTED];
- (g) after the [REDACTED], our Company will engage a Hong Kong legal adviser to
 - (i) inform our Company on a timely manner of any amendment or supplement to the Listing Rules and any new or amended laws, regulations or codes in Hong Kong applicable to our Company, (ii) provide advice to our Company on the continuing requirements under the Listing Rules and applicable Hong Kong laws and regulations, and (iii) provide advice on the application of the Listing Rules and any other applicable Hong Kong laws and regulations relating to securities after the [REDACTED];
- (h) our Company will have at least two independent non-executive Director who is ordinarily resident in Hong Kong. Our Directors who are not ordinarily resident in Hong Kong will be readily contactable through the independent non-executive Director who is ordinarily resident in Hong Kong by telephone, facsimile or email; and
- (i) our Company has appointed Ms. Meng Haiqing (孟海清女士) (“**Ms. Meng**”) and Ms. Wong Wing Yee (黃詠儀女士) (“**Ms. Wong**”) as joint company secretaries (the “Joint Company Secretaries”). The Joint Company Secretaries will, among other things, act as our Company’s additional channel of communication with the Stock Exchange and be able to answer any enquiries from the Stock Exchange. The Joint Company Secretaries will maintain constant contact with our Directors and senior management team members through various means, including regular meetings and telephone discussions whenever necessary.

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide, the secretary of an issuer must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Chartered Governance Institute, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong); or (ii) an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

According to Chapter 3.10 of the Guide, a waiver under Rule 3.28 of the Listing Rules, if granted, will be for a fixed period of time, but in any case will not exceed three years from the [REDACTED] (the “Waiver Period”) and on the conditions that (i) the company secretary in question must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by our Company.

We have appointed Ms. Meng and Ms. Wong as our joint company secretaries. Ms. Meng joined our Group as chief financial officer of Janbon Colloidal Materials in March 2023 and has been appointed as the secretary of the board of Janbon Colloidal Materials since November 2024, where she has been primarily responsible for financial management of our Group. Our Directors are of the view that, having regard to Ms. Meng’s thorough understanding of the overall business operations and corporate governance matters of our Group, she is considered as a suitable person to act as a company secretary of our Company. In addition, as our headquarters and principal business operations are based and conducted in the PRC, our Directors believe that it is necessary to appoint Ms. Meng as a company secretary whose presence in the headquarters of our Group enables her to attend to the day-to-day corporate secretarial matters of our Group and to take the necessary actions in an effective and efficient manner.

However, given that Ms. Meng does not possess a qualification stipulated in Note 1 to Rule 3.28 of the Listing Rules nor the “relevant experience” set out in Note 2 to Rule 3.28 of the Listing Rules, she is not able to solely fulfil the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. In order to provide support to Ms. Meng, we have appointed Ms. Wong, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, who is qualified under Rule 3.28 of the Listing Rules, to act as the other joint company secretary to closely work with and provide support to Ms. Meng during the Waiver Period so as to enable Ms. Meng to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to duly discharge her duties as a company secretary of a listed issuer.

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 Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. Meng as our joint company secretary on the condition that Ms. Meng will be assisted by Ms. Wong as our joint company secretary throughout the Waiver Period. Being an assistant manager of company secretarial services of Vistra Corporate Services (HK) Limited and by virtue of her qualifications and experience in corporate secretarial practice and administration management, Ms. Wong is, in our Directors’ opinion, a qualified and suitable person to render assistance to Ms. Meng so as to enable her to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to duly discharge her duties. In addition, Ms. Meng will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the Waiver Period. Our Company will further ensure that Ms. Meng has access to the relevant training and support that would enhance her understanding of the Listing Rules

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

and the duties of a company secretary of an issuer listed on the Stock Exchange. Also, Ms. Meng will be assisted by (i) the compliance adviser of our Company for the period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED], particularly in relation to Hong Kong corporate governance practice and compliance matters; and (ii) the Hong Kong legal adviser of our Company, on matters regarding our Company’s ongoing compliance with the Listing Rules and the applicable Hong Kong laws and regulations. Prior to the end of the Waiver Period, our Company must demonstrate and seek the Stock Exchange’s confirmation that Ms. Meng, having had the benefits from Ms. Wong’s assistance during the Waiver Period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the function of a company secretary, so that a waiver will not be necessary.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

For further information on our Directors, please refer to the section headed “Directors and Senior Management” of this Document.

DIRECTORS

<u>Name</u>	<u>Residential Address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
Mr. Chen Zichun (陳子淳先生)	Room 602, Unit 3 No.84 Xibaliwa Shizhong District Jinan, Shandong Province PRC	Chinese
Mr. Zhou Yong (周勇先生)	No.15, Jingshi Road Lixia District Jinan, Shandong Province PRC	Chinese
Ms. Meng Haiqing (孟海清女士)	No.502, Unit 2, Building 30 Changsheng Xiaogu North Part Lixia District Jinan, Shandong Province PRC	Chinese
<i>Non-executive Director</i>		
Mr. Zhang Wei (張偉先生)	8-3-1701, Tiantai Sunshine Tree No. 1 Shunde Road Jinan, Shandong Province PRC	Chinese
<i>Independent Non-executive Directors</i>		
Dr. Cui Haitao (崔海濤博士)	No.501, Unit 1, Building 17 Ruijinyuan Zhangjiawo Town Xiqing District, Tianjin City PRC	Chinese
Ms. Xu Qian (徐茜女士)	Flat A, 19/F, Tower 8 The Palazzo, 28 Lok King Street Shatin, New Territories Hong Kong	Chinese

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

<u>Name</u>	<u>Residential Address</u>	<u>Nationality</u>
Mr. Chan Ngai Fan (陳毅奮先生)	1/F No. 8 Ho Tung Road Kowloon Tong, Kowloon Hong Kong	Chinese

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor [REDACTED]	China Securities (International) Corporate Finance Company Limited 18/F, Two Exchange Square 8 Connaught Place, Central Hong Kong
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisers to the Company

As to Hong Kong law:

Li & Partners

22/F, World-Wide House
19 Des Voeux Road Central
Hong Kong

As to PRC law:

DeHeng Law Offices

22–23/F, Sinar Mas Plaza
501 East Daming Road
Hongkou District, Shanghai
PRC

As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP

26/F, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

**Legal Advisers to the Sole Sponsor
[REDACTED]**

As to Hong Kong law:

Jun He Law Offices

Suite 3701–10, Jardine House
1 Connaught Place, Central
Hong Kong

As to PRC law:

Jingtian & Gongcheng

34/F, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District, Beijing
PRC

**Auditor and Reporting
Accountants**

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

Suite 2504, Wheelock Square
1717 Nanjing West Road
Shanghai
PRC

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered Office P.O. Box 31119
Grand Pavilion, Hibiscus Way
802 West Bay Road
Grand Cayman
KY1-1205
Cayman Islands

Head Office and Principal Place of Business in the PRC No.1009, Dexing Road
Tianqiao District
Jinan, Shandong Province
PRC

Principal Place of Business in Hong Kong registered under Part 16 of the Companies Ordinance Room 1901, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Company’s Website www.sdjbsp.com

(The information contained on the website does not form part of this Document)

Joint Company Secretaries **Ms. Meng Haiqing**
No.502, Unit 2, Building 30
Changsheng Xiaoqu North Part
Lixia District
Jinan, Shandong Province
PRC

Ms. Wong Wing Yee
Room 1901, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

CORPORATE INFORMATION

**Authorised Representatives
(for the purpose of
the Listing Rules)**

Mr. Chen Zichun
Room 602, Unit 3
No.84 Xibaliwa
Shizhong District
Jinan, Shandong Province
PRC

Ms. Wong Wing Yee
Room 1901, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Audit Committee

Dr. Cui Haitao (*Chairman*)
Mr. Chan Ngai Fan
Ms. Xu Qian

Nomination Committee

Mr. Chen Zichun (*Chairman*)
Dr. Cui Haitao
Ms. Xu Qian

Remuneration Committee

Ms. Xu Qian (*Chairlady*)
Dr. Cui Haitao
Ms. Meng Haiqing

Compliance Adviser

Zhongtai International Capital Limited
19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Principal Banks

China Citic Bank Corporation Limited

Jinan Huaiyin Sub-branch

1–101, Mount Taishan International Building
No.843, Jingqi Road
Huaiyin District
Jinan, Shandong Province
PRC

China Merchants Bank Co., Ltd. Jinan Branch

Building 1, Zone 4, Hanyu Financial Business Centre
No. 7000, Jingshi Road
Jinan High-tech Zone
Jinan, Shandong Province
PRC

China Everbright Bank Co., Ltd. Jinan Branch

No.85 Jingqi Road
Shizhong District
Jinan, Shandong Province
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this Document were extracted from a report prepared by Frost & Sullivan, or the F&S Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the F&S Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], and no representation is given as to its accuracy.

GLOBAL AND CHINA’S PV SILVER POWDER INDUSTRY

Definition and Overview of Silver Powder

Silver powder is a common metal powder with good electrical and thermal conductivity. The production methods of silver powder primarily include liquid-phase reduction, electrolysis and vapour deposition, among which the liquid-phase reduction method is the most commonly used method, which reduces silver ions into silver atoms through chemical reactions, and then aggregates them into powder.

Silver powder has extensive downstream applications including PV industry, electronics industry, chemical industry, medicine industry, food industry, among others. In PV industry, silver powder is used to manufacture PV silver paste, which is a crucial raw material of PV cells. In electronics industry, silver powder is used to manufacture conductive lines, conductive adhesives, among others. In chemical industry, silver powder is used to manufacture antistatic agents, coatings, among others. In medicine industry, silver powder is used to manufacture drug carriers, whilst in food industry, silver powder is used in the production of nutritional supplements. In addition, depending on different structures, silver powder can be mainly divided into spherical silver powder, flake-shaped silver powder, rod-shaped silver powder, among others.

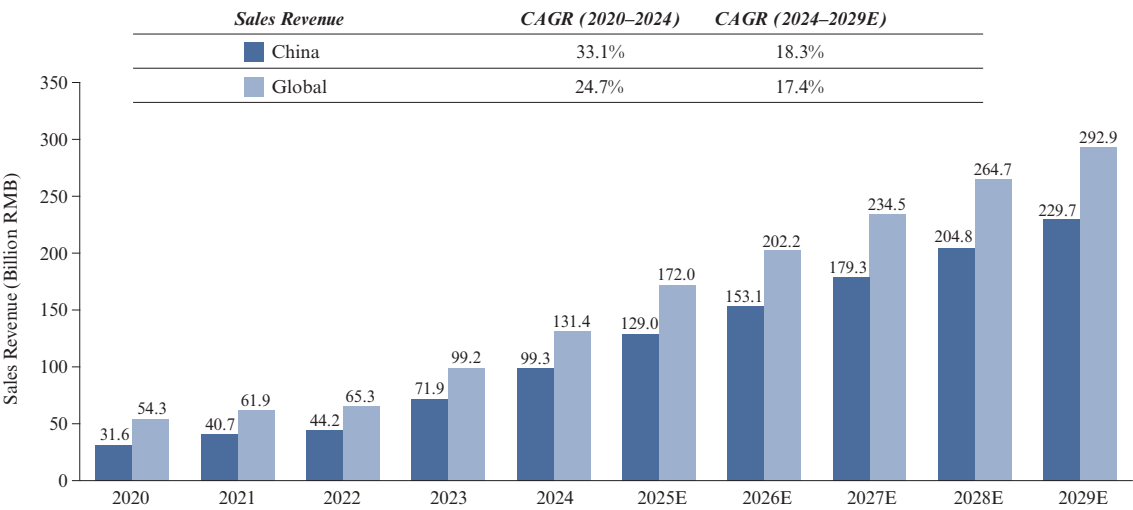
Global and China’s Market Size of Silver Powder Industry

Due to the continuous increase in sales volume of silver powder, the global sales revenue of silver powder grew from RMB54.3 billion in 2020 to RMB131.4 billion in 2024, with a CAGR of 24.7%. During the same period, the sales revenue of silver powder in China increased from RMB31.6 billion in 2020 to RMB99.3 billion in 2024, representing a CAGR of 33.1%. Notably, the CAGR of sales revenue was higher than that of sales volume due to the increase in the average selling price of silver powder.

INDUSTRY OVERVIEW

With the increasing sales volume of silver powder driven by growing demand from downstream industries as well as the stable increase in the average selling price of silver powder, the global sales revenue of silver powder is expected to reach RMB292.9 billion in 2029, representing a CAGR of 17.4% from 2024 to 2029. Meanwhile, the sales revenue of silver powder in China is expected to reach RMB229.7 billion in 2029, growing at a CAGR of 18.3% from 2024 to 2029.

Sales Revenue of Silver Powder (Global and China), 2020–2029E



Source: Frost & Sullivan Analysis

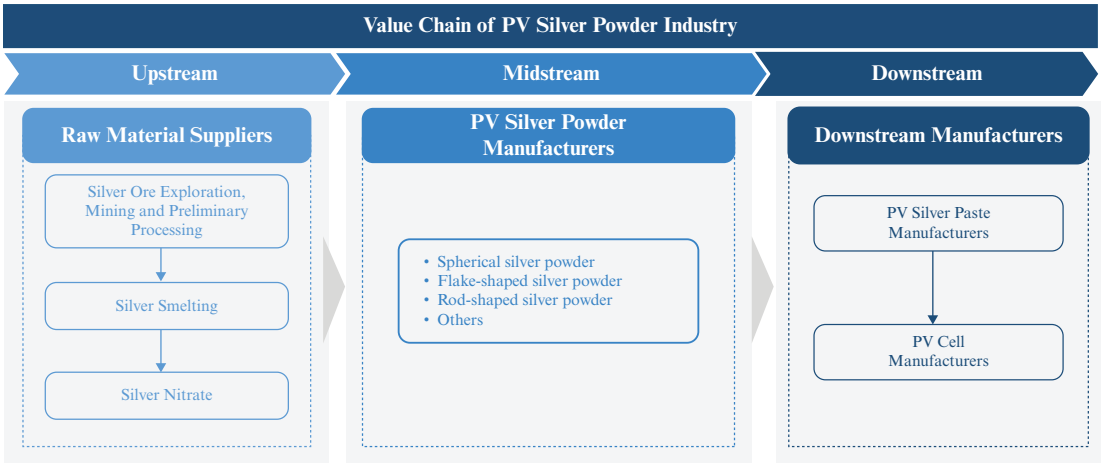
PV silver paste is one of the major downstream applications of silver powder, accounting for approximately 31.9% in terms of global sales revenue of silver powder in 2024, and accounting for approximately 39.0% in terms of sales revenue of silver powder in China in 2024.

Value Chain of PV Silver Powder Industry

The value chain of PV silver powder industry is primarily composed of upstream raw material suppliers, midstream PV silver powder manufacturers, and downstream PV silver paste manufacturers and PV cell manufacturers.

The upstream of PV silver powder industry is the exploration, mining and preliminary processing of silver ore resources, followed by the smelting process to produce silver nitrate. The midstream PV silver powder manufacturers produce silver powder with excellent conductivity. The downstream PV silver paste manufacturers procure PV silver powder as the major raw material to produce PV silver paste, and then PV cell manufacturers use PV silver paste to produce PV cells through precise printing, sintering, and other production processes.

INDUSTRY OVERVIEW



Source: Frost & Sullivan Analysis

Global and China’s Market Size of PV Silver Powder Industry

Production Volume of Global and China’s PV Silver Powder Industry

The global production volume of PV silver powder increased from 2.7 thousand tonnes in 2020 to 6.6 thousand tonnes in 2024, with a CAGR of 25.0%. During the same period, the production volume of PV silver powder in China increased from 0.3 thousand tonnes in 2020 to 5.1 thousand tonnes in 2024, representing a CAGR of 103.1%. As the technical level of China’s PV silver powder manufacturers gradually approaches the international advanced level, the localization rate of China’s PV silver powder industry experienced a continuous increase.

In the future, the global production volume of PV silver powder is expected to reach 12.1 thousand tonnes in 2029, representing a CAGR of 12.9% from 2024 to 2029. Meanwhile, the production volume of PV silver powder in China is expected to reach 10.1 thousand tonnes in 2029, growing at a CAGR of 14.6% from 2024 to 2029.

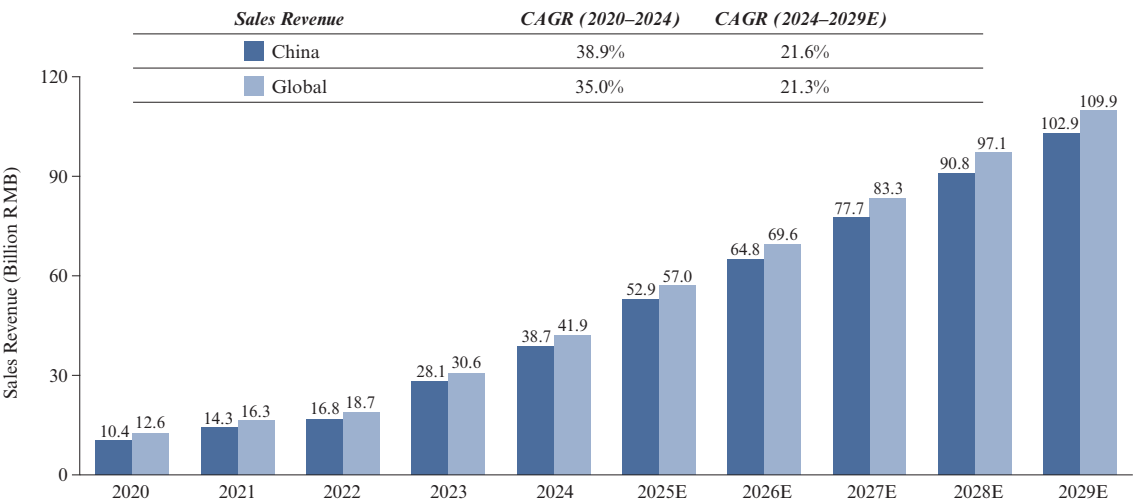
Sales Revenue of Global and China’s PV Silver Powder Industry

The global sales revenue of PV silver powder grew from RMB12.6 billion in 2020 to RMB41.9 billion in 2024, with a CAGR of 35.0%. During the same period, the sales revenue of PV silver powder in China increased from RMB10.4 billion in 2020 to RMB38.7 billion in 2024, representing a CAGR of 38.9%. The increase in average selling price of silver resulted in a higher growth rate of sales revenue than sales volume of PV silver powder.

With the continuous development of PV industry, the growing demand for PV silver powder and the increase in the average selling price of PV silver powder lead to an increase in the sales revenue. In 2029, the global sales revenue of PV silver powder is expected to reach RMB109.9 billion, representing a CAGR of 21.3% from 2024 to 2029. Meanwhile, the sales revenue of PV silver powder in China is projected to reach RMB102.9 billion in 2029, growing at a CAGR of 21.6% from 2024 to 2029.

INDUSTRY OVERVIEW

Sales Revenue of PV Silver Powder (Global and China), 2020–2029E

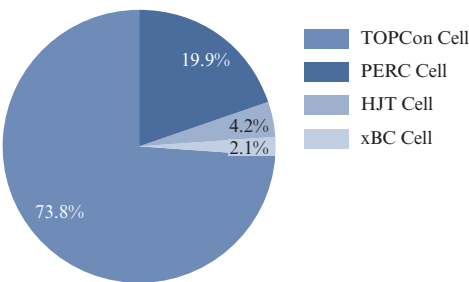


Source: Frost & Sullivan Analysis

Breakdown of China’s PV Silver Powder Industry

By different applications, TOPCon cell dominated the sales volume of PV silver powder in China in 2024, capturing a significant share of approximately 73.8%. Additionally, PERC cell, HJT cell and xBC cell contributed to the sales volume with respective shares of approximately 19.9%, 4.2% and 2.1% in China’s PV silver powder industry in 2024.

Sales Volume of PV Silver Powder (China), by Applications, 2024



Source: Frost & Sullivan Analysis

Moreover, by product types with different structures, spherical silver powder accounted for over 95.0% of the total sales volume of PV silver powder in China in 2024.

INDUSTRY OVERVIEW

Import Volume of China’s PV Silver Powder Industry

In the early stage, China’s PV silver powder industry mainly relied on imports. However, with the continuous technological advancements, the quality and performance of PV silver powder by domestic manufacturers have gradually approached international level, leading to a decreasing trend in import volume of PV silver powder. From 2020 to 2024, the import volume of PV silver powder in China decreased from approximately 1.9 thousand tonnes to 1.0 thousand tonnes, with a CAGR of –14.8%. The proportion of import volume in the total PV silver powder consumption in China decreased from 86.4% in 2020 to 16.7% in 2024. As TOPCon cell technology has gradually matured and achieved mass production, domestic manufacturers developed PV silver powder that can satisfy the requirements of TOPCon cell manufacturers. Consequently, domestic PV silver powder has replaced imported products, leading to a decline in PV silver powder imports in 2024.

In the future, the import volume of PV silver powder in China is expected to maintain stable. With the further development of the PV industry and the growing demand for PV silver powder, the domestic PV silver powder manufacturers with strong technical capabilities are expected to have growth opportunities, which contributes to further increase in the localisation rate of PV silver powder.

Overview of Advanced PV Silver Powder

During the Track Record Period, advanced PV silver powder refers to the PV silver powder that is applied in the production of PV silver pastes for the front-side fine grid in PERC cells and TOPCon cells, as well as conductive grids in HJT cells and xBC cells. As PV silver pastes for the front-side fine grid in PERC cells and TOPCon cells, as well as conductive grids in HJT cells and xBC cells generally have higher requirements for the conductivity and stability, the silver powder is required to have uniform particle morphology and stable consistency between batches accordingly.

Leading domestic PV silver powder manufacturers have been dedicated to developing advanced PV silver powder to realise domestic substitution. The localisation rate of advanced PV silver powder in China in terms of sales volume was 71.4% in 2024.

Market Drivers of PV Silver Powder Industry in China

Growing downstream demand. With the increasing emphasis on renewable energy and the continuous advancement of PV technologies, the production scale of PV cells and PV silver pastes continues to expand. From 2020 to 2024, the production volume of PV cells in China increased from 134.8 GW to 685.0 GW, with a CAGR of 50.1%, and is expected to reach 1,379.7 GW by 2029, with a CAGR of 15.0% from 2024 to 2029. From 2020 to 2024, the production volume of PV silver pastes in China increased from approximately 2.5 thousand tonnes to 7.0 thousand tonnes, with a CAGR of 29.4%, and is expected to reach approximately 12.2 thousand tonnes in 2029, growing at a CAGR of 11.8% from 2024 to 2029. The robust growth in downstream demand has promoted the development of PV silver powder industry.

INDUSTRY OVERVIEW

Improving product performance. PV silver powder manufacturers have been dedicated to exploring and optimising production processes to improve their product qualities and performances, which can help downstream PV silver pastes and PV cells to improve the PV conversion efficiency and service life. With the growing downstream requirements, the PV silver powder industry faces an increasing demand for advanced PV silver powder products, which prompts manufacturers to continuously increase their investments in research and development to improve product performance, thereby driving the development of PV silver powder industry. With the improvement of technology and product performance, domestic PV silver powder can replace overseas products to achieve further localisation substitution.

Favourable policies. In recent years, the Chinese government has issued a series of policies to promote the development of PV and related industries. For instance, the “Classification of Strategic Emerging Industries (2018)” (《戰略性新興產業分類(2018)》) released in 2018, included silver powder manufacturing in the list of strategic emerging industries, which provides policy support and favourable environment for the development of China’s PV silver powder industry. Further, PV related policies such as the “Notice on Promoting Collaborative Development of Photovoltaic Industry Chain and Supply Chain” (《關於促進光伏產業鏈和供應鏈協同發展的通知》) issued in 2022 and the “Action Plan for Accelerating the Construction of New Power Systems (2024–2027)” (《加快構建新型電力體系行動計劃(2024–2027年)》) released in 2024, not only facilitate innovation and upgrading in PV cell technologies, but also stimulate market demand for critical materials such as PV silver powder. Therefore, driven by favourable policies, the PV silver powder industry has ushered in broader development prospects.

Future Opportunities and Challenges of PV Silver Powder Industry in China

Expansion of application fields. China’s silver powder manufacturers are actively expanding their applications to a wide range of industries, including electronics, chemicals, medicine and food. The continuous development of these downstream industries is expected to stimulate the demand for silver powder. For instance, the market size of electronics industry in China in terms of revenue is expected to grow from RMB16.2 trillion in 2024 to RMB21.2 trillion in 2029, with a CAGR of 5.5%, providing broad development opportunities for silver powder manufacturers. By innovating technology and developing new products, silver powder manufacturers continue to improve their competitiveness and diversify their revenue sources by expanding their business portfolio.

Global business expansion. Driven by technological advancements and growing global demand, domestic PV silver powder manufacturers start to expand their business layout to overseas markets. They improve production capabilities and quality standards to meet international requirements and ensure their competitiveness globally. Domestic manufacturers are actively seeking partnerships and collaborations, including acquisitions and the establishment of new production bases, to facilitate their access and growth in overseas markets. Additionally, the global business expansion of downstream PV cell manufacturers and PV silver paste manufacturers also prompt silver powder manufacturers to expand business layout to ensure stable and timely supply.

INDUSTRY OVERVIEW

Increasing localisation rate. During the exploring stage of China’s PV silver powder industry before 2020, due to technical barriers, the consumption of PV silver powder in China mainly relied on imports. In recent years, an increasing number of domestic PV silver powder manufacturers have focused on independent research and development and production, and continuously improved their product qualities and performances to enhance their competitiveness. Therefore, PV silver powder by domestic manufacturers has gradually obtained market recognition, with the localisation rate of China’s PV silver powder industry in terms of sales volume increasing from 13.6% in 2020 to 83.3% in 2024. In the future, with the further technological advancements, the localisation rate of China’s PV silver powder industry in terms of sales volume is expected to further increase to 89.2% by the end of 2029.

Cost control. With the rapid development of China’s PV silver powder industry, the competition has become increasingly fierce. In order to increase market shares, many domestic manufacturers attract and retain customers by reducing mark-up, that accounts for the processing of silver nitrate into silver powder which leads to a continuous decline in mark-up. Meanwhile, the continued cost compression in the PV industry has led to higher requirements for cost control in the PV silver powder industry. Therefore, PV silver powder manufacturers have to continuously strengthen their cost control capabilities to maintain competitiveness.

Competitive Landscape of Global and China’s PV Silver Powder Industry

The competition in global PV silver powder industry has intensified. Due to high technical barrier, there were less than 20 PV silver powder manufacturers in the world as of 31 December 2024. In terms of sales revenue of PV silver powder in China during the Track Record Period, the top five manufacturers in China accounted for approximately 58.6%, among which our Group ranked first among all domestic manufacturers and second among all global manufacturers, with a market share of 9.9%. In terms of sales revenue of PV silver powder in China in 2024, the top five manufacturers in China accounted for approximately 59.2%, among which our Group ranked third among all domestic manufacturers and fourth among all global manufacturers, with a market share of 9.8%.

INDUSTRY OVERVIEW

**Top Five PV Silver Powder Manufacturers by Sales Revenue in China,
During the Track Record Period**

Ranking	Company	Headquarter Location	Listing Status	Sales Revenue (Billion RMB)	Market Share (%)
1	Company A	Japan	Not Listed	20.6	24.6%
2	Our Group	China	—	8.3	9.9%
3	Company B	China	Not Listed	8.2	9.8%
4	Company C	China	Not Listed	6.2	7.4%
5	Company D	China	Not Listed	5.8	6.9%
Top 5					58.6%

Notes:

- (1) The sales revenue of PV silver powder excludes silver powder generated as scrap or substandard products during the production and research processes, and silver powder that is manufactured and supplied through the provision of processing services.
- (2) Founded in 2006 and headquartered in Japan, Company A is a company specialising in electronics materials. The company has three major businesses, including semiconductor, electronics materials and advanced fine materials. The electronics materials business produces and sells materials such as silver powder and silver oxide powder.
- (3) Founded in 2012 and headquartered in Jiangsu Province, China, Company B mainly focuses on the research and development, production and sales of optoelectronic functional materials such as silver powder for various types of conductive silver pastes, rare-earth luminescent materials and advanced surface materials.
- (4) Founded in 2021 and headquartered in Hubei Province, China, Company C is mainly engaged in research and development, production, and sales of silver powder, copper powder, nickel powder and other metal powders, focusing on the customised silver powder for front-side silver paste of PV cells.
- (5) Founded in 2000 and headquartered in Zhejiang Province, China, Company D mainly focuses on the research and development, production and sales of electronic materials, including PV silver powder, special conductive silver powder, silver powder for mobile phone touch screen, and all kinds of capacitors, resistors and inductors with silver powder.

Source: Frost & Sullivan Analysis

INDUSTRY OVERVIEW

Top Five PV Silver Powder Manufacturers by Sales Revenue in China, 2024

Ranking	Company	Headquarter Location	Listing Status	Sales Revenue (Billion RMB)	Market Share (%)
1	Company A	Japan	Not Listed	6.8	17.6%
2	Company B	China	Not Listed	5.0	12.9%
3	Company C	China	Not Listed	4.1	10.6%
4	Our Group	China	—	3.8	9.8%
5	Company D	China	Not Listed	3.2	8.3%
Top 5					59.2%

Note:

- (1) The sales revenue of PV silver powder excludes silver powder generated as scrap or substandard products during the production and research processes, and silver powder that is manufactured and supplied through the provision of processing services.

Source: Frost & Sullivan Analysis

In terms of production volume of PV silver powder in China during the Track Record Period, the top five manufacturers in China accounted for approximately 77.8%, among which our Group ranked first with a market share of approximately 13.8%. In terms of production volume of PV silver powder in China in 2024, the top five manufacturers in China accounted for approximately 58.0%, among which our Group ranked third with a market share of approximately 12.6%.

Entry Barriers of PV Silver Powder Industry

Technical barriers. The production technologies of PV silver powder have relatively high requirements, involving multiple aspects such as the ability to control particle size, crystallinity (結晶度), sintering activity (燒結活性), and dispersibility of silver powder, mass production capacity, single-batch production volume, and inter-batch consistency, as well as crucial product application characteristics including printability, conductivity, and reliability of the silver paste produced by silver powder. Meanwhile, PV silver powder manufacturers need to have a talent reserve to quickly respond to changes in PV cell technologies. However, it is difficult for new entrants to have sufficient technical and talent reserve in a short period of time.

Capital barriers. The PV silver powder industry requires significant capital investment in production facilities, research and development, and procurement of raw materials such as silver nitrate. Therefore, leading participants with sufficient capital investment can better seize market opportunities in a fast-moving industry. For instance, they can optimise the production processes to improve their products in response to product iteration of PV cells. However, new entrants may face great challenges to obtain sufficient capital support to maintain their competitiveness.

INDUSTRY OVERVIEW

Brand and customer resource barriers. The downstream customers of PV silver powder manufacturers are primarily PV silver paste manufacturers, who raise high requirements for the quality and performance of PV silver powder and conduct stringent evaluations when selecting suppliers. Meanwhile, since the production of silver paste requires formulating different types of silver powders, PV silver paste manufacturers have the preference to cooperate with PV silver powder manufacturers who are familiar with their specific needs and can quickly respond to their technological changes. Established manufacturers enjoy strong reputations and long-term strategic relationships with downstream customers. However, it is difficult for new entrants to obtain customer recognition and building similar customer relationship within a short period of time.

Average Price of Raw Material

Silver nitrate is the major raw material of PV silver powder and its average price is primarily affected by the average price of silver. From 2020 to 2024, the average price of silver nitrate in China increased from approximately RMB3.1 thousand per kg to RMB4.0 thousand per kg, with a CAGR of 6.6%. In the future, due to the increasing average price of silver, the average price of silver nitrate in China is expected to reach approximately RMB5.4 thousand per kg, growing at a CAGR of 6.2% from 2024 to 2029.



Source: Frost & Sullivan Analysis

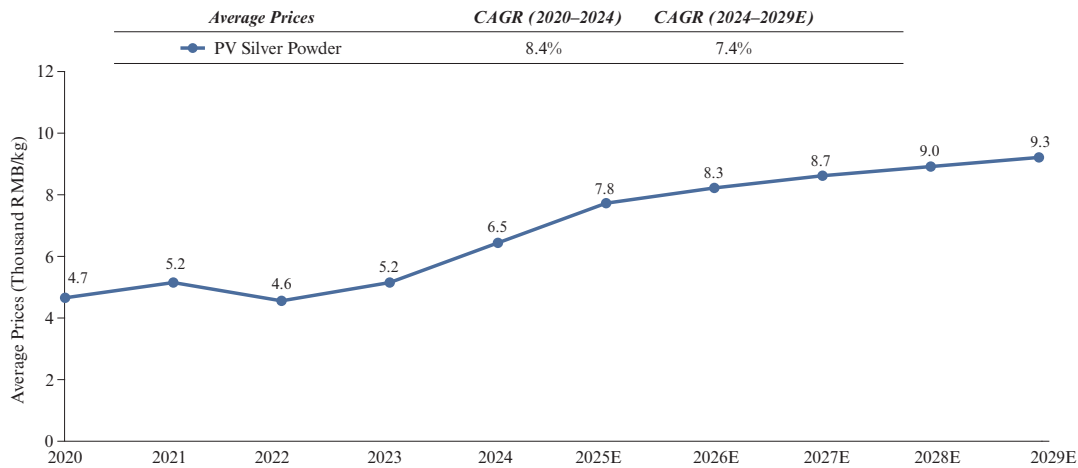
INDUSTRY OVERVIEW

Average Price of PV Silver Powder

The average price of PV silver powder in China is primarily affected by the average price of silver nitrate which is the major raw material, as well as the mark-up that accounts for the processing of silver nitrate into silver powder by PV silver powder manufacturers. The average price of PV silver powder in China demonstrated and is expected to maintain a growing trend mainly due to the increase in average selling price of silver nitrate. However, the mark-up by PV silver powder manufacturers experienced and is expected to maintain a decrease due to the intensified competition. The average price of PV silver powder in China grew from approximately RMB4.7 thousand per kg in 2020 to RMB6.5 thousand per kg in 2024, with a CAGR of 8.4%. In 2022, the average price of PV silver powder in China experienced a decline mainly due to the decrease in average price of silver nitrate.

In the future, driven by the increase in the average price of silver nitrate, the average price of PV silver powder in China is expected to reach approximately RMB9.3 thousand per kg, growing at a CAGR of 7.4% from 2024 to 2029.

Average Price (Excluding VAT) of PV Silver Powder (China), 2020–2029E



Source: Frost & Sullivan Analysis

CHINA’S PV SILVER PASTE INDUSTRY

Definition and Overview of PV Silver Paste

PV silver paste is a viscous slurry composed of high-purity silver powder serving as the conductive phase, glass oxide serving as the bonding phase, and resin and solvents serving as the organic carrier. PV silver paste is a crucial material for the production of metal electrodes in PV cells, and its product performance and production process directly influence the photoelectric conversion efficiency of solar cells. Among the major raw materials of PV silver paste, the quality of silver powder directly impacts the conductive performance of PV cells. Therefore, the selection of appropriate silver powder for the silver paste formulation is important.

INDUSTRY OVERVIEW

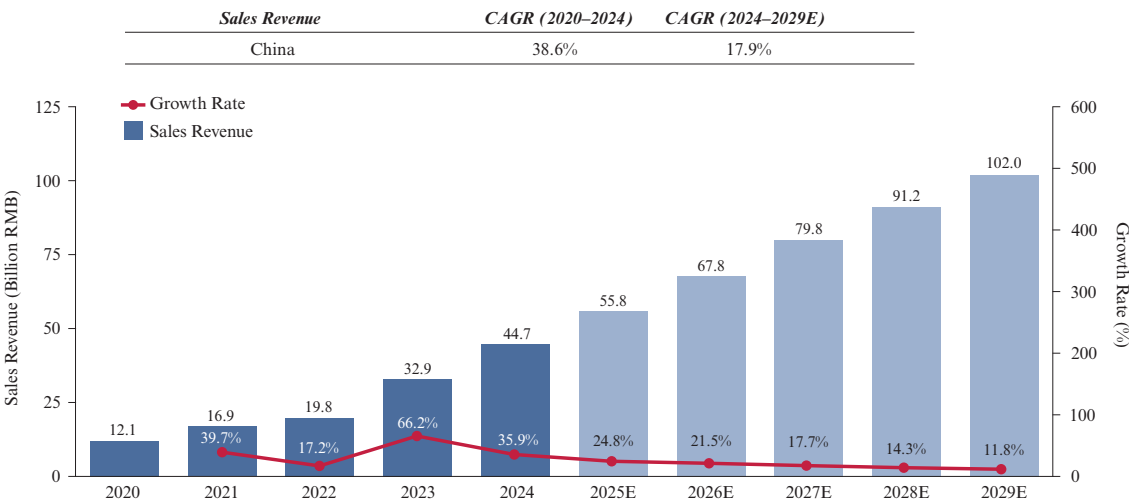
The PV silver paste industry in China has high technical barriers, which imposes stringent requirements on research and development capabilities, production technologies, and quality control. As of 31 December 2024, there are less than 20 PV silver paste manufacturers in China, among which the top five manufacturers accounting for approximately 80.2% in terms of sales revenue in 2024.

Market Size of PV Silver Paste Industry in China

Due to the continuous increase in sales volume of PV silver paste, the sales revenue of PV silver paste in China increased from approximately RMB12.1 billion in 2020 to RMB44.7 billion in 2024, growing at a CAGR of 38.6%.

Driven by the further development of PV cell industry, the sales revenue of PV silver paste in China is expected to reach approximately RMB102.0 billion, representing a CAGR of 17.9% from 2024 to 2029.

Sales Revenue of PV Silver Paste (China), 2020–2029E



Source: China Photovoltaic Industry Association; Frost & Sullivan Analysis

CHINA’S PV CELL INDUSTRY

Definition and Overview of PV Cell Industry

PV cells refer to semiconductor thin films obtained by processing silicon wafers, which can generate voltage under certain lighting conditions and produce current when there is a circuit, thus converting solar energy into electrical energy. According to the specific dopant elements employed, PV cells can be classified into P-type and N-type, with P-type represented by PERC cells and N-type encompassing various technologies such as N-type TOPCon cells, N-type HJT cells, and N-type xBC cells.

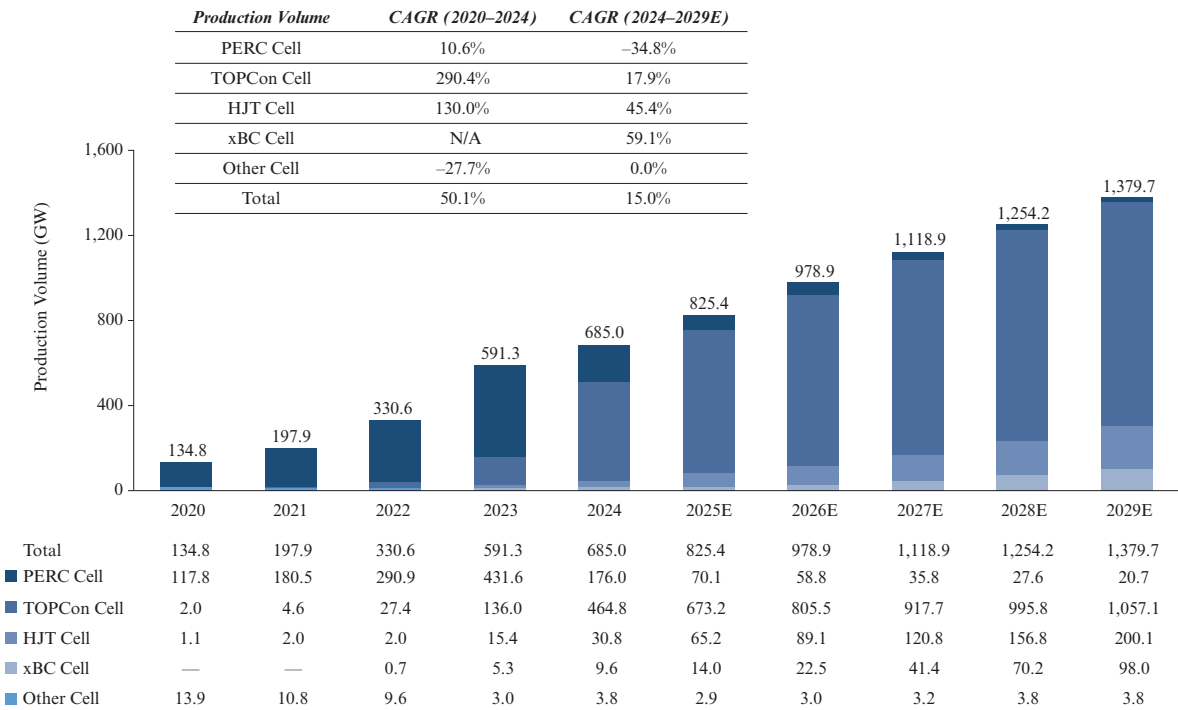
INDUSTRY OVERVIEW

In recent years, P-type PERC cells have been the mainstream technology in the PV industry due to mature technologies and lower manufacturing costs compared with other types of PV cells in large-scale mass production. However, as the PV industry continues to grow and the efficiency of P-type PERC cells approaches its theoretical cap, the challenges in meeting the evolving demands for enhanced efficiency and cost reduction in solar power generation intensify. Consequently, in seeking new industry breakthroughs, leading market participants have gradually turned their attention to N-type cells, which in turn led to a rapid increase in production and market adoption. In 2024, N-type cells reached a market share of approximately 73.8% in terms of production volume.

Market Size of PV Cell Industry in China

The production volume of PV cells in China increased from 134.8 GW in 2020 to 685.0 GW in 2024, with a CAGR of 50.1%. During the same period, the production volume of PERC cell, TOPCon cell, HJT cell and other cell in China grew at a CAGR of 10.6%, 290.4%, 130.0%, and –27.7%, respectively. With the growing market demand, the production volume of PV cells in China is expected to reach 1,379.7 GW by 2029, with a CAGR of 15.0% from 2024 to 2029. During the same period, the production volume of PERC cell, TOPCon cell, HJT cell, xBC cell and other cell in China is expected to grow at a CAGR of –34.8%, 17.9%, 45.4%, 59.1% and 0.0% from 2024 to 2029, respectively.

Production Volume of PV Cell (China), 2020–2029E



Source: China Photovoltaic Industry Association; Frost & Sullivan Analysis

INDUSTRY OVERVIEW

SOURCE AND RELIABILITY OF INFORMATION

In connection with the [REDACTED], we engaged an independent market research consultant, Frost & Sullivan, to conduct an analysis of, and to prepare an industry report on the industries where we operate with a commission fee of RMB424,000. Founded in 1961, Frost & Sullivan is an independent global consulting firm that conducts industry research and prepares industry report on a wide range of industries, among other services. The information from Frost & Sullivan disclosed in this Document is extracted from the Frost & Sullivan Report with its consent.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan used the following key methodologies to collect multiple sources, validate the collected data and information, and cross-check each respondent’s information and expressions against those of others: (i) detailed primary research, which involved discussing the status of the industry with leading industry participants and industry experts; and (ii) secondary research, which involved reviewing published sources including reports of market participants, independent research reports and data based on Frost & Sullivan’s own research database.

Frost & Sullivan adopted the following primary assumptions while making projections for preparing the Frost & Sullivan Report: (i) global and China’s economy is likely to maintain steady growth in the next decade; (ii) global and China’s social, economic, and political environment is likely to remain stable in the forecast period; and (iii) market drivers like growing downstream demand, improving product performance, favourable policies, among others.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that after taking reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict, or have an impact on such information.

REGULATORY OVERVIEW

The contents disclosed in this section are a summary of the principal PRC laws, regulations and rules relating to our business and do not constitute a detailed analysis of PRC laws, nor are they all applicable to our business operations in the PRC, and such PRC laws may change in the future.

PRINCIPAL REGULATORY AUTHORITIES

We are mainly engaged in the research and development, production and sales of silver powder. According to the “Classification of Industries of the National Economy (GB/T 4754–2017)” promulgated on 30 June 2017 and implemented on 1 October 2017, the industry in which we operate is electronic special materials manufacturing in C3985 manufacturing industry, and the competent department of industry is the Ministry of Industry and Information Technology of the PRC (hereinafter referred to as the “MIIT”).

The main responsibilities of the MIIT include formulating development plans in relation to industry, telecommunications and information technology and organising the implementation thereof, formulating guiding industrial policies, drafting relevant laws and regulations, formulating rules, and regulating the development of the industry.

REGULATIONS ON CORPORATION AND FOREIGN INVESTMENT

According to the PRC Company Law, promulgated by the SCNPC on 29 December 1993, last revised on 29 December 2023 and implemented on 1 July 2024, companies are generally classified into two categories, i.e. limited liability companies and companies limited by shares. The PRC Company Law also applies to foreign-invested limited liability companies and companies limited by shares, unless foreign-investment related laws are provided otherwise.

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) promulgated by the NPC on 15 March 2019 and implemented on 1 January 2020 and the Foreign Investment Law and the Implementation Regulations for the Foreign Investment Law of the PRC issued by the State Council on 26 December 2019 and implemented on 1 January 2020, foreign investment refers to the investment activities directly or indirectly carried out by foreign natural persons, enterprises or other organisations within the territory of China, including the following circumstances: (1) a foreign investor establishes a foreign-funded enterprise within the territory of the PRC, either alone or together with any other investor; (2) a foreign investor acquires shares, equities, property shares or any other similar rights and interests of a PRC enterprise; (3) a foreign investor invests in any new project within the territory of the PRC, either alone or together with any other investor; and (4) a foreign investor invests in any other way as stipulated under the laws or administrative regulations or provided by the State Council. Foreign-invested enterprises (FIEs) means any enterprise registered and established in the PRC under the PRC law that is wholly or partially invested by foreign investors. FIEs and domestic enterprises shall participate on an equal footing in the formulation and revision of national, industry, local and group standards in accordance with the law. FIEs may obtain financing in China or overseas pursuant to the law via public offering of securities such as shares and corporate bonds, as

REGULATORY OVERVIEW

well as public or non-public offering of other financing instruments and borrowing foreign debts. Foreign investors’ capital contributions, profits, capital gains, gains from asset disposal, royalties of intellectual property rights obtained, legally obtained compensation or indemnification, gains from liquidation can be freely remitted in or out of China in RMB or foreign currency in accordance with the laws. The State implements a management system comprising pre-access national treatment along with a negative list with respect to foreign investment. Foreign investors shall not invest in any field forbidden by the negative list; for any field restricted by the negative list, foreign investors shall conform to the investment conditions stipulated under the negative list such as requirements on equity and senior management; any field that does not fall within the negative list shall be administered under the principle of equal treatment to domestic and foreign investment.

The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (hereinafter referred to as the “Negative List”) promulgated by the NDRC and the MOFCOM on 6 September 2024 and implemented on 1 November 2024 lists the special management measures for foreign investment access, such as equity requirements and senior management requirements, as well as the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. According to the Catalogue of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) announced by the NDRC and the MOFCOM on 26 October 2022 and implemented on 1 January 2023, “Development and Manufacturing of Special Electronic Materials” is listed as an industry that encourages investment.

According to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) promulgated by the MOFCOM and the State Administration for Market Regulation on 30 December 2019 and implemented on 1 January 2020, where foreign investors carry out investment activities directly or indirectly within China, foreign investors or foreign investment enterprises shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System. Foreign investors or foreign-funded enterprises shall report investment information in a timely manner under the principles of veracity, accuracy and integrity, and the reports submitted shall not contain false or misleading information or material omissions.

Pursuant to the National Security Law of the People’s Republic of China (《中華人民共和國國家安全法》) promulgated by the SCNPC on 22 February 1993 and revised and implemented on 1 July 2015, the state shall establish the rules and mechanisms for national security review and supervision, and conduct national security review of foreign investment, particular materials and key technologies, network information technology products and services that affect or may affect national security, construction projects that involve national security matters, and other major matters and activities.

REGULATORY OVERVIEW

Pursuant to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on 19 December 2020 and implemented on 18 January 2021, the Office of the Working Mechanism for Security Review of Foreign Investment was set up under the NDRC. Foreign investors or relevant domestic parties who intend to invest in the following areas should proactively apply for a foreign investment security review prior to implementation of the investment: (1) investment in defence, defence support and related sectors that have a bearing on national defence security, as well as investment in areas surrounding military and defence facilities; or (2) investment in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies, and other important sectors related to national security, while obtaining actual control over the invested enterprise.

Pursuant to the Interim Provisions on Investment in the PRC by Foreign Investment Enterprises (《關於外商投資企業境內投資的暫行規定》) promulgated by the MOFCOM on 25 July 2000, revised and implemented on 28 October 2015, FIEs must not invest in fields in which foreign investment is prohibited. The FIE is required to report the establishment of the investee company within 30 days of the date of its establishment to the original examination and approval authority for record-filing.

Pursuant to Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) promulgated by the MOFCOM on 8 August 2006, revised and implemented on 22 June 2009, mergers and acquisitions of domestic enterprises by foreign investors refers to: a foreign investor converts a non-foreign invested enterprise to a foreign invested enterprise by purchasing the equity interest from the shareholder of such domestic company or the increased capital of the domestic company; or a foreign investor establishes a foreign invested enterprise to purchase the assets from a domestic enterprise by agreement and operates the assets therefrom; or a foreign investor purchases the assets from a domestic enterprise by agreement and uses these assets to establish a foreign invested enterprise for the purpose of operation of such assets.

REGULATIONS RELATING TO OFFSHORE LISTING

Pursuant to 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》) (hereinafter referred to as the “Trial Administrative Measures”) and relevant seven guidelines promulgated by the CSRC on 17 February 2023 and implemented on 31 March 2023, the proposed overseas offering and listing of share of domestic companies shall be in strict compliance with laws and regulations on national security in terms of foreign investment, cybersecurity, data security and etc., and duly fulfil their obligations to protect national security. If national security review is triggered by the proposed overseas offering and listing of share of the company, the application for such offering and listing of shares shall not be submitted to the overseas security regulatory authorities or oversea stock exchange prior to the completion of the national security review in accordance with PRC

REGULATORY OVERVIEW

laws and regulations. Domestic enterprises are prohibited from overseas offering and listing in the following circumstances: (1) such offering and listing of shares is explicitly prohibited by PRC laws and regulations, (2) the proposed offering and listing of shares has been reviewed by competent authorities under the State Council in accordance with law and is determined such proposed offering and listing of shares will endanger national security, (3) the domestic company which proposed to offer and list its shares overseas, or its controlling shareholder(s) and the actual controller of the company, have committed crimes in relation to corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years, (4) the domestic company which proposed to offer and list its shares overseas is currently under investigations due to suspected crimes or major violations of laws and regulations, and no conclusion has yet been made thereof, or (5) there are material ownership disputes over the shares held by controlling shareholder(s) or controlled by the controlling shareholder(s) and/or actual controller of the domestic company.

In addition, the Trial Administrative Measures clearly stipulate that PRC domestic enterprises that seek to offer and list securities in overseas markets, either in direct or indirect means are required to fulfil the filing procedure with the CSRC and submit filing reports, legal opinions and other relevant documents. In the event of an overseas initial public offering or listing of a domestic enterprise, it shall file a report with the CSRC within three working days after submitting the application documents for the overseas offering or listing. If the domestic enterprises fail to fulfil the filing procedures, or conceals any material fact or falsifies any major content in its filing documents, it may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines.

Pursuant to the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings by Domestic Enterprises (《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》), which was issued by the CSRC and other three departments on 24 February 2023 and implemented since 31 March 2023, in the course of overseas offering and listing activities by a domestic enterprise, the domestic enterprise shall establish a sound confidentiality and archive work system, to implement the responsibility of confidentiality and archive management. A domestic enterprise that provides or through its overseas listed entity, publicly discloses or provides to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any documents and data that contain state secrets or working secrets of government agencies, shall report to the competent authorities with approval authority for approval in accordance with the law, and files with the secrecy administrative department at the same level. Where a domestic enterprise provides or publicly discloses to any entities including securities companies, securities service providers and overseas regulators and individuals, or provides or publicly discloses through its overseas listed entities other documents or data whose leakage will adversely affect national security or public interests, it shall strictly fulfil the corresponding procedures in accordance with the relevant state regulations. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of

REGULATORY OVERVIEW

domestic enterprises shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

REGULATIONS RELATING TO FOREIGN EXCHANGE REGISTRATION OF OFFSHORE INVESTMENT BY PRC RESIDENTS

In 4 July 2014, SAFE issued the SAFE Circular on Relevant Issues Relating to Domestic Resident’s Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (hereinafter referred to as the “SAFE Circular 37”). SAFE Circular 37 regulates foreign exchange matters in relation to offshore investments and financing or round-trip investments of residents or entities by way of special purpose vehicles in China. Under SAFE Circular 37, a “special purpose vehicle” refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investments, using legitimate onshore or offshore assets or interests, while “round trip investment” refers to direct investments in China by PRC residents or entities through special purpose vehicles, namely, establishing foreign investment enterprises to obtain ownership, control rights and management rights. SAFE Circular 37 provides that, before making a contribution into a special purpose vehicle, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch, and in the event the change of basic information such as the individual shareholder, name, operation term, etc., or if there is a capital increase, decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the PRC residents or entities shall complete the change of foreign exchange registration formality for offshore investments.

REGULATION RELATING TO PRODUCTION

Production Safety

Pursuant to the Production of Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated by the SCNPC on 29 June 2002, last amended on 10 June 2021 and implemented on 1 September 2021, the emergency management department of the State Council shall carry out comprehensive supervision and management of national work safety, and the production and operation entities must implement the national standards or industry standards formulated in accordance with the law to ensure production safety, establish and improve the safety production responsibility system and safety production rules and regulations for all employees, and the production and operation entities shall not engage in production and business activities if they do not have the conditions for production safety. The production and operation entities shall offer education and training programmes to their employees regarding production safety so as to ensure that the employees have the necessary knowledge of production safety and provide them with labour protection products in line with national standards or industry standards.

REGULATORY OVERVIEW

Special Equipment

Pursuant to the Special Equipment Safety Law of the PRC (《中華人民共和國特種設備安全法》), which was issued by the SCNPC on 29 June 2013 and taking effect from 1 January 2014 and the Regulations on Safety Supervision of Special Equipment (《特種設備安全監察條例》), which was promulgated by the State Council on 11 March 2003, and was amended on 24 January 2009 with effect from 1 May 2009, a special equipment catalogue shall be formulated by the department of the State Council that is in charge of the safety supervision and administration of special equipment. Entities using special equipment listed in the catalogue shall use special equipment that has been issued the production licence and that has passed inspection. An entity using special equipment shall, before or within thirty days after using special equipment, go through registration with the safety supervision and administration of special equipment.

Fire Safety

Pursuant to the PRC Fire Prevention Law (《中華人民共和國消防法》), which was promulgated by the SCNPC on 29 April 1998, last amended on 29 April 2021 and implemented on the same day, and the Interim Provisions on Administration of Fire Control Design Review and Acceptance of Construction Project* (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on 1 April 2020, last amended on 21 August 2023 and implemented on 30 October 2023, the construction unit shall be primarily responsible for the fire protection design and construction quality of the construction project in accordance with the law. Special construction projects shall be subject to a fire protection acceptance system, and those that have not passed the fire prevention inspection or the fire prevention inspection are prohibited from putting into use. Construction projects other than special construction projects shall be subject to the record inspection system, and the construction unit shall report to the competent housing and urban-rural development authorities for fire safety acceptance filing after the acceptance of other construction projects. The competent housing and urban-rural development authorities shall conduct random inspections on the fire safety acceptance of other construction projects filed. If the construction projects fail to pass the random inspection, such construction projects shall be stopped.

REGULATION RELATING TO ENVIRONMENTAL PROTECTION

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated by the SCNPC, on 26 December 1989, last amended on 24 April 2014 and became effective on 1 January 2015, the competent environmental protection department under the State Council is responsible for the unified supervision and management of the national environmental protection work. Construction projects that have environmental impact shall be subject to environmental impact assessment. Construction projects without undergoing assessment for environmental impact according to the laws cannot commence construction. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Installations of the pollution prevention and control facility shall

REGULATORY OVERVIEW

comply with the requirements of the approved environmental impact assessment report, and shall not be dismantled or left idle without authorization. The State shall implement a pollution permit management system in accordance with the provisions of the law.

Pursuant to the Measures for Pollutant Discharge Permitting Administration (《排污許可管理辦法》) promulgated by Ministry of Ecology and Environment and became effective on 1 April 2024, enterprises, public institutions and other producers and business operators shall, in accordance with factors such as the amount of pollutants produced, the amount of pollutants discharged and the extent of their impact on the environment, carry out the management of pollutant discharge permits with a focus, simplified management and pollutant discharge registration. Enterprises, public institutions and other producers and business operators (hereinafter referred to as the “Pollutant Discharging Entity”) that, in accordance with the law, shall apply for a pollutant discharge permit in accordance with the law and discharge pollutants in accordance with the relevant provisions. Those who has not obtained a discharge permit shall not discharge pollutants. Enterprises, public institutions and other producers and business operators (hereinafter referred to as the “Pollutant Discharge Registration Entity”) that need to fill out a pollutant discharge registration form shall register its pollutant discharge on the National Pollutant Discharge Permit Management Information Platform. The Pollutant Discharging Entity shall apply to the competent department of ecology and environment under the local people’s government at or above the level of city divided into districts where its production and business premises are located for a pollutant discharge permit before any actual pollution discharging activities occur. The Pollutant Discharge Registration Entity shall fill in a pollutant discharge registration form on the National Pollutant Discharge Permit Administration Information Platform before any actual pollution discharging activities occur. Upon submission, a registration number and receipt will be generated in real-time, which shall be retained by the Pollutant Discharge Registration Entity. The Pollutant Discharge Registration Entity shall be responsible for the authenticity, accuracy, and completeness of the information filled in. The pollutant discharge registration form shall take effect from the date of obtaining the registration number, and its validity period shall be implemented in accordance with relevant laws and regulations.

Pursuant to the Law of the PRC on Environment Impact Assessment (《中華人民共和國環境影響評價法》) promulgated by SCNPC on 28 October 2002 and last amended and became effective on 29 December 2018, and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》) promulgated by the State Council on 29 November 1998 and last amended and became effective on 16 July 2017, the state implements the construction project environmental impact evaluation system and the State Council implemented an environmental impact assessment, or EIA, to classify construction projects according to the impact of the construction projects on the environment. The Classified Management Directory of Environmental Impact Assessment of Construction Projects (建設項目環境影響評價分類管理名錄) shall be formulated and published by the competent administrative department for environmental protection under the State Council on the basis of organising experts to carry out demonstration and soliciting opinions from relevant departments, industry associations, enterprises and institutions, and the public. Constructing entities shall prepare an environmental impact report, or an EIR, or an environmental impact statement, or an

REGULATORY OVERVIEW

EIS, or fill out the EIR Form according to the following rules: (1) for construction project with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive and detailed assessment of the pollution generated by the construction project and its impact on the environment; (2) for construction project with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialised assessment of the pollution generated by the construction project and its impact on the environment; or (3) for construction project with very small environmental impacts, environmental impact assessment is not required but an EIR Form shall be completed. Unless otherwise stipulated by laws and regulations, construction enterprises that are required to compile environmental impact reports or environmental impact report forms shall accept the environmental protection acceptance upon completion of the construction project. The supporting environmental protection facilities for a construction project must be designed, constructed and put into operation simultaneously with the major construction works of the construction project. When the environmental protection facilities of the construction have passed the inspection, the construction project can be formally put into production or use.

REGULATION RELATING TO PRODUCT QUALITY

Pursuant to the Product Quality Law (《中華人民共和國產品質量法》) promulgated by the SCNPC on 22 February 1993, and last amended and became effective on 29 December 2018, the products shall pass the quality inspection and the substandard products shall not be passed off as qualified products. The producers shall be liable for the quality of products produced by them. The seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances; in cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses: (1) the product lacks the essential properties for its intended use without prior clear indication; (2) the product does not meet the stated standards displayed on the product or its packaging; or (3) the product does not match the quality as described in the product information or physical sample.

REGULATION RELATING TO SALE OF PRODUCTS

Anti-Unfair Competition

Pursuant to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by SCNPC on 2 September 1993 and last amended and became effective on 23 April 2019, the State provides certain measures to prevent unfair competition and protect market order, which includes, among others, prohibition of infringement of business secrets, improper prize sale, confusing behaviour, and the fabrication and dissemination of false information or misleading information. The business operator shall not bribe any staff of the counterparty, any entity or individual that is entrusted by the counterparty to handle relevant affairs, or using their authority or influence the entity or personnel of the counterparty, for business opportunity or competitive edge. Business operators may, in their transaction activities, explicitly give discount to a transaction counterparty, or pay commission to a middleman. When giving discount to a transaction counterparty or paying commission to a middleman, the business

REGULATORY OVERVIEW

operator shall record the discount or commission in its accounts truthfully. Business operators who receive discount or commission shall also record the discount or commission in their accounts truthfully. Where the business operator violates the relevant provisions of this law, the regulatory authority may order the operator to stop the illegal act and confiscate the income, and impose a fine of more than RMB50,000 and less than RMB3 million depending on the seriousness, and revoke the business licence in serious case.

Anti-money Laundering

Pursuant to the Anti-money Laundering Law of the PRC (《中華人民共和國反洗錢法》) promulgated by SCNPC on 31 October 2006, last amended on 8 November 2024 and became effective on 1 January 2025, the Anti-money laundering refers to the adoption of relevant measures in accordance with the provisions of the Law, for preventing money laundering activities related to cover up and conceal of drugs dealing, organised crime, terrorism, smuggling, corruption and bribery, breaking the order of financial management and financial fraud. Where an act in violation of this law that constitutes a crime shall be subject to prosecution for criminal responsibility.

REGULATION RELATING TO INTELLECTUAL PROPERTY

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on 23 August 1982, last amended on 23 April 2019 and became effective on 1 November 2019 and the Implementation Regulation for the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002, last amended on 29 April 2014 and became effective on 1 May 2014, trademarks registered with the Trademark Office are registered trademarks, including commodity trademarks, service trademarks, collective marks and certification marks. Trademark registrants enjoy the exclusive right to use their registered trademarks and are protected by law.

A registered trademark is valid for ten years, commencing from the date of registration and can be renewed for another ten years, commencing from the day after the expiry date of the last period of validity of the trademark. The renewal formalities shall be completed within 12 months before the expiration date and can be extended for six months. The Trademark Office shall make an announcement on the renewal of the registered trademarks. Trademark registrant may licence its registered trademark to another party by entering into a trademark licence agreement, but the trademark licence agreements must be filed with the Trademark Office to be recorded, while the non-filing of the licencing of a trademark shall not be contested against a good faith third-party. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. Without the permission of the trademark registrant, the use of a trademark identical or similar to the registered trademark on the same type of goods, or the use of a trademark identical or similar to the registered trademark on similar goods, which is likely to cause confusion, shall be regarded as an infringement of the exclusive right to use the registered trademark.

REGULATORY OVERVIEW

Patents

The Patent Law of the People’s Republic of China (《中華人民共和國專利法》) promulgated by the Standing Committee of the NPC on 12 March 1984 and last amended on 17 October 2020 and implemented on 1 June 2021, and its implementation rules (《中華人民共和國專利法實施細則》), which were promulgated by the China Patent Office on 19 January 1985 and last amended by the State Council on 11 December 2023 and implemented on 20 January 2024, the term invention creation under the Law refers to “invention,” “utility model” and “design.” “Invention” refers to any new technical solution in relation to a product, or a process or improvement thereof; “utility model” refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; “design” refers to a new design that is aesthetic and suitable for industrial application for the overall or partial shape, pattern or its combination of products, as well as the combination of colour, shape and pattern. The patent administration department of the State Council is responsible for the administration of patents throughout the country; it uniformly accepts and examines patent applications and grants patents in accordance with the law. The validity period of patent for an “invention” is 20 years, while the validity period of patent for a “utility model” is 10 years and that of a “design” is 15 years, from the date of application.

A patentable invention or utility model must be novel, inventive and practical. The design for which a patent is granted shall not be an existing design, and the design for which the patent right is granted shall be distinctly different from the prior design or a combination of features of the prior design. The rights of patent holders are protected by law, allowing others to use the patent only if it is properly authorised. Except as provided by law, the exploitation of a patent without the permission of the patentee constitutes patent infringement.

Domain Names

Pursuant to the Administrative Measures of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on 24 August 2017 and implemented on 1 November 2017, and the Implementing Rules for the Registration of National Top Level Domain Names and the Rules for Dispute Resolution of National Top Level Domain Names promulgated by the China Internet Network Information Centre on 18 June 2019 and implemented on the same date, the principle of “first apply, first register” is applied to domain name registration services, subject to any other provisions in the implementation details of the corresponding domain name registrations. The maximum validity period of a domain name registration shall not exceed ten years. If a domain name is renewed, the maximum period of validity shall not exceed ten years from the date of renewal to the expiry date of the renewed domain name, except in the case of automatic renewal due to a change in the registration service provider. The applicant is deemed to be the holder of the domain name upon completion of the domain name registration. Domain name disputes shall be handled and resolved by a domain name dispute resolution body recognised and authorised by China Internet Network Information Centre.

REGULATORY OVERVIEW

According to the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) issued by the Ministry of Industry and Information Technology on 27 November 2017 and implemented on 1 January 2018, the domain names used by internet information service providers for engaging in internet information services shall be registered as their own in accordance with laws and regulations. Internet access service providers shall check the identity of internet information service providers in accordance with the requirements of relevant laws. If the internet information service provider does not provide true identity information, the internet access service provider shall not provide services for it.

Regulations relating to Real Estate

According to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the National People’s Congress on 28 May 2020, which took effect on 1 January 2021, the creation, change, transfer and cancellation of real estate rights shall be effective upon registration in accordance with the law, and shall not be effective without registration, unless otherwise provided by law. The registration of real estate shall be carried out by the registration organisation where the real estate is located. The State implements a unified registration system for real estate, and the scope of unified registration, registration organisations and registration methods shall be prescribed by laws and administrative regulations.

According to the Land Administration Law of the People’s Republic of China (《中華人民共和國土地管理法》) promulgated by the Standing Committee of the National People’s Congress on 25 June 1986, last amended on 26 August 2019 and implemented on 1 January 2020, construction entities acquiring land use right in respect of state-owned land at a consideration such as by way of grant of land shall pay land use fee and other fees such as land grant premium in accordance with the standards and rules stipulated by the State Council before using such land. Construction entities shall use state-owned land according to the stipulations of the land use right assignment and other compensated use contract or according to the provisions of the approval documents relevant to the allocation of land use rights. The conversion of the construction purposes of the land shall receive the consent of the competent department of natural resources of the relevant people’s government and be submitted to the people’s governments that originally granted land use approval. Among which, when changing the purpose of land within urban planning areas, consent shall be obtained from the relevant urban planning administration department before submission.

Pursuant to the Regulations on the Implementation of the Land Administration Law of the People’s Republic of China (《中華人民共和國土地管理法實施條例》) promulgated by the State Council on 4 January 1991, last amended on 2 July 2021 and implemented on 1 September 2021, the use of state-owned land by construction entities shall be acquired by way of compensated use; however, except for those which may be acquired by way of appropriation as provided for in laws and administrative regulations. The methods of compensated use of state-owned land include: (I) transfer of state-owned land use rights; (II) leasing of state-owned land; and (III) using state-owned land use rights as a way of capital contribution or investment in exchange for equity.

REGULATORY OVERVIEW

Pursuant to the Interim Regulation on Real Estate Registration (《不動產登記暫行條例》) promulgated by the State Council on 24 November 2014, last amended on 10 March 2024 and implemented on 1 May 2024, the real estate registrars shall set up a unified real estate registry in accordance with the regulations of the competent department of natural resources of the State Council. Real estate shall be registered with the real estate unit as the basic unit, and the real estate unit shall have a unique code. The real estate register shall record the following matters: (I) the natural conditions of the real estate, such as the location, address, spatial boundaries, area, and use; (II) the ownership status of the real estate rights, such as the subject, type, content, source, duration, and change of rights; (III) the matters involving the restriction and reminder of the real estate rights; and (IV) other relevant matters.

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the SCNPC on 1 November 1997 and latest amended and implemented on 23 April 2019, prior to the commencement of construction work, the construction entity shall apply to the construction administrative authority of the people’s government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State, except for small-scale projects under the quota as determined by the construction administrative authority. A construction project shall be delivered for use only after it has passed the acceptance examination. A construction project shall not be delivered for use without acceptance or with unqualified acceptance. A construction project which has already obtained approvals for its construction commencement report pursuant to the terms of reference and procedures prescribed by the State Council is no longer required to obtain a commencement of construction work permit. The construction entity shall start to build the projects within three months since obtaining the Construction Permit. Should the constructing entity fail in starting the construction work as scheduled, they shall apply for extension with the construction authority. Application for extension shall be limited to twice and each extension period shall be no more than three months. Upon failure in commencing the construction work as scheduled without application for extension or excess of such application or expiration of the extension period, the Construction Permit shall automatically become null and void.

According to the Measures for Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) promulgated and implemented by the Ministry of Housing and Urban-Rural Development of the People’s Republic of China on 30 March 2021, for the construction and decoration of all kinds of buildings and annexes thereof and the installation of supporting lines, pipes, equipment and the construction of infrastructure projects in the cities and towns within the territory of the People’s Republic of China, the construction entity shall, prior to starting the construction, apply to the department of housing and urban-rural development under the people’s government at or above county level at the location of the projects for a Construction Permit in accordance with the provisions of the Measures. Further, no construction commencement permit is required for construction projects with an investment amount of less than RMB300,000 or with a construction area of less than 300 sq.m.

REGULATORY OVERVIEW

According to the Notice on Further Optimising the Business Environment of the Construction Permit Processing Segment for Housing Construction and Municipal Infrastructure Projects (《關於進一步優化房屋建築和市政基礎設施工程施工許可辦理環節營商環境的通知》) promulgated and implemented by the Housing and Urban-Rural Development Department of Shandong Province, the Shandong Civil Air Defence Office and the Shandong Public Resources Trading Centre on 21 June 2021, starting from 1 January 2022, no construction commencement permit is required for housing construction and municipal infrastructure projects with a project investment of less than RMB1 million (inclusive) or a construction area of less than 500 sq.m. (inclusive) in the administrative regions of the province. If the laws, regulations and rules stipulate otherwise on the management of construction permits for rural construction works under the limit, they shall follow their own stipulations.

REGULATIONS ON LABOUR

Labour

Pursuant to the Labour Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on 5 July 1994 and latest amended and implemented on 29 December 2018, labourers have the right to be employed on an equal basis, choose occupations, obtain remunerations for labour, take rests, have holidays and leaves, receive labour safety and sanitation protection, get training in professional skills, enjoy social insurance and welfare treatment, and submit applications for settlement of labour disputes, and other labour rights stipulated by law. An employer shall develop and improve its rules and regulations in accordance with the law to safeguard the rights of its workers.

Pursuant to the Labour Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) promulgated by the SCNPC on 29 June 2007, latest amended on 28 December 2012 and implemented on 1 July 2013, and the Implementation Regulations 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》) promulgated by the State Council on 18 September 2008 and implemented on the same date, the Law is applicable to the conclusion, performance, alteration, cancellation or termination of a labour contract between employers such as enterprises and labourers in the PRC. When an employer recruits any employees, such employer must inform the employees of the work content, work conditions, work place, occupational hazards, safety conditions and labour compensations, and any other information that the workers may request. When establishing a labour relationship, a written labour contract shall be concluded. A labour contract shall contain the following provisions: the name, residence and legal representative or principal person in charge of the employer; the name, address and number of the resident’s identity card or other valid identity document of the worker; the duration of the labour contract; the content and location of the work; the hours of work and rest and leave; remuneration for the work; social insurance; protection of the work, the conditions of the work and the protection against occupational hazards; and other matters that shall be included in the labour contract as stipulated by laws and regulations.

REGULATORY OVERVIEW

Social Insurance and Housing Provident Fund

In accordance with the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) promulgated by the SCNPC on 28 October 2010 and latest amended and implemented on 29 December 2018, and the Provisional Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on 22 January 1999 and latest amended and implemented on 24 March 2019, the State establishes social insurance systems such as basic pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance and maternity insurance, and employees shall participate in basic pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance and maternity insurance, with the employer and the employee jointly paying the basic pension, medical and unemployment insurance premiums, and with the employer paying the premiums for occupational injury and maternity insurance, and with the employee not paying the premiums for occupational injury and maternity insurance.

In accordance with the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) and the Provisional Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), employers are required to register for social insurance at the same time as they register. If an employer fails to register its employees for social insurance, the social insurance agency shall approve the social insurance premiums to be paid by the employer. Employers who failed to complete social security registration shall be ordered by the social security administrative authorities to make correction within a stipulated period; where correction is not made within the stipulated period, the employer shall be subject to a fine ranging from one to three times the amount of the social security premiums payable, and the person(s)-in-charge who is/are directly accountable and other directly accountable personnel shall be subject to a fine ranging from RMB500 to RMB3,000. Employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

Pursuant to the Notice of the General Office of the State Council on Issuing the Plan for the Pilot Programme of Combined Implementation of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於印發〈生育保險和職工基本醫療保險合併實施試點方案〉的通知》) issued by the General Office of the State Council on 19 January 2017 and implemented on the same day, and the Opinions of the Office of the State Council on Comprehensively Promoting the Implementation of the Merger of Maternity Insurance and the Basic Medical Insurance for Employees (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) issued by the General Office of the State Council and implemented on 6 March 2019, the on-the-job worker that attends worker basic medical insurance synchronously attends birth insurance, and birth insurance fund merges into worker basic medical insurance fund for payment.

REGULATORY OVERVIEW

Under the Regulations 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 latest amended and implemented on 24 March 2019, foreign-invested enterprises, urban private enterprises and other units shall make contribution registration with the housing provident fund management centre and complete the formalities of opening housing provident fund accounts for its employees. Units should always contribute to the housing provident fund on time and in full, and should not make late or underpayment. Where an employer fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management centre shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. Where an employer is overdue in the payment of, or underpays, the housing provident fund, the housing provident fund management centre shall order it to make the payment within a prescribed time limit; where the payment has not been made after the expiration of the time limit, an application may be made to a people’s court for compulsory enforcement.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of PRC (《中華人民共和國企業所得稅法》), which was promulgated by the SCNPC on 16 March 2007, as last amended and implemented on 29 December 2018, and the Implementation Rules for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on 6 December 2007, as amended on 6 December 2024, and implemented on 20 January 2025, enterprises are classified as either resident enterprises or non-resident enterprises. A resident enterprise refers to an enterprise that is established in the PRC in accordance with the laws, or that is established in accordance with the laws of foreign countries (region) but whose actual administration is within the PRC. A non-resident enterprise refers to an enterprise that is established in accordance with the laws of foreign countries (region) and whose actual administration is conducted outside the PRC, but who established institutions in the PRC, or who has established no institutions in the PRC but derives income from the PRC. Resident enterprises are subject to EIT rate of 25% on their income derived from gains within and outside the PRC. For qualified small low-profit enterprises, a reduced EIT rate of 20% is applied. A high-tech enterprise which is supported by the PRC may be entitled to a reduced EIT rate of 15%.

According to the Administrative Measures for Recognition of High and New-Technology Enterprises (《高新技術企業認定管理辦法》) that was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on 14 April 2008, amended on 29 January 2016 and came into effect on 1 January 2016, the high and new-technology enterprises referred to in the Measures refer to resident enterprises registered in China (excluding Hong Kong, Macao and Taiwan) that continuously engage in research and development and transformation of technological achievements in the high and new-technology fields supported by China and form the core proprietary intellectual property rights of the enterprises, and carry out business activities on this basis. High and new-technology enterprises recognised under the Measures may

REGULATORY OVERVIEW

apply for the enjoyment of preferential tax policies in accordance with the relevant provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementing regulations and the Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) and its implementing rules. The Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation are responsible for the guidance, management and supervision of the work of recognising high and new-technology enterprises in China. The qualification of a high and new technology enterprise shall be valid for a term of three years commencing on the date of the issuance of the certificate. After obtaining the recognition of high and new technology enterprise, the enterprise will enjoy the preferential tax from the year in which the certificate of high and new technology enterprise is issued, and may apply for preferential tax from the competent tax authorities.

Value-added Tax

According to the Notice on Implementing the Pilot Programme of Replacing Business Tax with Value-Added Tax in an All-round Manner (《關於全面推開營業稅改徵增值稅試點的通知》) promulgated by the Ministry of Finance and the State Administration of Taxation promulgated on 23 March 2016 and effective from 1 May 2016, and amended on 11 July 2017, 25 December 2017 and 20 March 2019, respectively, as of 1 May 2016, the pilot programme of replacing business tax with VAT shall be implemented across the country, all business tax taxpayers in the construction industry, the real estate industry, the financial industry, and the living service industry shall be included in the scope of the pilot programme, and the payment of business tax shall be replaced by the payment of VAT.

According to the Circular on Policies for Simplifying and Consolidating Value-Added Tax Rates (《關於簡併增值稅稅率有關政策的通知》), announced by the Ministry of Finance and the State Administration of Taxation on 28 April 2017, effective from 1 July 2017, the structure of value-added tax (VAT) rates will be simplified from 1 July 2017, and the 13% VAT rate will be cancelled. The scope of goods sold or imported with an 11% tax rate and the provisions for deducting input tax are specified.

According to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on 13 December 1993 and last amended and implemented on 19 November 2017, the Implementing Rules for the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by MOF on 25 December 1993 and last amended on 28 October 2011 and implemented on 1 November 2011, entities and individuals engaging in the sale of goods, providing processing or repair and assembly services (the “labour services”), sale of services, intangible assets, immovable and importation of goods in the PRC shall be subject to value-added tax. Unless otherwise specified, the tax rates are as follows: 17% for taxpayers engaging in the sale of services, labour services, leasing services for tangible movable assets, or importation of goods; 11% for taxpayers selling transportation, postal, basic telecommunications, construction, or immovable leasing services, selling immovables, transferring land use rights, or selling or importing specific goods; 6% for taxpayers engaging in sale of services and intangible assets (unless otherwise stipulated); zero for taxpayers engaging in importation of goods, unless otherwise stipulated by the State Council.

REGULATORY OVERVIEW

According to the Circular on Adjusting Value-Added Tax Rates (《關於調整增值稅稅率的通知》) announced by the Ministry of Finance and the State Administration of Taxation on 4 April 2018, effective 1 May 2018, from 1 May 2018, where a taxpayer engages in a taxable sales activity for value-added tax (VAT) purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) announced by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on 20 March 2019, effective from 1 April 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, the originally applicable VAT rate of 16% shall be adjusted to 13%, and the originally applicable VAT rate of 10% shall be adjusted to 9%.

In addition, according to the Value-Added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》) promulgated by the SCNPC on 25 December 2024 and to be implemented on 1 January 2026, the value-added tax rate is: 13% for selling goods, providing processing or repair and assembly services, tangible movable asset leasing services, importing goods (unless otherwise stipulated); 9% for selling transportation, postal, basic telecommunication, construction, immovable property leasing services, selling immovable property, transferring the rights to use land, selling or importing following goods (unless otherwise stipulated); 6% for selling services and intangible assets(unless otherwise stipulated); 0% for exporting goods, domestic entities and individuals selling services, intangible assets within the scope prescribed by the State Council, unless otherwise specified by the State Council.

Urban Maintenance and Construction Tax

In accordance with Urban Maintenance and Construction Tax Law of People’s Republic of China (《中華人民共和國城市維護建設稅法》) which was promulgated by Standing Committee of National Peoples Congress on 11 August 2020, effective from 1 September 2021 and the Notice of Harmonising the Urban Maintenance and Construction Tax and Educational Surcharges for Chinese and Foreign-funded Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) which was promulgated by the State Council on 18 October 2010 and effective from 1 December 2010, entities and individuals which are subject to VAT and consumption tax shall pay urban maintenance and construction tax. The tax rate is 7% for a taxpayer who is domiciled in a downtown area, and 5% for a taxpayer who is domiciled in a county or town, and 1% for a taxpayer who is domiciled outside a downtown area, county or town.

REGULATORY OVERVIEW

Educational Surcharges

Pursuant to the Interim Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) promulgated by the State Council on 28 April 1986, last amended on 8 January 2011 and effective from 8 January 2011, entities and individuals obliged to pay consumption tax, value-added tax and business tax shall pay educational surcharges (unless otherwise specified). Educational surcharges shall be collected on the basis of the amount of value-added tax, business tax or consumption tax actually paid by such entities and individuals, collected at the rate of 3%, and paid simultaneously with value-added tax, business tax or consumption tax. Educational surcharges paid by enterprises are always paid out of sales revenue (or operating income).

Dividend Distribution

Pursuant to the Company Law of the People’s Republic of China promulgated by the SCNPC on 29 December 1993, latest amended on 29 December 2023 and implemented on 1 July 2024, a company, when distributing its after-tax profit for the year, shall withdraw 10% of the profit to be included in the company’s statutory provident fund until the cumulative amount of the statutory provident fund reaches 50% of the company’s registered capital, and if the company’s statutory provident fund is insufficient to cover losses of previous years, it shall use the profit in the current year to cover the loss before withdrawing the statutory provident fund. The after-tax profit of a company after making up losses and withdrawing reserves shall be distributed to limited liability companies in proportion to the paid-in capital of the shareholders, unless all shareholders have agreed not to distribute the profit in proportion to their capital contributions, and to companies limited by shares in proportion to the shares held by the shareholders, unless otherwise specified under the articles of association.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) and relevant protocols, which was promulgated by State Administration of Taxation on 21 August 2006 and came into effect on 8 December 2006, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong company if such Hong Kong company directly holds at least 25% of the equity interests in the PRC company, otherwise the 10% withholding tax rate applies.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》) which was promulgated by the State Administration of Taxation on 14 October 2019 and will become effective on 1 January 2020, non-resident taxpayers are entitled to preferential treatment under tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. A non-resident taxpayer may enjoy the preferential tax treatment at the time of tax return filings or withholding declaration through a withholding agent if it determines that it is eligible for the preferential tax treatment keeps and documents relevant information for future inspection in accordance with the regulations under the treaties, subject to the relevant follow-up administration by the tax authority.

REGULATORY OVERVIEW

REGULATIONS ON FOREIGN EXCHANGE ADMINISTRATION

The Foreign Exchange Control Regulations of the People’s Republic of China (《中華人民共和國外匯管理條例》), promulgated by the State Council on 29 January 1996, and latest amended on 5 August 2008, with the latest revision effective on the same date, a domestic institution or individual that makes direct investment or issues or trades negotiable securities or derivative products overseas shall go through the registration formalities at the SAFE. If a prior approval or filing of a competent department is required by relevant state provisions, the approval or filing process must be completed before handling the foreign exchange registration formalities. Foreign currency payments under the capital account items (such as share capital transfer, direct investment, securities investment, derivatives or loan) shall, in accordance with the provisions of the SAFE relating to payment and purchase of foreign exchange, be made out of payer’s own foreign currency funds or be made with foreign currency purchased from any financial institution engaged in foreign currency settlement and sales business with valid documentation and, where an approval from the relevant foreign exchange administrative authority is required in accordance with the PRC provisions, the relevant approval shall be obtained before the foreign exchange payment is made.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on 26 December 2014, the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a “special foreign exchange account for overseas listing of domestic companies” at a domestic bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

Pursuant to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on 13 February 2015 and implemented on 1 June 2015, by cancelling two administrative approval items: approval of foreign exchange registration under domestic direct investment and approval of foreign exchange registration under overseas direct investment and, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment.

REGULATORY OVERVIEW

According to the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) issued by the SAFE on 30 March 2015 and effective on 1 June 2015, foreign exchange capital of foreign-invested enterprises shall be subject to voluntary settlement, which means that the foreign exchange capital in the capital account of foreign-invested enterprises for which the confirmation of interests of monetary contribution by the foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) has been handled can be settled at the banks based on the actual operational needs of the enterprises. The use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (1) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment as prohibited by relevant laws and regulations; (2) directly or indirectly used for investment in securities unless otherwise provided by the relevant laws and regulations; (3) directly or indirectly used for granting the entrust loans in Renminbi (unless permitted by the scope of business), repaying the inter-enterprise borrowings (including advances by the third party) or repaying the bank loans in Renminbi that have been sub-lent to the third party; or (4) directly or indirectly used for expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

According to the Circular on Further Advancing Foreign Exchange Administration Reform to Enhance Authenticity and Compliance Reviews (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) issued and implemented by the State Administration of Foreign Exchange on 18 January 2017, domestic institutions should first make up for previous year losses in accordance with the law before remitting profits. Banks handling profit remittance business for domestic institutions with an equivalent value of over US\$50,000 (excluding) shall review the board profit distribution resolution (or partner profit distribution resolution), original tax filing form, and audited financial statements related to this profit remittance based on the principle of genuine transactions, and affix seals and signatures on the original tax filing form to indicate the amount and date of this remittance.

According to the Circular of Foreign Exchange on Further Deepening Reforms to Facilitate Cross-Border Trade and Investment (《關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated and implemented by the SAFE on 4 December 2023, non-investment foreign-invested enterprises may, in accordance with the law, make equity investments in the PRC in the form of RMB derived from the conversion of foreign-currency capital, provided that they do not contravene the existing special administrative measures for the entry of foreign investors (the “Negative List”), and provided that the investments made in the PRC are genuine and in compliance with the regulations.

REGULATORY OVERVIEW

According to the Notice on Optimising Foreign Exchange Administration to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on 10 April 2020 and implemented on 1 June 2020, the reform of facilitating the payment of income from capital projects is being promoted nationwide. On the premise of ensuring that the use of funds is genuine and in compliance with the existing administrative regulations on the use of capital project income, enterprises that meet the conditions are allowed to use the income from capital projects such as capital funds, foreign debts and overseas listings to make domestic payments without submission to the bank prior to each transaction of materials evidencing the veracity of such payment.

REGULATIONS RELATING TO STOCK INCENTIVE PLANS

Pursuant to the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) promulgated by the SAFE on 15 February, 2012, individuals participating in the same overseas listed company’s share incentive scheme should, through their domestic companies, entrust one domestic agent (hereinafter referred to as the domestic agent) to centralise the handling of foreign exchange registration, account opening, fund transfer and exchange, etc., and one overseas institution (hereinafter referred to as the overseas trustee) to centralise the handling of the exercise of rights, purchase and sale of corresponding shares or interests, and the transfer of the corresponding funds. Individuals may participate in the Share Incentive Scheme with their own foreign exchange or domestic legal funds such as Renminbi in their personal foreign exchange savings account. After the repatriation of the foreign exchange income derived from an individual’s participation in the Equity Incentive Scheme, the domestic agent shall, on the basis of the relevant written application, proof of foreign exchange registration of the Equity Incentive Scheme, foreign exchange transaction certificates, etc., have the funds transferred by the bank from the domestic dedicated foreign exchange account of the domestic agent into the corresponding personal foreign exchange savings account, and shall manage and utilise such funds in accordance with the relevant provisions of the personal foreign exchange savings account.

Under the Circular of the State Administration of Taxation on Issues Concerning Individual Income Tax in Relation to Equity Incentives (《國家稅務總局關於股權激勵有關個人所得稅問題的通知》) promulgated and implemented by the SAT, income from stock appreciation rights and income from restricted shares received by individuals from listed companies as a result of their employment or engagement shall be deducted by the listed companies or their domestic institutions from their personal income tax in accordance with the tax calculation method for “wages and salaries” and for income from stock options, in accordance with the law.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OVERVIEW

We are a pioneer and leader in China in the research, development, manufacturing, and sales of silver powder.

Our history can be traced back to March 2010, when our operating subsidiary, Janbon Colloidal Materials, was established with the aim of specialising in high-tech new energy and advanced materials. In December 2012, we strategically decided to focus on, among others, the commercial production of silver powder for PV applications and launched a collaborative research and development project dedicated to this specific area, which, according to Frost & Sullivan, makes us one of the earliest companies and a pioneer in China to invest in and focus on the research, development, manufacturing, and sales of PV silver powder production. Since then, our continued commitment and investment in this area have led to a number of successes. For example, in December 2012, we innovatively introduced Vitamin C as the reducing agent in the industrial production of silver powder using the liquid-phase reduction method; in March 2014, we constructed one of China’s earliest silver powder production lines using proprietary technology; in January 2019, we upgraded our silver powder production process system and became one of the first enterprises in the industry to achieve industrial production with a single batch yield of over 100 kg of silver powder; and in the fourth quarter of 2023, we became one of the first domestic companies capable of producing silver powder compatible with TOPCon cell LECO technology. According to Frost & Sullivan, in terms of PV silver powder sales revenue in China during the Track Record Period, we ranked first among all domestic manufacturers and second among all global manufacturers, with a market share of 9.9%.

BUSINESS MILESTONES

The following is a summary of our Group’s key business development milestones:

<u>Year</u>	<u>Milestone</u>
2010	Janbon Colloidal Materials, our operating subsidiary, was established in the PRC
2012	We commenced the research and development and the commercial production of PV silver powder and became one of the earliest companies and a pioneer in China to invest in and focus on this field We innovatively introduced Vitamin C as the reducing agent in the industrial production of silver powder using the liquid-phase reduction method
2014	We constructed one of China’s earliest silver powder production lines using proprietary technology

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Milestone
2015	We were granted the Certificate for High and New Technology Enterprise (高新技術企業證書) issued by the Department of Science and Technology of Shandong Province* (山東省科學技術廳), the Department of Finance of Shandong Province* (山東省財政廳) and the Shandong Provincial Taxation Bureau* (山東省稅務局)
2018	We obtained the recognition of Jinan Engineering Laboratory — Electronic Grade High Purity Silver Powder Engineering Laboratory (濟南市工程實驗室 — 電子級高純銀粉工程實驗室) from the Jinan Municipal Development and Reform Commission* (濟南市發展和改革委員會)
2019	<p>We upgraded our silver powder production process system comprehensively</p> <p>We became one of the first enterprises in the industry to achieve industrial production with a single batch yield of over 100kg of silver powder</p>
2021	We were recognised as “Specialised, Refined, Unique, and New” Small and Medium-sized Enterprise of Shandong Province (山東省「專精特新」中小企業) by the Department of Industry and Information Technology of Shandong Province* (山東省工業和信息化廳)
2023	<p>We completed the adaption of our silver powder products to the transition from PERC to TOPCon cells and the utilisation of nanosized silver powder in HJT cells</p> <p>We obtained the recognition of Shandong Province Electronic Grade Metal Powder Functional Materials Engineering Research Centre (山東省電子級金屬粉體功能材料工程研究中心) from the Shandong Provincial Development and Reform Commission* (山東省發展和改革委員會)</p> <p>We were recognised as Shandong Province Industrial Enterprise “One Enterprise One Technology” Research and Development Centre (山東省工業企業「一企一技術」研發中心) by the Department of Industry and Information Technology of Shandong Province* (山東省工業和信息化廳)</p>
2024	We were recognised as Jinan Enterprise Technology Centre (濟南市企業技術中心) by the Jinan Municipal Bureau of Industry and Information Technology* (濟南市工業和信息化局)

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OUR CORPORATE DEVELOPMENTS

Our Company

For details regarding the incorporation of our Company, please refer to “Reorganisation — 1. Establishment of offshore corporate structure and incorporation of our Company — Our Company” in this section.

Our Operating Subsidiary

We conduct our business through our operating subsidiary, namely, Janbon Colloidal Materials, in the PRC. Details of the major corporate developments including major shareholding changes of Janbon Colloidal Materials are set out below.

(1) Establishment of Janbon Colloidal Materials

Janbon Colloidal Materials⁽¹⁾ was established in the PRC on 26 March 2010 as a limited liability company with an initial registered capital of RMB10,000,000. The shareholding structure of Janbon Colloidal Materials upon establishment is set forth in the table below:

<u>Shareholders</u>	<u>Registered capital subscribed for (RMB)</u>	<u>Approximate corresponding equity interest (%)</u>
Shandong Meilin Investment Co., Ltd.* (山東美林投資有限公司) ⁽²⁾	9,700,000	97.00
Mr. Zhou Yong (周勇) ⁽³⁾⁽⁴⁾	<u>300,000</u>	<u>3.00</u>
Total	<u>10,000,000</u>	<u>100</u>

Notes:

- (1) At the time of its establishment, Janbon Colloidal Materials was known as Shandong Anfeng Economic and Trading Co., Ltd.* (山東安豐經貿有限公司) and subsequently changed its name into Janbon Colloidal Materials in December 2012.
- (2) Shandong Meilin Investment Co., Ltd. subsequently changed its name into Shandong Jianbang Group Co., Ltd.* (山東建邦集團有限公司) (“Jianbang Group”) in April 2010, which was ultimately controlled by Mr. Chen Jian (陳箭), father of Mr. Chen, an executive Director, the Chairman of our Board, the Chief Executive Officer and a Controlling Shareholder of our Company, at the time of its investment in Janbon Colloidal Materials.
- (3) Mr. Zhou Yong is an executive Director and President of our Company. For more details, please refer to the section headed “Directors and Senior Management” in this Document.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (4) As confirmed with Mr. Zhou Yong and Mr. Chen Jian, in order to promote corporate development and facilitate future financing needs, Mr. Zhou Yong held the equity interest of Janbon Colloidal Materials as the nominee for Mr. Chen Jian from March 2010 to December 2014 (the “2010 Entrustment Arrangement”). Our PRC Legal Adviser is of the view that the 2010 Entrustment Arrangement does not violate the relevant PRC laws and regulations.

(2) Capital Increase in April 2013 and Equity Transfer in July 2014

Pursuant to the shareholders’ resolution of Janbon Colloidal Materials passed in April 2013, the registered capital of Janbon Colloidal Materials was increased from RMB10,000,000 to RMB30,000,000, and Jianbang Group agreed to subscribe for the increased registered capital of RMB20,000,000. The aforementioned capital increase was completed on 17 April 2013, at a cash consideration of RMB20,000,000 with reference to the registered capital of Janbon Colloidal Materials at the time. Subsequently, Janbon Colloidal Materials was owned as to 99% by Jianbang Group and 1% by Mr. Zhou Yong⁽¹⁾.

On 1 July 2014, as part of a corporate restructuring between Jianbang Group and its related companies, Jianbang Group entered into an equity transfer agreement with Shandong Jianbang Energy Co., Ltd.* (山東建邦能源有限公司) (“Jianbang Energy”)⁽²⁾, pursuant to which Jianbang Group agreed to transfer 99% equity interest in Janbon Colloidal Materials to Jianbang Energy at a cash consideration of RMB29,700,000, which was determined with reference to the paid up registered capital at the time. The aforementioned equity transfer was completed on 11 July 2014. The shareholding structure of Janbon Colloidal Materials upon completion of the equity transfer is set forth in the table below:

<u>Shareholders</u>	<u>Registered capital subscribed for (RMB)</u>	<u>Approximate corresponding equity interest (%)</u>
Jianbang Energy ⁽²⁾	29,700,000	99.00
Mr. Zhou Yong ⁽¹⁾	<u>300,000</u>	<u>1.00</u>
Total	<u>30,000,000</u>	<u>100</u>

Notes:

- (1) Mr. Zhou Yong is the nominee for Mr. Chen Jian pursuant to the 2010 Entrustment Arrangement.
- (2) Jianbang Energy is a limited liability company established in the PRC, which was ultimately controlled by Mr. Chen Jian at the time of its investment in Janbon Colloidal Materials.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

(3) Equity Transfer in December 2014

On 1 December 2014, in order to facilitate internal management of Janbon Colloidal Materials, Mr. Zhou Yong entered into an equity transfer agreement with Mr. Zhang Hailing (張海嶺)⁽¹⁾, pursuant to which Mr. Zhou Yong agreed to transfer 1% equity interest in Janbon Colloidal Materials to Mr. Zhang Hailing⁽¹⁾ at the consideration of RMB300,000. Such consideration was not actually paid as both Mr. Zhou Yong and Mr. Zhang Hailing held the relevant equity interest of Janbon Colloidal Materials as the nominees for Mr. Chen Jian and the transfer was made at the request of Mr. Chen Jian. As advised by our PRC Legal Adviser, such non-payment of the consideration does not affect the legality and validity of the equity transfer. The aforementioned equity transfer was completed on 16 December 2014. The shareholding structure of Janbon Colloidal Materials upon completion of the equity transfer is set forth in the table below:

<u>Shareholders</u>	<u>Registered capital subscribed for (RMB)</u>	<u>Approximate corresponding equity interest (%)</u>
Jianbang Energy	29,700,000	99.00
Mr. Zhang Hailing ⁽¹⁾	<u>300,000</u>	<u>1.00</u>
Total	<u>30,000,000</u>	<u>100</u>

Note:

- (1) As confirmed with Mr. Zhang Hailing and Mr. Chen Jian, Mr. Zhang Hailing held the equity interest of Janbon Colloidal Materials as the nominee for Mr. Chen Jian from December 2014 to October 2017 (the “2014 Entrustment Arrangement”). As such, the 2010 Entrustment Arrangement entered into between Mr. Zhou Yong and Mr. Chen Jian was released. Our PRC Legal Adviser is of the view that the 2014 Entrustment Arrangement does not violate the relevant PRC laws and regulations.

(4) Capital Increase in November 2015 and Equity Transfer in October 2017

Pursuant to the shareholders’ resolution of Janbon Colloidal Materials dated 30 October 2015, the registered capital of Janbon Colloidal Materials was increased from RMB30,000,000 to RMB35,000,000, and Jianbang Energy agreed to subscribe for the increased registered capital of RMB5,000,000. The aforementioned capital increase was completed on 13 November 2015, at a cash consideration of RMB5,000,000 with reference to the registered capital of Janbon Colloidal Materials at the time. Subsequently, Janbon Colloidal Materials was owned as to 99.14% by Jianbang Energy and 0.86% by Mr. Zhang Hailing as the nominee for Mr. Chen Jian under the 2014 Entrustment Arrangement.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Pursuant to equity transfer agreements entered into by and between: (1) Shandong Jianbang Technology Development Group Co., Ltd.* (山東建邦科技發展集團有限公司) (“Jianbang Technology”)⁽¹⁾ and Jianbang Energy; (2) Shandong Ruide Economy Development Co., Ltd.* (山東瑞德經濟發展有限公司) (“Ruide Economy”)⁽²⁾ and Jianbang Energy; and (3) Ruide Economy and Mr. Zhang Hailing, respectively, on 17 October 2017, (i) Jianbang Energy agreed to transfer 60% and 39.14% equity interest in Janbon Colloidal Materials to Jianbang Technology and Ruide Economy, respectively, at a cash consideration of RMB21,000,000 and RMB13,700,000 with reference to the paid up registered capital of Janbon Colloidal Materials at the time; and (ii) Mr. Zhang Hailing agreed to transfer 0.86% equity interest in Janbon Colloidal Materials to Ruide Economy at the consideration of RMB300,000, which was not actually paid as Mr. Zhang Hailing held the relevant equity interest of Janbon Colloidal Materials as the nominee for Mr. Chen Jian and Ruide Economy was ultimately controlled by Mr. Chen Jian and the transfer was made at his request. As advised by our PRC Legal Adviser, such non-payment of the consideration does not affect the legality and validity of the equity transfer. As such, the 2014 Entrustment Arrangement was released.

The aforementioned equity transfers were completed on 27 November 2017. The shareholding structure of Janbon Colloidal Materials upon completion of the equity transfers is set forth in the table below:

Shareholders	Registered capital subscribed for (RMB)	Approximate corresponding equity interest (%)
Jianbang Technology ⁽¹⁾	21,000,000	60.00
Ruide Economy ⁽²⁾	14,000,000	40.00
Total	35,000,000	100

Notes:

- (1) Jianbang Technology is a limited liability company established in the PRC, which was ultimately controlled by Mr. Chen Jian at the time of its investment in Janbon Colloidal Materials.
- (2) Ruide Economy is a limited liability company established in the PRC, which was ultimately controlled by Mr. Chen Jian at the time of its investment in Janbon Colloidal Materials.

(5) Equity Transfer in July and August 2022 and Capital Increase in December 2022

On 27 July 2022, as a succession arrangement between Mr. Chen Jian and Mr. Chen, Mr. Chen entered into equity transfer agreements with Jianbang Technology and Ruide Economy respectively, pursuant to which Jianbang Technology and Ruide Economy agreed to transfer all of their equity interest in Janbon Colloidal Materials to Mr. Chen at nil consideration, which was determined with reference to the negative net asset value of Janbon Colloidal Materials as of 30 June 2022.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Upon completion of the aforementioned equity transfers on 29 July and 12 August 2022, respectively, the equity interest in Janbon Colloidal Materials was wholly-owned by Mr. Chen.

Pursuant to the shareholder’s resolution of Janbon Colloidal Materials dated 1 December 2022, the registered capital of Janbon Colloidal Materials was increased from RMB35,000,000 to RMB75,000,000, and Mr. Chen agreed to subscribed for the increased registered capital of RMB40,000,000, at a cash consideration of RMB40,000,000 with reference to the registered capital of Janbon Colloidal Materials at the time. The aforementioned capital increase was completed on 20 December 2022.

(6) The PRC Employee Shareholding Platform and Capital Increase in March 2023

In order to provide incentives and rewards to the employees of our Group, on 2 March 2023, Janbon Colloidal Materials adopted the 2023 Employee Shareholding Incentive Plan, pursuant to which 32 employees were granted equity interest of Janbon Colloidal Materials through the PRC employee shareholding platform, namely Jinan Weilanwan Commercial Service, LP* (濟南蔚藍灣商務服務合夥企業(有限合夥)) (“Jinan Weilanwan”)⁽¹⁾. Ms. Meng Haiqing (孟海清)⁽²⁾, acting as the sole general partner, and other 31 employees of our Group, acting as limited partners, were granted partnership interest in Jinan Weilanwan.

Pursuant to the 2023 Employee Shareholding Incentive Plan and the shareholder’s resolution dated 2 and 27 March 2023 respectively, the registered capital of Janbon Colloidal Materials increased from RMB75,000,000 to RMB80,436,900 and Jinan Weilanwan agreed to subscribe for the increased registered capital of RMB5,436,900 at a cash consideration of RMB5,436,900 with reference to the registered capital of Janbon Colloidal Materials at the time. Such consideration was fully settled on 29 March 2023.

The aforementioned capital increase was completed on 3 April 2023. The shareholding structure of Janbon Colloidal Materials upon completion of the capital increase is set forth in the table below:

<u>Shareholders</u>	<u>Registered capital subscribed for</u> (RMB)	<u>Approximate corresponding equity interest</u> (%)
Mr. Chen	75,000,000	93.24
Jinan Weilanwan ⁽¹⁾	<u>5,436,900</u>	<u>6.76</u>
Total	<u>80,436,900</u>	<u>100</u>

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Note:

- (1) Jinan Weilanwan is a limited partnership established in the PRC on 6 March 2023, managed by its sole general partner Ms. Meng Haiqing (our executive Director and Chief Financial Officer), and held by 32 individuals, namely, Mr. Zhou Yong (our executive Director and President), Ms. Meng Haiqing, Mr. Chen Bo (陳波), Mr. Liu Xiaoyong (劉小勇), Mr. Luo Weiwei (駱偉偉), Mr. Tian Kui (田奎) and Mr. Zhao Qingliang (趙慶亮) (who are members of our senior management) and 25 other employees of our Group. Ms. Meng Haiqing held 0.18% partnership interest in Jinan Weilanwan. Mr. Zhou Yong held 28.69% partnership interest and Mr. Chen Bo held 47.82% partnership interest in Jinan Weilanwan. Save as disclosed above, none of the partners held more than 5% partnership interest in Jinan Weilanwan. As of the Latest Practicable Date, (i) each of the partners of Jinan Weilanwan is an employee of our Group; and (ii) other than Mr. Zhou Yong and Ms. Meng Haiqing, each of the partners of Jinan Weilanwan is an independent third party.
- (2) Ms. Meng Haiqing is an executive Director and Chief Financial Officer of our Company. For more details, please refer to the section headed “Directors and Senior Management” in this Document.

Pursuant to the shareholders’ resolution of Janbon Colloidal Materials dated 10 March 2025, the relevant employee shareholding interest under the 2023 Employee Shareholding Incentive Plan has been terminated and reflected, collectively, in the Wonder Particle Shareholders’ Agreement and the Silver Ocean Shareholders’ Agreement. The principal terms of the 2023 Employee Shareholding Incentive Plan are set out in the section headed “Appendix IV — Statutory and General Information — D. 2023 Employee Shareholding Incentive Plan”. For further details regarding the employee shareholding platforms of our Company, please refer to “Reorganisation — 1. Establishment of offshore corporate structure and incorporation of our Company” in this section.

(7) Capital Increase in April 2023

Pursuant to the subscription agreement entered into between Janbon Colloidal Materials and Jinan Xinchun Huizhi Business Management Service, LP* (濟南鑫辰匯智企業管理服務合夥企業(有限合夥)) (“Xinchun Huizhi”)⁽¹⁾ and the shareholders’ resolution of Janbon Colloidal Materials dated 28 April 2023, the registered capital of Janbon Colloidal Materials was increased from RMB80,436,900 to RMB84,376,900, and Xinchun Huizhi agreed to subscribe for the increased registered capital of RMB3,940,000 at a cash consideration of RMB11,032,000 determined based on arm’s length negotiation between the parties with reference to the net profits of Janbon Colloidal Materials for the year ended 31

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

December 2022 as the basis. Such consideration was fully settled on 5 May 2023. The aforementioned capital increase was completed on 6 May 2023. The shareholding structure of Janbon Colloidal Materials upon completion of the capital increase is set forth in the table below:

Shareholders	Registered capital subscribed for (RMB)	Approximate corresponding equity interest (%)
Mr. Chen	75,000,000	88.89
Jinan Weilanwan	5,436,900	6.44
Xinchen Huizhi ⁽¹⁾⁽²⁾	3,940,000	4.67
Total	84,376,900	100

Note:

- (1) Xinchen Huizhi is a limited partnership established in the PRC on 25 April 2023 and managed by its sole general partner Mr. Zhang Wei (張偉) (our non-executive Director). At the time of its establishment, Xinchen Huizhi had one general partner Mr. Zhang Wei and 15 limited partners, among whom, each of Mr. Zhang Wei, Mr. An Pengxiao (安鵬嘯), and Ms. Tai Wenqian (台文倩) held 15.23% partnership interest, Mr. Hu Bo (胡博) held 6.09% partnership interest, Mr. Liu Hongde (劉洪德) held 5.08% partnership interest, and the other 11 limited partners (who as of the Latest Practicable Date no longer held any partnership interest in Xinchen Huizhi) altogether held 43.15% partnership interest in Xinchen Huizhi.

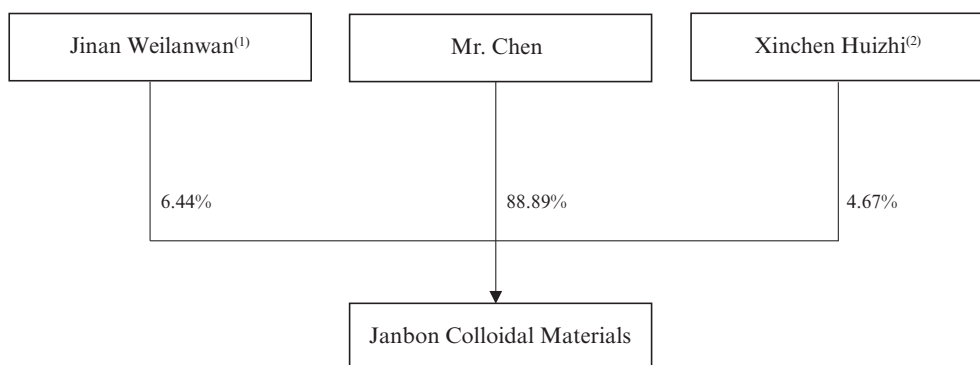
Between 8 August 2024 and 10 March 2025, 11 of the limited partners of Xinchen Huizhi at the time withdrew from the partnership and transferred all their subscribed capital, representing a total of 43.15% partnership interest in Xinchen Huizhi, to Mr. An Pengxiao. Additionally, Mr. Zhang Wei and Ms. Tai Wenqian each transferred their subscribed capital of RMB1,120,000 to Mr. An Pengxiao. All considerations were determined with reference to the registered capital of Xinchen Huizhi at the time. Upon completion of the aforementioned capital transfers and as of the Latest Practicable Date, Xinchen Huizhi was held by five individuals, namely, Mr. Zhang Wei, Mr. An Pengxiao, Ms. Tai Wenqian, Mr. Hu Bo and Mr. Liu Hongde, among whom, Mr. An Pengxiao held 78.68% partnership interest, Mr. Hu Bo held 6.09% partnership interest and each of Mr. Zhang Wei, Ms. Tai Wenqian and Mr. Liu Hongde held 5.08% partnership interest in Xinchen Huizhi.

- (2) The subscription made by Xinchen Huizhi in April 2023 is a [REDACTED] Investment in Janbon Colloidal Materials prior to the Reorganisation of our Group. For more details, please refer to “Reorganisation — 1. Establishment of offshore corporate structure and incorporation of our Company” and “[REDACTED] Investments — Information about the [REDACTED] Investors — Magic Galaxy” in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

REORGANISATION

The following chart sets forth the shareholding and corporate structure of our Group immediately prior to the Reorganisation:



Notes:

- (1) For details in relation to Jinan Weilanwan prior to Reorganisation of our Group, please refer to “Our Corporate Developments — Our Operating Subsidiary — (6) The PRC Employee Shareholding Platform and Capital Increase in March 2023” in this section.
- (2) For details in relation to Xinchun Huizhi prior to Reorganisation of our Group, please refer to “Our Corporate Developments — Our Operating Subsidiary — (7) Capital Increase in April 2023” in this section.
- (3) All the entities in the chart above are established in the PRC.

In preparation for the [REDACTED], our Group carried out the Reorganisation, upon which our Company became the holding company of our Group. The Reorganisation included the following major steps:

1. Establishment of Offshore Corporate Structure and Incorporation of our Company

BVI Shareholding Platforms

On 15 November 2024, Cerulean Harbor was incorporated in the BVI with limited liability as a special purpose vehicle, which was indirectly wholly-owned by Mr. Chen through Azure Harbor, a company incorporated in the BVI with limited liability on 23 October 2024.

In December 2024, Wonder Particle and Silver Ocean (collectively as the “BVI Employee Shareholding Platforms”) were incorporated in the BVI with limited liability as special purpose vehicles by 32 employees of our Group. The identities of the shareholders of the BVI Employee Shareholding Platforms are the same as the partners of Jinan Weilanwan immediately prior to the Reorganisation. For details of the shareholders of the BVI Employee

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Shareholding Platforms as of the Latest Practicable Date, please refer to the notes to the corporate structure of our Group immediately after the Reorganisation below.

On 2 December 2024, Magic Galaxy was incorporated in the BVI with limited liability as a special purpose vehicle held by the six partners of Xincheng Huizhi immediately prior to the Reorganisation. For further details, please refer to the notes to the corporate structure of our Group immediately after the Reorganisation below and “[REDACTED] Investments — Information about the [REDACTED] — Magic Galaxy” in this section.

Our Company

On 12 December 2024, our Company was incorporated as an exempted company with limited liability in the Cayman Islands, with an authorised share capital of HK\$370,000 divided into 370,000,000,000 Shares with a par value of HK\$0.000001 each. Upon incorporation, one Share of our Company was allotted and issued at par value to the initial subscriber, which was then transferred to Cerulean Harbor at par value. On the same date, our Company allotted and issued further 88,886,899 Shares to Cerulean Harbor.

With a view to reflecting the 6.45% shareholding interests in Janbon Colloidal Materials held by Jinan Weilanwan at the level of our Company, on the same date of its incorporation, our Company further allotted and issued (i) 5,256,425 Shares to Wonder Particle; and (ii) 1,187,175 Shares to Silver Ocean.

To reflect the early investment made by Xincheng Huizhi in Janbon Colloidal Materials in April 2023 and the shareholding of Xincheng Huizhi in Janbon Colloidal Materials immediately prior to the Reorganisation, on the same date of its incorporation, our Company further allotted and issued 4,669,500 Shares to Magic Galaxy.

Upon completion of such issuance, the shareholding structure of our Company was as follows:

Shareholders	Number of Shares	Shareholding Percentage (%)
Cerulean Harbor	88,886,900	88.89
Wonder Particle	5,256,425	5.26
Silver Ocean	1,187,175	1.19
Magic Galaxy	4,669,500	4.67
Total	100,000,000	100

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Janbon BVI

On 23 December 2024, Janbon BVI was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1. On the same date, Janbon BVI allotted and issued one share to our Company. Janbon BVI became wholly-owned by our Company.

Janbon HK

On 21 January 2025, Janbon HK was incorporated in Hong Kong with limited liability. Upon its incorporation, one ordinary share was allotted and issued to Janbon BVI at the consideration of HK\$1. Janbon HK became wholly-owned by Janbon BVI.

2. Establishment of Janbon Electronic Materials

On 25 February 2025, Janbon Electronic Materials was established in the PRC as a limited liability company with an initial registered capital of RMB3,000,000. Since its establishment, Janbon Electronic Materials has been wholly-owned by Janbon HK.

3. Acquisition of Janbon Colloidal Materials by Janbon Electronic Materials

Pursuant to an equity transfer agreement dated 2 April 2025, Janbon Electronic Materials agreed to acquire the entire equity interest in Janbon Colloidal Materials held by Mr. Chen, Jinan Weilanwan and Xinchun Huizhi at a cash consideration of RMB126,478,429.86, RMB9,168,689.77 and RMB6,644,297.73, respectively. The considerations for such equity transfer were determined with reference to the appraised net asset value of Janbon Colloidal Materials as of 31 October 2024. The aforementioned equity transfer was registered on 2 April 2025 and Janbon Colloidal Materials became a wholly-owned subsidiary of Janbon Electronic Materials. As advised by our PRC Legal Adviser, the aforementioned equity transfers were legally and validly completed on the registration date of 2 April 2025 and all necessary PRC filings and approval procedures have been completed.

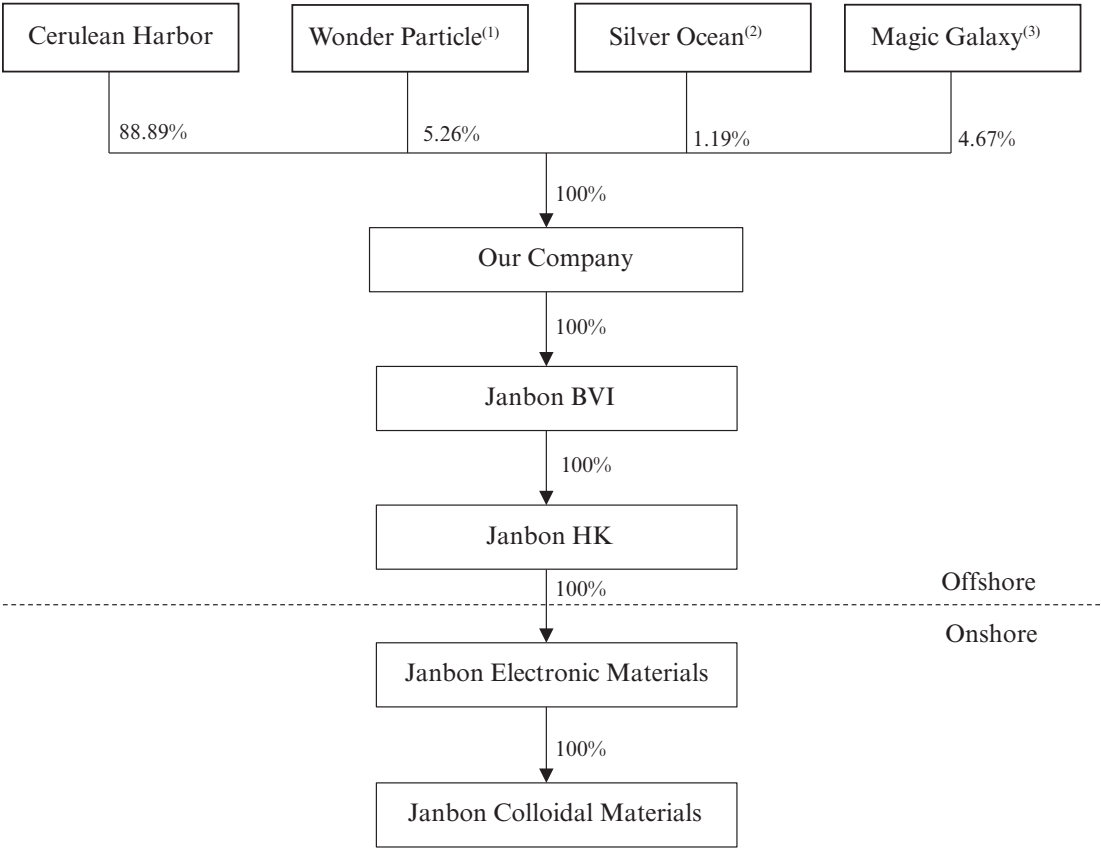
4. Establishment of PoplarC Trust

On 24 January 2025, Mr. Chen, as the settlor, protector and investment manager, established PoplarC Trust with Vistra Trust (Singapore) Pte. Limited acting as the trustee for succession planning purpose. Among other things, Mr. Chen (i) as the settlor, has the power to revoke the PoplarC Trust; (ii) as the protector, has the right to remove the trustee and to appoint new trustee in place; (iii) as the investment manager, has the right to manage the trust fund and assets including to exercise all the voting powers attached to any securities at any time forming part of the trust fund; and (iv) as the sole director of Cerulean Harbor, can exercise the voting rights in our Company through Cerulean Harbor.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 10 February 2025, Cerulean Harbor allotted and issued 99 shares to PoplarC Holding. Upon completion of the issuance, Cerulean Harbor was owned as to 99% by PoplarC Holding (as a nominee which is wholly-owned by the PoplarC Trust) and 1% by Azure Harbor, respectively. Pursuant to the PoplarC Trust, Vistra Trust (Singapore) Pte. Limited holds the equity interest in our Company through PoplarC Holding on trust for the benefit of Azure Harbor. The voting rights held by Cerulean Harbor in our Company are directly controlled by its sole director, namely, Mr. Chen.

The following chart sets forth the simplified corporate structure of our Group immediately after the Reorganisation.



Notes:

Immediately after the Reorganisation,

(1) Wonder Particle is held by four individuals, namely, Mr. Zhou Yong, Ms. Meng Haiqing, Mr. Chen Bo and Mr. Liu Xiaoyong. Ms. Meng Haiqing is the sole director of Wonder Particle. All of them are our Directors or members of our senior management. For further details, please refer to the section headed “Directors and Senior Management” in this Document.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (2) Silver Ocean is held by 28 individuals, and the identities of the shareholders of Silver Ocean are the same as the partners of Jinan Weilanwan immediately prior to the Reorganisation, excluding Mr. Zhou Yong, Ms. Meng Haiqing, Mr. Chen Bo and Mr. Liu Xiaoyong, the partnership interests of whom in Jinan Weilanwan have been reflected through Wonder Particle at the level of our Company as illustrated above. The shareholding interest in our Company held by Wonder Particle and Silver Ocean totals approximately 6.44%, being the same percentage shareholding interest of Janbon Colloidal Materials held by Jinan Weilanwan immediately prior to the Reorganisation. Please refer to the notes to the corporate structure of our Group immediately prior to the Reorganisation above.
- (3) Magic Galaxy was held by six individuals upon its incorporation. On 13 March 2025, Mr. Wu Zhiwei (武智偉) agreed to transfer all his shares as to 3.05% in Magic Galaxy to Mr. An Pengxiao. Upon completion of the aforementioned share transfer and as of the Latest Practicable Date, Magic Galaxy is held by five individuals, and the identities of the shareholders of Magic Galaxy are the same as the partners of Xinchun Huizhi upon completion of a series of capital transfer between 8 August 2024 and 10 March 2025. Please refer to the notes to “Our Corporate Developments — Our Operating Subsidiary — (7) Capital Increase in April 2023” in this section.

[REDACTED] INVESTMENTS

Information about the [REDACTED] Investors

Magic Galaxy

Magic Galaxy, a company incorporated on 2 December 2024 in the BVI, is primarily engaged in equity investment and currently owned by Mr. Zhang Wei, Mr. An Pengxiao, Mr. Hu Bo, Ms. Tai Wenqian and Mr. Liu Hongde as to 5.08%, 78.68%, 6.09%, 5.08% and 5.08%, respectively, all of whom are PRC citizens. Save for Mr. Zhang Wei who is our non-executive Director, all of the other four individual shareholders were independent third parties as of the Latest Practicable Date. Mr. Zhang Wei and the other four individual shareholders of Magic Galaxy are all employees of Jianbang Group, a previous shareholder of Janbon Colloidal Materials. They are all familiar with and appreciate the operation philosophy and operation mode of our Company. They invested in our Company through Xinchun Huizhi as they were optimistic about the prospect of the silver powder industry and our Group, and had confidence in our management team. For details regarding the early investment through Xinchun Huizhi, please refer to “Our Corporate Developments — Our Operating Subsidiary — (7) Capital Increase in April 2023” in this section.

AV China Holdings PCC Limited

AV China Holdings PCC Limited, a company incorporated on 12 June 2012 in Guernsey, is primarily engaged in investment holding and is indirectly wholly-owned by Saudi Arabian Oil Company (also known as Saudi Aramco), a global integrated energy and chemicals company listed on the Saudi Exchange (stock code: 2222) and an independent third party as of the Latest Practicable Date. Saudi Arabian Oil Company has investments in traditional and new energy industries worldwide.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Emerald Investment Limited

Emerald Investment Limited, a company incorporated on 16 May 2023 in the Cayman Islands, is primarily engaged in equity investment and is directly wholly-owned by JinkoSolar Investment Limited, a direct wholly-owned subsidiary of JinkoSolar Holding Co., Ltd., a company listed on the New York Stock Exchange (stock code: JKS) (together, “JinkoSolar”). JinkoSolar is a leading PV module manufacturer in the world, which has equity investments in both up-streams and down-streams of the photovoltaic and energy storage industries, and an independent third party as of the Latest Practicable Date. Zhejiang Jinko New Materials Co., Ltd.* (浙江晶科新材料有限公司) is a subsidiary of JinkoSolar and a customer of our Group during the Track Record Period.

Capital Ally Holdings Limited

Capital Ally Holdings Limited, a company incorporated on 21 March 2017 in the BVI, is primarily engaged in investment holding and is ultimately wholly-owned by Mr. Jiao Shuge, a Singaporean individual investor and an independent third party as of the Latest Practicable Date. Mr. Jiao has a broad range of experience in alternative asset management, private equity investment and corporate management. Mr. Jiao is a founding partner of CDH Investment Management Company Limited and currently serves as a director of that company, a non-executive director of WH Group Limited (a company listed on the Stock Exchange (stock code: 288)) and the chairman and a non-executive director of Mabpharm Limited (a company listed on the Stock Exchange (stock code: 2181)). Mr. Jiao is the chairman and an executive director of OCI International Holdings Limited (a company listed on the Stock Exchange (stock code: 329)), an independent director of Hisense Group Holdings Co., Ltd.* (海信集團控股股份有限公司) and Neusoft Medical Systems Co., Ltd.* (東軟醫療系統股份有限公司), and a director of Sirtex Medical (Hong Kong) Limited.

Mr. Jiao was a non-executive director from February 2004 to April 2012 and as an independent non-executive director from April 2012 to November 2021 of China Mengniu Dairy Company Limited (a company listed on the Stock Exchange (stock code: 2319)), and an independent non-executive director of China Southern Airlines Company Limited (a company listed on the Stock Exchange (stock code: 1055)) from June 2015 to April 2021. Mr. Jiao also served as a director of Henan Shuanghui Investment & Development Co., Ltd.* (河南雙匯投資發展股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000895)) from August 2012 to August 2021, a director of Hainan Poly Pharm Co. Ltd.* (海南普利製藥股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300630)) from July 2015 to April 2025, a director of Joyoung Company Limited* (九陽股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002242)) from September 2007 to April 2020, a non-executive director of China Yurun Food Group Limited (a company listed on the Stock Exchange (stock code: 1068)) from April 2005 to September 2012, a non-executive director of China Shanshui Cement Group Limited (a company listed on the Stock Exchange (stock code: 691)) from November 2005 to May 2014, and the chairman from March 2016 to May 2021, a general manager from February 2016 to March 2022 and a legal representative from February 2016 to February 2022 of Ningbo Akin Electronic Technology Co., Ltd.* (寧波亞錦電子科技股份有限公司) (a company listed on the National Equities Exchange and Quotations (stock code: 830806)).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

He served as the vice general manager of the direct investment department of China International Capital Corporation Ltd.* (中國國際金融有限公司) from December 1995 to August 2002.

Mr. Jiao and Mr. Chen have known each other for more than 10 years. Following several rounds of communication with Mr. Chen, Mr. Jiao invested in our Group as he was optimistic about the prospect of our Group and the management team in the silver powder industry.

Prospect Investment (BVI) Limited

Prospect Investment (BVI) Limited, a company incorporated on 15 December 2021 in the BVI, is primarily engaged in investment holding and is wholly-owned by Mr. Lu Ziyue, a Hong Kong individual investor and an independent third party as of the Latest Practicable Date. Mr. Lu and Mr. Chen have known each other for around 10 years. Mr. Lu has previously been reviewing investments in the solar energy and the related industries. He invested in our Group as he was optimistic about the prospect of our Group and the management team in the silver powder industry.

Set forth is a summary of the [REDACTED] Investments in our Company:

[REDACTED] Investors	Date of investment ⁽¹⁾	Total consideration (RMB)	Date of settlement of full consideration	Investment cost per Share immediately upon the [REDACTED] ⁽²⁾ (RMB)	Discount to the [REDACTED] ⁽³⁾	Shareholding in our Company immediately after the [REDACTED] (assuming the [REDACTED] and the options that may be granted under the Share Option Scheme are not exercised)	
						Shareholding in our Company immediately before the [REDACTED]	
Magic Galaxy	12 December 2024 ⁽⁴⁾	11,032,000.00 ⁽⁴⁾	5 May 2023 ⁽⁴⁾	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%
AV China Holdings PCC Limited	25 April 2025	8,646,299.56	2 May 2025	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%
Emerald Investment Limited	25 April 2025	8,646,299.56	30 April 2025	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%
Capital Ally Holdings Limited	25 April 2025	8,490,356.70	25 April 2025	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%
Prospect Investment (BVI) Limited	25 April 2025	5,198,175.83	30 April 2025	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%

Notes:

- (1) The date of investment refers to the date of the subscription agreement entered into by the relevant parties. For further details of the date of investment of Magic Galaxy, please refer to Note (4) below.
- (2) The investment cost per Share equals the total consideration paid by the [REDACTED] Investors in each [REDACTED] Investment divided by the number of Shares held by them immediately upon completion of the [REDACTED].

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (3) The discount to the [REDACTED] is calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per Share, being the [REDACTED] of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED].
- (4) Pursuant to the subscription agreement entered into between Janbon Colloidal Materials and Xincheng Huizhi on 28 April 2023, Xincheng Huizhi agreed to subscribe for the increased registered capital of Janbon Colloidal Materials of RMB3,940,000 at a cash consideration of RMB11,032,000. To reflect this investment by Xincheng Huizhi in Janbon Colloidal Materials and the shareholding of Xincheng Huizhi in Janbon Colloidal Materials immediately prior to the Reorganisation, on 12 December 2024, our Company allotted and issued 4,669,500 Shares to Magic Galaxy with a par value of HK\$0.000001 for each Share. For more details, please refer to “Our Corporate Developments — (7) Capital Increase in April 2023” and “Reorganisation — 1. Establishment of Offshore Corporate Structure and Incorporation of our Company — Our Company” in this section.

Principal Terms of the [REDACTED] Investments and [REDACTED] Investors’ Rights

[REDACTED] from the [REDACTED] Investments For the proceeds from the [REDACTED] Investment made by Magic Galaxy, as of the Latest Practicable Date, all such net proceeds from this investment had been utilised for production and operation of our principal business and procurement of raw materials.

We shall utilise the proceeds from the other [REDACTED] Investments for the principal business of our Company, including procurement of raw materials, research and development of products, expansion of production capacity, replenishment of working capital, etc. in furtherance of our principal business. As of the Latest Practicable Date, the [REDACTED] from such [REDACTED] Investments had not been utilised.

Strategic benefits of the [REDACTED] Investments to our Group At the time of the [REDACTED] Investments, we were of the view that our Company can benefit from the additional capital injected by the [REDACTED] Investors’ investments in our Company.

We also believe that our Group would be able to benefit from the business knowledge, experience and network of AV China Holdings PCC Limited, Emerald Investment Limited, Capital Ally Holdings Limited and Prospect Investment (BVI) Limited, in particular, the insights on business expansion, strategic development and industrial chain synergy effect brought by institutional investors including AV China Holdings PCC Limited and Emerald Investment Limited, who have made investments in similar industries. Our Directors are also of the view that the investments made by the reputable investors would further increase our brand awareness and facilitate our marketing efforts. Their investments also demonstrated their confidence in our Group’s operations and served as an endorsement of our Company’s performance, strengths and prospects.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Basis of determination of the consideration For the details of the consideration for the [REDACTED] Investment of Magic Galaxy, please refer to “Our Corporate Developments — Our Operating Subsidiary — (7) Capital Increase in April 2023” in this section.

For the other [REDACTED] Investments, the consideration was determined based on the appraised net asset value of Janbon Colloidal Materials as of 31 October 2024 and arm’s length negotiations between the relevant parties after taking into consideration the strategic benefits brought by the [REDACTED] Investments as described above.

Lock-up period The Shares of our Company held by AV China Holdings PCC Limited, Emerald Investment Limited, Capital Ally Holdings Limited and Prospect Investment (BVI) Limited will be subject to one-year lock-up period from the [REDACTED].

Pursuant to the shareholders’ agreement entered into between AV China Holdings PCC Limited, Emerald Investment Limited, Capital Ally Holdings Limited, Prospect Investment (BVI) Limited, Cerulean Harbor, Wonder Particle, Silver Ocean, Magic Galaxy, our Group and Mr. Chen, the Shares of our Company held by Cerulean Harbor, Azure Harbor, Wonder Particle, Silver Ocean, and Magic Galaxy will be subject to two-year lock-up period from the [REDACTED].

Special rights Special rights granted to AV China Holdings PCC Limited, Emerald Investment Limited, Capital Ally Holdings Limited and Prospect Investment (BVI) Limited pursuant to the respective share subscription agreements and shareholders’ agreement include but are not limited to the customary protective provisions, rights of first refusal, pre-emptive rights, tag along rights, preferred dividend rights, redemption rights, and information rights, out of which: (i) the redemption rights have ceased to remain valid automatically and be of no further force and effect upon the submission of [REDACTED] by the Company to the Stock Exchange, and shall immediately be deemed to revive (on the date of rejection of such [REDACTED] by the Stock Exchange, the date of withdrawal of such [REDACTED] by the Company, or the date that is six months after expiration of such [REDACTED] and such [REDACTED] is not renewed, as [REDACTED]) and have never been terminated or invalidated and shall be in full force and effect; and (ii) all special rights shall terminate automatically and be of no further force and effect upon [REDACTED].

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Sole Sponsor’s Confirmation

On the basis that (i) the [REDACTED] will take place no earlier than 120 clear days after completion of the [REDACTED] Investments; and (ii) all special rights granted to the [REDACTED] Investors shall cease to be exercisable upon the completion of the [REDACTED] (save for the redemption rights as described above), the Sole Sponsor confirms that the [REDACTED] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

PUBLIC FLOAT

Upon completion of the [REDACTED], the [REDACTED] Shares controlled by Mr. Chen through Cerulean Harbor, representing [REDACTED]% of the total issued Shares immediately after the [REDACTED] (assuming the [REDACTED] and the options that may be granted under the Share Option Scheme are not exercised), will not be counted towards the public float of our Company.

The [REDACTED] Shares controlled by (1) Wonder Particle, whereby Ms. Meng Haiqing (our executive Director and Chief Financial Officer) is the sole director, and (2) Magic Galaxy, whereby Mr. Zhang Wei (our non-executive Director) is the sole director, representing [REDACTED]% and [REDACTED]% of the total issued Shares, respectively, immediately after the [REDACTED] (assuming the [REDACTED] and the options that may be granted under the Share Option Scheme are not exercised), will also not be counted towards the public float of our Company.

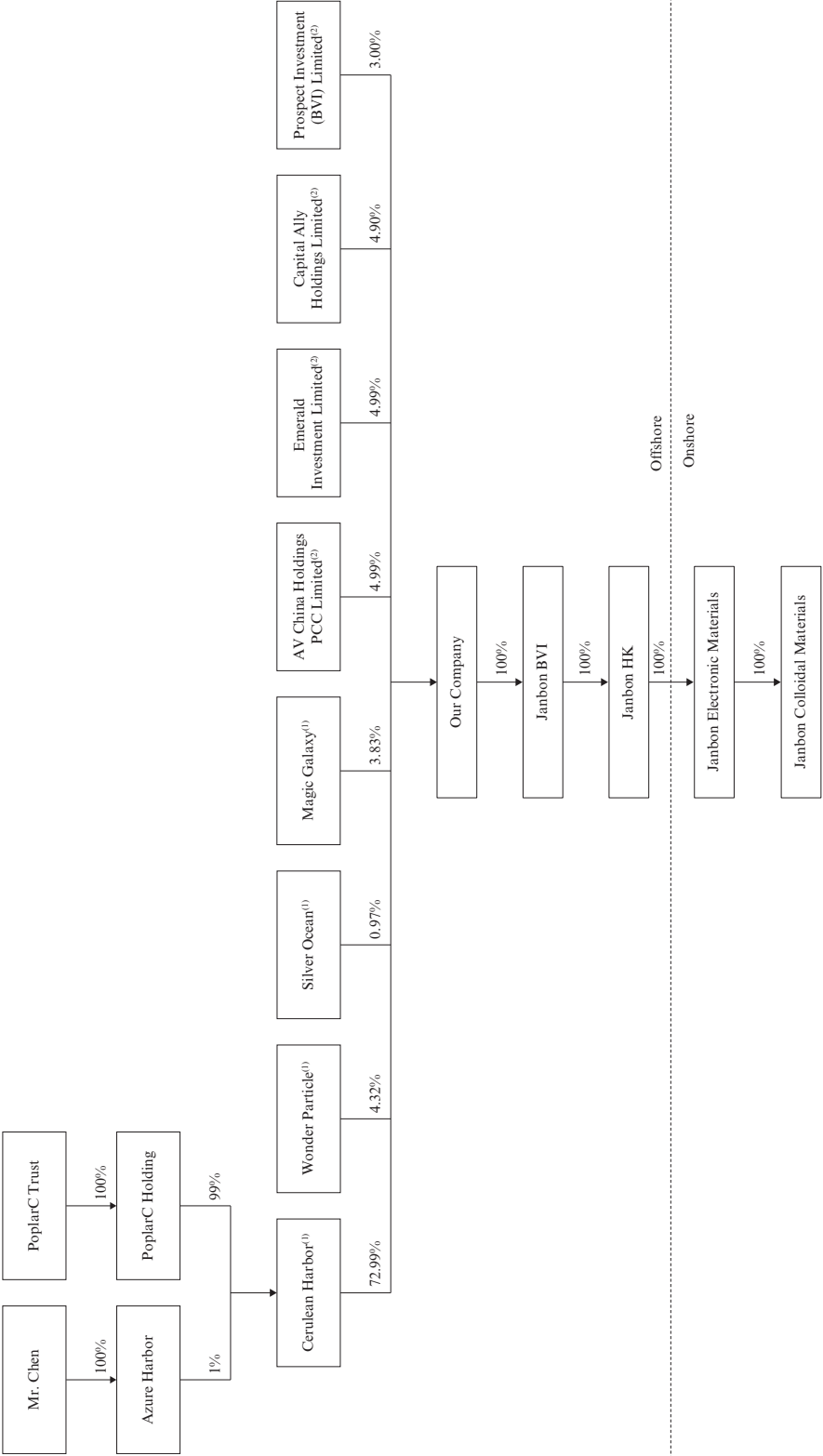
Save as provided above, as of the date of this Document, no other Shareholder will be a core connected person of our Company (as defined in the Listing Rules) upon [REDACTED]. Taking into account the above and the Shares to be issued pursuant to the [REDACTED] (assuming the [REDACTED] and the options that may be granted under the Share Option Scheme are not exercised), it is expected that more than [REDACTED]% of the total issued Shares upon [REDACTED] will be counted towards the public float of our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth the corporate and shareholding structure of our Company immediately before the completion of the [REDACTED]:



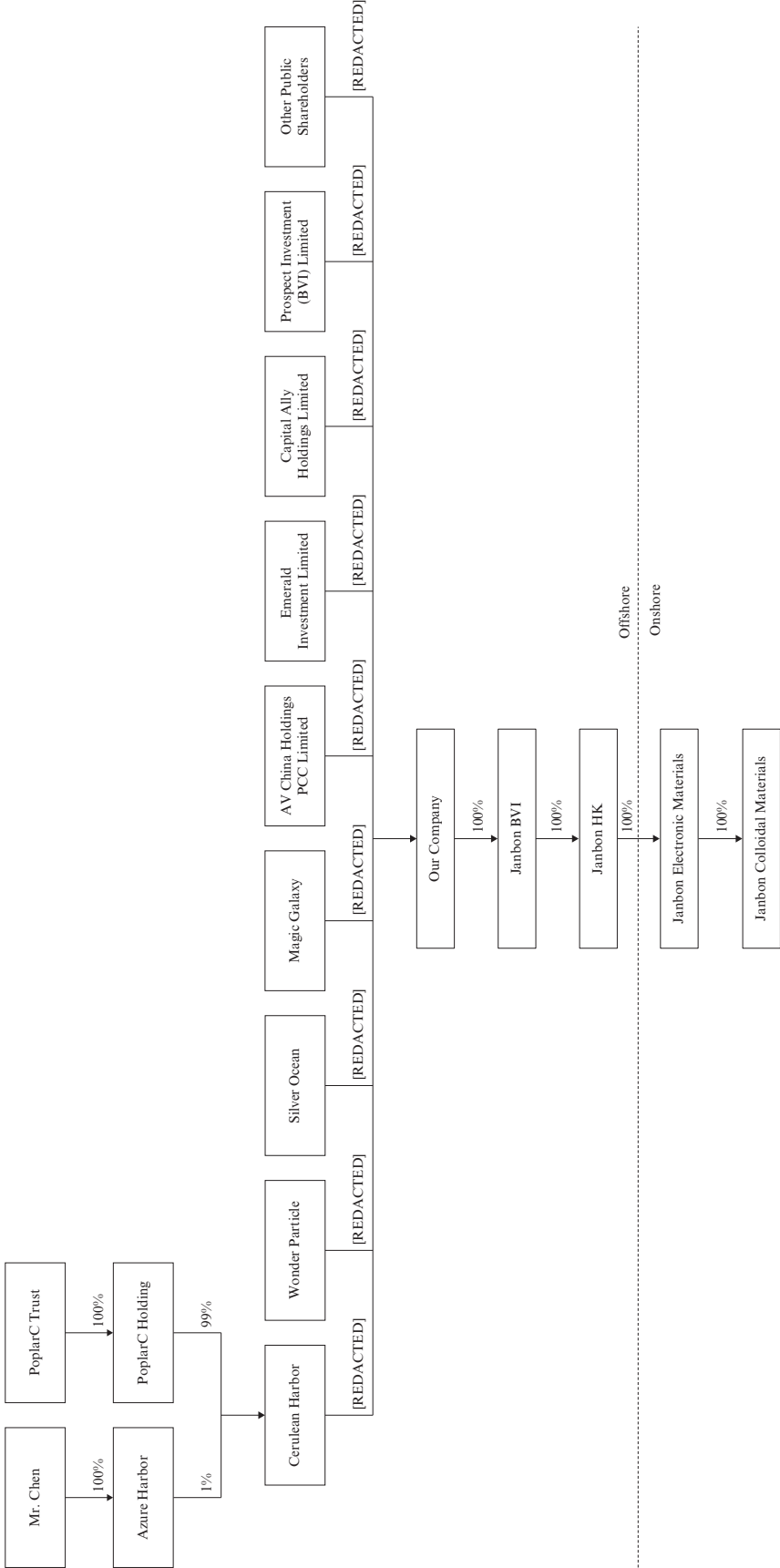
Notes:

- (1) Please refer to “Reorganisation — 1. Establishment of Offshore Corporate Structure and Incorporation of our Company — Our Company” and notes to the corporate structure of our Group immediately after the Reorganisation in this section.
- (2) Please refer to “[REDACTED] Investments — Information about the [REDACTED] Investors” in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Corporate Structure Immediately Following the [REDACTED]

The following chart sets forth the corporate and shareholding structure of our Company immediately following the completion of the [REDACTED] assuming that the [REDACTED] and options that may be granted under the Share Option Scheme are not exercised:



Note: Please refer to the notes to the corporate structure immediately before the [REDACTED] above.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that each of the establishment and the transfer of equity interest of our PRC subsidiaries as described above in this section have been legally completed and the requisite government approvals or filings in all material respects, as applicable, have been obtained in accordance with PRC laws and regulations. Our PRC Legal Adviser has further advised that the domestic procedures and steps of the Reorganisation have complied with the relevant applicable PRC laws and regulations in all material respects.

Regulations on Overseas Listing

On 17 February 2023, the CSRC released the Overseas Listing Trial Measures and five supporting guidelines, which came into effect on 31 March 2023. Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to list overseas, both directly and indirectly, should fulfil the filing procedure and report relevant information to the CSRC. Specifically, following the principle of substance over form, if an issuer meets both of the following criteria, its overseas offering and listing will be deemed as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer’s audited consolidated financial statements for the same period; and (ii) its major operational activities are carried out in the PRC or its main places of business are located in the PRC, or a majority of the senior management in charge of operation and management of the issuer are Chinese citizens or are domiciled in the PRC.

Our PRC Legal Adviser is of the view that we are required to submit the filing materials to the CSRC within three business days after [REDACTED]. For details, please refer to the section headed “Regulatory Overview — Regulations Relating to Offshore Listing” in this Document.

M&A Rules

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “M&A Rules”) jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, SAIC and the SAFE on 8 August 2006, effective as of 8 September 2006 and amended on 22 June 2009, merger and acquisition of domestic enterprises by foreign investors means (1) acquiring the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (2) subscribing the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (3) establishing a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (4) purchasing the assets of a domestic enterprise, and then investing such assets to establish a foreign-invested enterprise. The M&A Rules, among other things, further purport to require that an offshore special purpose vehicle, formed for purposes of overseas listing of equity interests in PRC companies and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

trading of such special purpose vehicle’s securities on an overseas stock exchange. Pursuant to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) effective as of 1 January 2020 and public Q&A section on the official website of MOFCOM on 9 April 2024, the approval requirements by the MOFCOM and its local branches for the establishment and registration changes of foreign-invested enterprises have been abolished since the implementation of the Foreign Investment Law of the PRC.

Our PRC Legal Adviser is of the opinion that, unless new laws and regulations are enacted or MOFCOM and CSRC publish new provisions or interpretations on the M&A Rules in the future, each of the CSRC approval for the [REDACTED] and MOFCOM approval is not required under the M&A Rules.

SAFE Registration in the PRC

Pursuant to the Circular 37 of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), promulgated by SAFE and which became effective on 4 July 2014: (i) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle (the “Overseas SPV”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing (“Initial Registration”), and (ii) following the Initial Registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division.

Pursuant to the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), promulgated by SAFE and effective on 1 June 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interests in the domestic entity are located.

As advised by our PRC Legal Adviser, Mr. Chen and other individual beneficial owners of each of Wonder Particle, Silver Ocean and Magic Galaxy who are PRC residents have completed the foreign exchange registrations.

BUSINESS

OVERVIEW

We are a pioneer and leader in China in the research, development, manufacturing, and sales of silver powder. Our silver powder products are primarily used in the production of PV silver paste, a crucial raw material in manufacturing PV cells. According to Frost & Sullivan, we are one of the earliest companies in China to invest in and focus on the commercialisation of PV silver powder production, starting in December 2012. One of our key strengths lies in our ability to produce the advanced silver powder that is ultimately used in the production of more recent types of PV cells or their components, including, during the Track Record Period, front-side fine grids (正面細柵) in PERC cells and TOPCon cells, as well as conductive grids in HJT cells and xBC cells. According to Frost & Sullivan, in terms of PV silver powder sales revenue in China during the Track Record Period, we ranked first among all domestic manufacturers and second among all global manufacturers, with a market share of 9.9%.

According to Frost & Sullivan, solar power is increasingly vital in global efforts towards carbon neutrality and national energy security due to its adaptability, resource availability, commercial maturity, and stability. In the production of PV cells, silver powder and silver paste are integral components. The PV silver paste, which is primarily composed of high-purity silver powder mixed with glass grids, is applied to the surface of the PV cells using screen printing techniques to form a conductive grid, creating the necessary electrical contacts for the efficient functioning of the PV cells. As a result, the quality and characteristics of silver powder directly impact the conductive performance and reliability of PV cells, making it an essential raw material in the PV cell production industry.

We offer a wide range of silver powder products that are ultimately utilised in the production of all mainstream PV cells, including PERC, TOPCon, HJT, and xBC cells. Armed with our leading production technology system and strong research and development capabilities, we can flexibly tailor our silver powder products across various dimensions such as particle size ranging from 0.1 to 3 μm , crystal structure covering both monocrystalline (單晶) and polycrystalline (多晶) silver powder, and a range of crystal surface treatment specifications from hydrophilic (親水性) to oleophilic (親油性). In addition, we believe that we excel in key silver powder production measures such as the ability to control particle size and the degree of crystallinity (結晶度) and sintering activity (燒結活性) of silver powder, dispersibility of silver powder, mass production capacity, single-batch production volume, and inter-batch consistency, as well as crucial product application characteristics including printability, conductivity, and reliability of the silver paste produced using our silver powder.

BUSINESS

Benefiting from our early entry into the market and years of continuous investment and effort, we have developed an independent, leading, and comprehensive system of silver powder production technology and processes with proprietary intellectual property rights. Our research and development on the commercial production of PV silver powder began in December 2012. Over the years, we have continued to invest and accumulated extensive experience in the area through our own efforts as well as continuous communication with customers to understand and meet their needs. Importantly, our system of production technology and processes allows us to have better control over silver powder particle size and more flexibility in adjusting crystal structure, morphology, and surface treatment characteristics. As a result, we can swiftly respond to dynamic customer and product requirements, as well as advancements in PV cell technology. For example, our technology system successfully facilitated the adaption of our silver powder products to the transition from PERC to TOPCon cells in 2023, the utilisation of nanosized silver powder in HJT cells in 2023, and the implementation of TOPCon cell LECO technology in early 2024. Additionally, in 2025, in response to emerging industry and customer demands to reduce silver consumption, we developed a new silver powder product series tailored for finer grid printing and another series designed for producing silver paste with lower silver content. Our robust system of production technology and processes has played a vital role in establishing and sustaining our leading position in China’s silver powder production industry.

In addition to PV silver powder manufacturing technology and processes, we explore other strategically important areas, including non-PV silver powder applications and non-silver powder conductive materials such as copper powder. Besides our internal research and development efforts, we collaborate on selected research projects with leading universities and research institutions in Shandong province and conduct joint research and development exercises with selected customers. These collaborations aim to keep us at the forefront of scientific and technological advancements in the industry. As a result of our research and development efforts, we have secured a number of patents and proprietary technologies that provide us with a competitive advantage. As of the Latest Practicable Date, we held 19 invention patents and 23 utility model patents, most of which are related to PV silver powder manufacturing technology and processes.

Our customers include well-known PV silver paste manufacturers and range from domestic listed companies to leading multinational enterprises. Our top two customers in terms of sale value during each of the years in the Track Record Period, Customer A and Changzhou Fusion New Material Co., Ltd.* (常州聚和新材料股份有限公司) (“Changzhou Fusion”), are generally acknowledged as two of the most prominent PV silver paste manufacturers in China. We have maintained long-term cooperative relationships with Customer A for over six years and Changzhou Fusion (常州聚和) for over five years. In addition to our sales activities, we place great emphasis on working closely with our customers to understand and meet their latest product needs in response to PV cell technological advancements and market changes.

BUSINESS

We manufacture all of our silver powder products at our own production plant located in Jinan, Shandong province. As of the Latest Practicable Date, our plant had a designed annual production capacity of 1,485 tonnes of silver powder. During the years ended 31 December 2022, 2023 and 2024, we produced 398.7, 545.4, and 644.3 tonnes of silver powder, respectively.

During the Track Record Period, our revenue and profit for the year grew significantly, primarily driven by the increase in our sales volume of silver powder products, which in turn was mainly attributable to our continuous and successful efforts in responding to evolving PV silver powder product requirements, as well as the rapid development of the overall PV cell industry facilitated by favourable PRC government policies. Our revenue increased by 58.1% from RMB1,759.2 million for the year ended 31 December 2022 to RMB2,781.7 million for the year ended 31 December 2023, and further increased by 42.0% to RMB3,949.6 million for the year ended 31 December 2024. Our profit for the year increased by 147.5% from RMB24.2 million for the year ended 31 December 2022 to RMB59.9 million for the year ended 31 December 2023, and further increased by 31.9% to RMB79.0 million for the year ended 31 December 2024.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths are crucial to our current success and future growth:

A Pioneer and Leader in the Research, Development, Manufacturing, and Sales of PV Silver Powder in China

Our history can be traced back to March 2010, when our operating subsidiary, Janbon Colloidal Materials, was established with the aim of specialising in high-tech new energy and advanced materials. In December 2012, we strategically decided to focus on, among others, the commercial production of silver powder for PV applications and launched a collaborative research and development project dedicated to this specific area, which, according to Frost & Sullivan, makes us one of the earliest companies and a pioneer in China to invest in and focus on the research, development, manufacturing, and sales of PV silver powder production. Since then, our continued commitment and investment in this area have led to a number of successes. For example, in December 2012, we innovatively introduced Vitamin C as the reducing agent in the industrial production of silver powder using the liquid-phase reduction method; in March 2014, we constructed one of China’s earliest silver powder production lines using proprietary technology; in January 2019, we upgraded our silver powder production process system and became one of the first enterprises in the industry to achieve industrial production with a single batch yield of over 100 kg of silver powder; and in the fourth quarter of 2023, we became one of the first domestic companies capable of producing silver powder compatible with TOPCon cell LECO technology.

BUSINESS

Our pioneering position, firm dedication, and sustained investment over the years have established ourselves as a prominent leader in the research, development, manufacturing, and sales of silver powder for PV applications in China. According to Frost & Sullivan, in terms of PV silver powder sales revenue in China, we ranked first among all domestic manufacturers and second among all global manufacturers during the Track Record Period, with a market share of 9.9%, and third among all domestic manufacturers and fourth among all global manufacturers in 2024, with a market share of 9.8%.

Moreover, according to Frost & Sullivan, in terms of PV silver powder production volume in China, we ranked first among all domestic manufacturers during the Track Record Period, with a market share of 13.8%, and third among all domestic manufacturers in 2024, with a market share of 12.6%. We manufacture all of our silver powder products at our own production plant located in Jinan, Shandong province, with a total site area of 57,998.0 sq. m. and a total gross floor area of 8,780.64 sq. m. As of the Latest Practicable Date, the plant’s designed annual production capacity is 1,485 tonnes, providing us with ample capacity to meet potential urgent production needs.

Our ability to manufacture the advanced PV silver powder is a significant advantage for us. According to Frost & Sullivan, during the Track Record Period, the advanced PV silver powder includes the PV silver powder that is applied in the production of PV silver paste for the front-side fine grids in PERC cells and TOPCon cells, as well as conductive grids in HJT cells and xBC cells. The silver paste used for these PV cells generally has higher requirements for conductivity and stability and therefore requires silver powder with uniform particle morphology and stable consistency between batches accordingly. According to Frost & Sullivan, most domestic silver powder manufacturers in China have faced technical barriers in producing the advanced PV silver powder, and its supply has predominantly been provided by overseas manufacturers until 2022. We have been devoted to the development of the advanced PV silver powder products, and over time, our products have gained acceptance among PV paste manufacturers. According to Frost & Sullivan, in 2024, the localisation rate of the advanced PV silver powder in terms of sales volume was 71.4%, which is lower than the localisation rate of overall PV silver powder in terms of sales volume at 83.3%. This gap creates substantial market growth opportunities for domestic manufacturers such as us.

As a result of our first-mover advantage, market leadership position, and efforts in technological research and process improvement, we have achieved significant growth as a producer of PV silver powder during the Track Record Period, which has also contributed to the localisation of the entire PV cell production chain in China. We are committed to continuously investing in research and development and focusing on meeting diverse customer needs, with the aim of staying at the forefront of technological developments and maintaining and strengthening our leadership position in the PV silver powder industry in China.

BUSINESS

Independent and Comprehensive Silver Powder Production Technology Supported by Strong Research and Development Capabilities

Benefiting from our early entry into the market and years of continuous investment in research and development, we have established an independent and comprehensive system of silver powder production technology and processes with full proprietary intellectual property rights. Since commencing our research on commercial PV silver powder production in December 2012, we have consistently refined and enhanced our production technology and processes through our own efforts. Our production technology expertise covers all critical aspects of silver powder manufacturing, including ingredient mixing, synthesis, sedimentation, separation, washing, centrifugation, drying, post-treatment, sieving, and packaging. This comprehensive approach enables us to effectively meet the diverse demands of our customers and adapt to rapid PV cell technological advancements effectively and promptly.

Four key sets of technologies underpin our silver powder production processes: (i) particle size control technology, which enables us to produce silver powder particles at the desired size across a wide range from 0.1 to 3 μm , rather than a limited number of pre-set size options, and achieve the specified particle sizes with greater precision and smaller deviation; (ii) particle crystal structure control technology, which allows us to produce a variety of monocrystalline and polycrystalline structures tailored to specific applications in silver paste and PV cells; (iii) morphology control technology, which enables the production of silver powder in spherical, flake-shaped, rod-shaped, and other shapes, positioning us to address emerging opportunities such as nanoscale advancements; and (iv) particle surface modification technology, which offers versatile solutions for downstream PV cell applications, ranging from hydrophilic to oleophilic properties, achieved through both chemical bonding and physical coating techniques. These technological achievements form the foundation of our competitive strength in the PV silver powder industry.

Our robust silver powder production technology system is instrumental in our ability to quickly customise a wide range of silver powder specifications according to specific customer needs. For example, our technology system successfully facilitated the adaption of our silver powder products to the transition from PERC to TOPCon cells in 2023, the utilisation of nanosized silver powder in HJT cells in 2023, and the implementation of TOPCon cell LECO technology in early 2024. Additionally, in 2025, in response to emerging industry and customer demands to reduce silver consumption, we developed a new silver powder product series tailored for finer grid printing and another series designed for producing silver paste with lower silver content. Our ability to promptly respond to technological advancements in the PV cell industry sets us apart in the silver powder production industry in China. We believe that our strong production technology will continue to lead us in meeting the ongoing changes in PV cell technology, such as xBC cells that may occupy an increasing market share in the future.

BUSINESS

We have a highly experienced and stable research and development team. As of the Latest Practicable Date, our research and development department and process engineering department, headed by Dr. Chen Bo, our Deputy General Manager, had a total of ten members, one of whom holds a doctorate degree, four of whom hold a master’s degree, and four of whom have been with us for more than seven years. They have undergone rigorous training and possess extensive experience in a wide range of specialised fields that are essential to the research and development of silver powder production technology and processes, including chemistry, physics, chemical engineering and technology, and nanomaterials chemistry. During the Track Record Period, our research and development expenses amounted to RMB23.4 million, RMB24.8 million, and RMB26.5 million, respectively, representing 82.6%, 74.7%, and 63.1% of our operating expenses for the same periods.

Our research and development efforts are presently concentrated on advancing technologies and processes related to PV silver powder manufacturing, aimed at maintaining and further strengthening our market leadership in the industry. Additionally, we are exploring strategically important areas, including non-PV applications and alternative conductive materials such as copper powder, to maintain our long-term competitiveness and strength. Alongside our internal innovation efforts, we partner with renowned universities and research institutions in Shandong province on selected research projects, and also engage in collaborative research and development initiatives with selected customers. These collaborations aim to keep us at the forefront of scientific and technological advancements in the industry.

Through our commitment to research and development, we have successfully obtained a number of patents and proprietary technologies. These intellectual property assets serve to bolster our competitive position and further differentiate us in the market. As of the Latest Practicable Date, we had 19 invention patents and 23 utility model patents. Most of these patents are related to PV silver powder manufacturing technologies and processes, reflecting our dedication to innovation in the field.

Our success in developing our silver powder production technology and strong research and development capabilities have earned us numerous prizes and recognitions, including:

- “High and New Technology Enterprise* (高新技術企業)” recognised by, among others, the Shandong Provincial Department of Science and Technology* (山東省科學技術廳) since 2015;
- “Shandong Province ‘Specialised, Refined, Unique, and New’ Small and Medium-sized Enterprise* (山東省「專精特新」中小企業)” recognised by the Shandong Provincial Department of Industry and Information Technology* (山東省工業和信息化廳) since 2021;

BUSINESS

- “Shandong Province Industrial Enterprise ‘One Enterprise One Technology’ Research and Development Centre* (山東省工業企業「一企一技術」研發中心)” recognised by the Shandong Provincial Department of Industry and Information Technology* (山東省工業和信息化廳) since 2023;
- “Shandong Province Engineering Research Centre for Electronic-Grade Metal Functional Materials* (電子級金屬粉體功能材料山東省工程研究中心)” recognised by the Shandong Provincial Development and Reform Commission* (山東省發展和改革委員會) in 2023; and
- “Jinan Enterprise Technology Centre* (濟南市企業技術中心)” recognised by Jinan Municipal Bureau of Industry and Information Technology* (濟南市工業和信息化局) since 2024.

Extensive and High-Quality Silver Powder Product Portfolio

Our product portfolio includes a diverse range of silver powder products that are ultimately utilised in the production of all mainstream PV cells, including P-type PERC cells as well as more advanced N-type TOPCon, HJT, and xBC cells. Our PV silver powder products include both general PV silver powder and the advanced PV silver powder that is used in the production of more recent types of PV cells or their components.

We develop and produce our silver powder product matrix primarily based on four key technical dimensions: particle size, particle crystal structure, particle morphology, and surface treatment specifications. With our advanced particle size control technology, we offer silver powders with specific particle sizes across a wide range from 0.1 to 3 μm . For a particular series of silver powder products with a specific particle size, we can offer different particle crystal structures ranging from monocrystalline to polycrystalline forms, and from dense prismatic to porous granular and nanocrystalline configurations. In addition to spherical particles, which constitute most of our products as of the Latest Practicable Date, we can also produce silver powders in other morphologies, such as flake-shaped and rod-shaped particles. We can provide custom surface treatments ranging from hydrophilic to oleophilic properties through both chemical and physical modifications. Our extensive silver powder portfolio with a wide choice of different technical dimensions is designed to allow us to address different customers’ highly customised and diverse technical requirements.

BUSINESS

Our silver powder products are widely recognised for their mono-dispersity (單分散性), controllable and diverse crystallinity, and consistency, all of which are critical for ensuring the performance and quality of the downstream PV cell products. The mono-dispersity of our products ensures a concentrated particle size distribution and uniform morphology, meeting the increasing requirements for screen printing performance of PV cells. Our ability to flexibly control the degree of silver particles’ crystallinity allows us to adjust the sintering activity of the silver powder products, a key characteristic for adapting to the developing technological requirements of PV cell applications. Additionally, our systematic quality control measures and large-scale production capabilities enable us to achieve high product stability and consistency, further strengthening our position as a trusted supplier in the PV silver powder market. For more details, see “Business — Our Products and Services — Product Series” in this Document.

Long-term, Stable Cooperation with Key Upstream and Downstream Partners

Our customers include leading manufacturers in China’s PV silver paste production industry. According to Frost & Sullivan, our top five customers in terms of sales revenue in 2024 represented 74.1% of the market share by PV silver paste sales revenue in China during the same year. During each of the years in the Track Record Period, our top two customers were Customer A and Changzhou Fusion (常州聚和), two of the most prominent PV silver paste producers in China, and the revenue we derived from them accounted for an aggregate of 87.9%, 82.8%, and 63.1% of our total revenue, respectively. Customer A is a Shenzhen Stock Exchange-listed company and has focused on the production of conductive paste used in PV and semiconductor products for over 10 years, while Changzhou Fusion (常州聚和) is a Shanghai Stock Exchange-listed company based in Changzhou, Jiangsu Province and has specialised in the silver paste business since 2015.

We have established long-term and stable relationships with our core customers. We have been supplying silver products to Customer A for over six years and Changzhou Fusion (常州聚和) for over five years. We place great emphasis on working closely with our customers to understand and meet their progressing product needs in response to PV cell technological advancements and market changes. We visit and communicate with our key customers on a regular basis. Equipped with our comprehensive production technology and strong research and development capabilities, we are known among our customers for our ability to quickly develop and produce new types of silver powder products on an industrial scale. For example, we were able to produce new types of silver powder products to help our customers adapt to the fast-paced transition from PERC to TOPCon cells in 2023, the utilisation of nanosized silver powder in HJT cells in 2023, and the implementation of TOPCon cell LECO technology in early 2024.

BUSINESS

We maintain a stable supply of key raw materials for our silver powder production, including primarily silver nitrate and other supplemental materials such as dispersants and reducing agents. Our key suppliers span a wide spectrum, ranging from large state-owned enterprises to reputable private enterprises. We have had enduring supply relationships with three major domestic suppliers of silver nitrate in China: Tongbai Hongxin New Material Co., Ltd.* (桐柏泓鑫新材料有限公司) (“Tongbai Hongxin”) for over nine years, Shanghai Zhebo New Material Technology Co., Ltd.* (上海浙铂新材料科技有限公司) (“Shanghai Zhebo”) for over seven years, and Lanzhou Jinchuan Technology Park Co., Ltd.* (蘭州金川科技園有限公司) (“Lanzhou Jinchuan”) for over three years. We had not experienced any material shortage of raw materials during the Track Record Period and up to the Latest Practicable Date.

Our strong ties with key upstream and downstream partners are critical for our sustained growth and success. According to Frost & Sullivan, as the production of silver paste often requires formulating different types of silver powders in accordance with the silver paste manufacturers’ requirements, the manufacturers have the preference to cooperate with PV silver powder manufacturers who are familiar with their specific needs and can quickly respond to their technological changes. Our strong reputation and established long-term strategic relationships with leading PV silver paste manufacturers in China will position us well in continued business relationship with them. In addition, our long-standing stable cooperation with suppliers allows us to maintain a stable supply of key raw materials, ensuring that we can continue to produce silver powder products in a cost-effective and timely manner, helping to maintain our business continuity and competitiveness.

Visionary and Experienced Management Team

We are led by a visionary management team with extensive experience and an in-depth understanding of our industries and the upstream and downstream segments along the respective industry value chains.

Our Chairman of our Board, executive Director and Chief Executive Officer, Mr. Chen Zichun, holds a bachelor’s degree in interdisciplinary math & economics from Fordham University and a master’s degree in real estate from New York University. With significant experience in business management and finance, he is responsible for leading our strategic planning, communication with key customers and suppliers, global business expansion, as well as engagement with our key shareholders. His global vision and financial expertise are invaluable to our growth. Mr. Zhou Yong, our executive Director and President, has been with our Group since its inception. He has led the entire process of developing and commercialising our silver powder production technology since 2012. Dr. Chen Bo, our Deputy General Manager, holds a bachelor’s degree in chemical engineering from Northwestern University, Xi’an, and a doctoral degree in nanomaterials chemistry from Shandong University. With around 20 years of experience in nano-electronic materials, he is a pioneer in China’s silver powder production industry. Dr. Chen has focused on the area of silver paste and silver powder since his graduate school studies in 2005 and is the primary architect of our silver powder production technology.

BUSINESS

In addition to formulating our business plans and strategies, our management team focuses on delivering high-quality products consistently and driving continuous technological innovations. They also foster a corporate culture that motivates our staff and attracts high-calibre employees to our Group, which we believe is instrumental to our continued success. For more details, see “Directors and Senior Management” in this Document.

OUR STRATEGIES

Our goal is to become a leader in advanced new materials in the world. To accomplish this goal, we plan to implement the following strategies:

Strengthen Our Leading Position in PV Silver Powder Production in China

According to Frost & Sullivan, solar power is increasingly vital in global efforts towards carbon neutrality and national energy security due to its adaptability, resource availability, commercial maturity, and stability. Silver powder, one of the key raw materials ultimately used in the production of PV cells, is also of growing importance. In 2029, the global PV silver powder sales revenue is expected to reach RMB109.9 billion, representing a CAGR of 21.3% from 2024 to 2029, while the sales revenue of PV silver powder in China is projected to reach RMB102.9 billion in 2029, growing at a CAGR of 21.6% from 2024 to 2029, according to the same source.

We are determined to maintain and strengthen our market leadership in silver powder production in China. To achieve this goal, we plan to increase our investments in research and development for silver powder production. This includes procuring raw materials for research purposes, recruiting additional research and development personnel with specialised expertise, and acquiring advanced research equipment to support our ongoing and future projects. We also intend to continue collaborating with leading universities, research institutions, and experts on strategic, science-oriented projects in the industry. By enhancing our technological capabilities, we aim to remain at the forefront of innovation in silver powder production.

Furthermore, we intend to continue working closely with our core customers to understand and meet their changing product needs. We also plan to initiate or continue collaborative research and development projects with selected key customers to foster closer cooperation and better align our efforts with their latest product requirements.

We plan to use our [REDACTED] from the [REDACTED] to strengthen our research and development efforts and drive technological innovation. See “Future Plans and [REDACTED]” in this Document for further details.

BUSINESS

Explore Non-Silver Powder Materials in the PV Industry

In addition to our focus on silver powder production, we have been researching and developing non-silver powder materials for the PV cell production industry, such as copper powder. According to Frost & Sullivan, current silver alternatives in the PV field can only be used in the production of low-temperature silver pastes, which accounted for only 1.2% of the conductive materials of China’s PV silver paste industry in 2024. Although their current applications are limited, exploring these non-silver powder materials allows us to offer a broader range of products, enhance our competitiveness, and quickly address technological advancements and trends that may require alternatives to silver.

According to Frost & Sullivan, some manufacturers have currently developed low-temperature sintered copper powder that can be used in conductive grids of PV cells, replacing traditional silver powder. Compared with PV silver powder, the pricing of PV copper powder is much lower than that of PV silver powder, which can significantly reduce the cost of PV cells. Additionally, through the surface treatment and the optimisation of the sintering process, the conductivity of PV copper powder can approach that of PV silver powder.

We anticipate that our existing comprehensive silver powder production technology, along with our strong research and development capabilities, can help our efforts in exploring non-silver powder materials, as they often involve similar powder structures. Our plans include recruiting personnel specialised in non-silver powder materials, such as copper powder, procuring specialised equipment such as ultrasonic reactors, centrifuges, and thermogravimetric analysers, and establishing collaborative projects with experts and research institutions to conduct more scientific-oriented research on non-silver powder materials. Additionally, we will maintain close communications with our core customers to understand their practical needs regarding these alternative materials. We plan to use our [REDACTED] from the [REDACTED] for the research and development of non-silver powder conductive materials in the PV Industry. See “Future Plans and [REDACTED]” in this Document for further details.

Expand into Non-PV Silver Powder Applications

Beyond its applications in the PV industry, due to silver powder’s unique properties such as outstanding electrical and thermal conductivity, silver powder has extensive downstream applications in various industries including electronics, chemicals, medicine, and food, among others. According to Frost & Sullivan, in the electronics industry, silver powder is used to manufacture conductive lines, conductive adhesives, among others; in the chemical industry, it is used to manufacture antistatic agents, coatings, among others; in the medicine industry, it is used to manufacture drug carriers; and in the food industry, it is used in the production of nutritional supplements.

BUSINESS

According to Frost & Sullivan, the global silver powder sales revenue grew from RMB54.3 billion in 2020 to RMB131.4 billion in 2024, with a CAGR of 24.7%, and in 2029, the global silver powder sales revenue is expected to reach RMB292.9 billion, representing a CAGR of 17.4% from 2024 to 2029. As such, there is substantial market potential for non-PV silver powder.

We believe that a small portion of our silver powder products have been used for non-PV purposes, primarily in high-quality electronic components, such as semiconductor packaging, PCB printed circuit boards, and transparent flexible display screens. We aim to expand our presence in non-PV markets for silver powder. By leveraging our existing expertise and technological capabilities, we can diversify our product offerings and explore new revenue streams. We plan to use our [REDACTED] from the [REDACTED] for the research and development of non-PV silver powder applications. See “Future Plans and [REDACTED]” in this Document for further details.

Expand Internationally

We aim to leverage our extensive industry experience and success in China to gradually grow our silver powder and other conductive material production business beyond China, tapping into new markets and driving our long-term growth. According to Frost & Sullivan, the global sales revenue of silver powder excluding China was RMB32.1 billion in 2024 and is expected to reach RMB63.2 billion in 2029.

We plan to focus on carefully selected international markets, primarily in the Middle East, and construct a silver powder and other conductive material production plant in the region. According to Frost & Sullivan, the Middle East has been diversifying its economy, transitioning from traditional oil dependence to new sectors such as renewable energy, science and technology, and manufacturing. This transition has facilitated the demand for advanced materials, particularly in new energy, electronics, construction, and various other industries. For instance, countries such as Saudi Arabia and the United Arab Emirates are developing new energy fields such as PV and wind power.

The establishment of the Middle East production plant forms a key part of our strategy to expand our international footprint. By situating manufacturing closer to the market in the region, we will enhance operational efficiency through reduced logistics costs and improved geographic proximity. A local production base will also streamline compliance with regional manufacturing standards, build trust with local stakeholders (including customers, suppliers, and authorities), and improve competitiveness in bidding and procurement processes. Furthermore, we expect that our plan to expand into the Middle East will benefit from our shareholder in the region, adding strategic value to this endeavour. In particular, AV China Holdings PCC Limited, one of our leading [REDACTED] Investors, is indirectly wholly-owned by Saudi Arabian Oil Company (also known as Saudi Aramco), a global integrated energy and chemicals company listed on the Saudi Exchange (stock code: 2222) and an independent third party as of the Latest Practicable Date.

BUSINESS

As of the Latest Practicable Date, the Middle East plant project remains at the planning stage. We currently expect the plant to have a designed annual production capacity of approximately 1,500 tonnes of silver powder and other conductive materials, with construction anticipated to begin in mid-2026, followed by trial production starting by the end of 2027 and commercial production commencing by mid-2028. The total capital expenditure for the project is estimated to be approximately RMB200.0 million, subject to further adjustments based on project progress and market conditions. Of this total, RMB[REDACTED] million is expected to be funded through [REDACTED] from the [REDACTED], with the balance provided by bank financing and/or our operating cash flows. Based on our preliminary projections, the project investment should achieve breakeven within approximately two to three years after the commencement of commercial production.

Alongside our expansion into the Middle East market, we plan to establish a dedicated research and development presence in East Asia to advance our development of advanced powder material technologies. According to Frost & Sullivan, manufacturers in East Asian countries, such as Japan and South Korea, possess globally leading production technologies in high-performance silver powders, which can cater the higher requirements for product performances from downstream industries. We intend to pursue initiatives such as forming local research teams, fostering collaborations with industry and academic partners, and strategically acquiring complementary businesses or technologies.

We plan to use our [REDACTED] from the [REDACTED] for overseas expansion. See “Future Plans and [REDACTED]” in this Document for further details.

OUR BUSINESS MODEL

We are a pioneer and leader in China in the research, development, manufacturing, and sales of silver powder. During the Track Record Period, we derived most of our revenue from manufacturing and selling silver powder mainly used in the production of PV silver paste, a crucial raw material in the manufacturing of PV cells. In addition, we generated a small percentage of our revenue during the Track Record Period from providing processing services to some customers, whereby we manufactured and supplied PV silver powder products to them using silver ingots provided by these customers and charged a processing fee.

All of our products were sold within China during the Track Record Period. Our customer base includes leading manufacturers in China’s PV silver paste production industry. We manufacture all of our silver powder products at our own production plant located in Jinan, Shandong province.

BUSINESS

The table below provides a breakdown of our revenue by product and service types during the Track Record Period:

	Year ended 31 December								
	2022			2023			2024		
	Percentage of Total Revenue		Sales Volume	Percentage of Total Revenue		Sales Volume	Percentage of Total Revenue		Sales Volume
	Revenue (RMB in thousand)		(kg)	Revenue (RMB in thousand)		(kg)	Revenue (RMB in thousand)		(kg)
Sales of products	1,759,181	100%	388,758	2,780,179	99.9%	529,760	3,943,547	99.8%	594,072
Silver powder	1,733,524	98.5%	388,758	2,756,497	99.1%	529,760	3,848,791	97.4%	594,072
Others ⁽¹⁾	25,657	1.5%	N/A	23,682	0.8%	N/A	94,756	2.4%	N/A
Processing services ⁽²⁾	—	—	—	1,507	0.1%	N/A	6,073	0.2%	N/A
Total	1,759,181	100%	388,758	2,781,686	100%	529,760	3,949,620	100%	594,072

Notes:

- (1) Others primarily include silver powder generated as scrap or substandard products during our production and research processes, which we sell as recyclable precious metals.
- (2) Processing services refers to us providing processing services for some of our customers, whereby we manufacture and supply silver powder products to them using silver ingots provided by these customers and charge a processing fee.

OUR PRODUCTS AND SERVICES

Our product portfolio primarily includes a diverse selection of silver powder offerings that are ultimately used in the production of PV cells. Our PV silver powder products consist of both general PV silver powder and the advanced PV silver powder that is used in the production of more recent types of PV cells or their components, including front-side fine grids in PERC cells and TOPCon cells, as well as conductive grids in HJT cells and xBC cells during the Track Record Period.

Product Series

We construct a product matrix for our silver powder based primarily on the following dimensions:

- **Particle size** — With our advanced particle size control technology, we are known among customers for being able to achieve more precise control of silver powder particle sizes and produce specific particle sizes within a wide range, from 0.1 to 3 μm. For example, our *152 series* offer silver powder products with average particle sizes of 0.3, 0.5, 0.8, 1.0, 1.2, 1.4, 1.6, 2.0, 2.2, and 2.6 μm;

BUSINESS

- ***Particle crystal structure*** — We are capable of producing silver powder of a specific particle size with different particle crystal structures, primarily including different types of monocrystalline and polycrystalline silver powders. For example, our *152 series* products are single crystals, and the *156 series* products are polycrystals with a dense prismatic particle crystal structure;
- ***Particle morphology*** — We can produce silver powder in various shapes, such as spherical-shape, flake-shaped, rod-shaped, and other morphologies. As of the Latest Practicable Date, most of our products are spherical-shaped; and
- ***Particle surface treatment specifications*** — We can modify the surface of silver powder particles to range from hydrophilic (polar) to oleophilic (non-polar) and using both chemical modification through functional group bonding and physical modification through surface coating. For example, our *158–16K series* products are further surface-treated versions of the *158 series* products with an average particle size of 1.6 μm , including surface polishing and shaping, as well as physical coating modifications that change the surface properties from hydrophilic to oleophilic.

It is essential to possess the capability to adjust all these characteristics of silver powder particles as they are not directly linked to the application properties of silver powder but instead interact with each other in a complex manner and collectively influence the physicochemical indicators of silver powder and the electrical and printing performance of downstream silver paste products. Additionally, different silver paste manufacturers may require silver powder products with specific characteristics for their unique silver paste formulations. It may require multiple attempts through different combinations of silver powder characterisation to identify the most suitable silver powder for them. Therefore, our ability to quickly customise and fine-tune each of these silver powder particle characteristics enables us to address the highly diverse technical requirements of different customers while keeping pace with rapid technological advancements in the downstream PV cell industries.

In addition, our silver powder products across different series and specifications are all known for the following key advantages that are crucial for the performance of high-quality PV cell products:

- ***Mono-dispersity*** — Our silver powder exhibits excellent mono-dispersity, with a concentrated particle size distribution and uniform particle morphology. The particle size distribution obtained from laser particle size analyser is generally consistent with the images obtained from scanning electron microscopy. These characteristics are critical in meeting the increasing requirements for screen printing performance of PV cells. They help ensure high precision, uniformity, and consistent line thickness of the fine grids. In addition, the fine and uniform particles enable superior conductivity, strong adhesion to the substrate, and excellent sintering properties. All of these factors are important for achieving efficient electrical contacts and long-term PV cell performance;

BUSINESS

- **Controllable and diverse crystallinity** — We can adjust the degree of crystallinity of silver powder, ranging from high to low crystallinity. The control of crystal crystallinity directly affects the sintering activity of silver powder, while the technological changes in downstream PV cells may require silver powder with different sintering activities, ranging from high to low sintering activity. Therefore, our ability to effectively control crystallinity is crucial for our ability to produce silver powder that adapts to the evolving downstream PV cell technologies; and
- **High product consistency and stability** — We can achieve a maximum single batch production of over 100 kg of silver powder, making us one of the highest per batch producers in the industry. Additionally, with our systematic quality control system, we can achieve high inter-batch stability of the silver powder. As a result, the silver powder that we produce for our customers on an industrial scale is characterised by consistency and stability, which is critical for effectively meeting our customers’ customised needs for silver powder.

The table below sets forth the major silver powder product series that we manufacture and offer on a commercial scale as of the Latest Practicable Date, and their product types and detailed technical specifications:

Product Series ⁽¹⁾	Particle Size Distribution				Particle Crystal Structure
	D10 (μm) ⁽²⁾	D50 (μm) ⁽²⁾	D90 (μm) ⁽²⁾	D100 (μm) ⁽²⁾	
152-3	≤0.32	0.2–0.36	≤1	—	Monocrystalline
152-5N	0.3–0.45	0.45–0.6	≤1	—	Monocrystalline
152-10	0.65–0.95	1.15–1.35	≤2.5	≤4.5	Monocrystalline
152-10H	0.55–0.9	0.9–1.1	1.2–1.7	1.5–3.6	Polycrystalline
152-10N	0.65–0.75	0.85–0.95	1.05–1.25	1.3–1.9	Monocrystalline
152-14H	0.85–1.00	1.15–1.25	1.45–1.65	1.8–2.7	Polycrystalline
152-16	0.85–1.25	1.3–1.5	1.5–2.5	2.2–6	Monocrystalline
152-16N	1.1–1.2	1.4–1.55	1.7–2.0	2.0–4.0	Monocrystalline
152-20	1.35–1.55	1.8–2.0	2.3–2.7	2.7–6.6	Monocrystalline
152-20J	1.35–1.45	1.8–1.87	2.3–2.55	2.7–5.0	Monocrystalline
152-25105M	0.6–0.9	2.05–2.35	2.8–3.2	3.5–5.5	Polycrystalline
156-16	1.05–1.15	1.35–1.5	1.8–1.9	2.3–2.55	Polycrystalline
156-16N	0.95–1.15	1.35–1.5	1.8–2.1	2.0–3.5	Polycrystalline
156-14L	0.85–1	1.15–1.25	1.5–1.75	2.0–3.1	Polycrystalline
158-14K	0.8–1.0	1.18–1.34	1.45–2.0	≤6	Polycrystalline
158-16K	0.95–1.05	1.4–1.5	1.8–2.3	2.7–6.0	Polycrystalline
162-Q10	0.55–0.7	0.8–1.0	0.8–2.0	≤5	Polycrystalline
162-Q14	0.8–0.9	1.08–1.31	1.4–2.05	≤6.5	Polycrystalline
162-F2	0.7–0.9	1.2–1.32	1.8–2.2	≤5	Polycrystalline
166-13	0.7–0.85	1.0–1.2	1.35–1.8	2.0–4.0	Polycrystalline
166-15	0.9–1.0	1.3–1.45	1.8–2.2	≤5	Polycrystalline
150-8	0.5–0.6	0.7–0.8	1.1–1.3	≤3	Monocrystalline
150-10	0.6–0.7	0.85–1.0	1.2–1.5	≤4	Monocrystalline

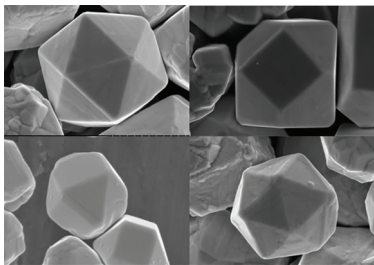
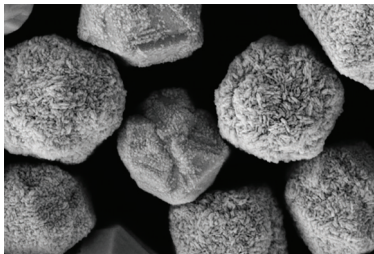
BUSINESS

Notes:

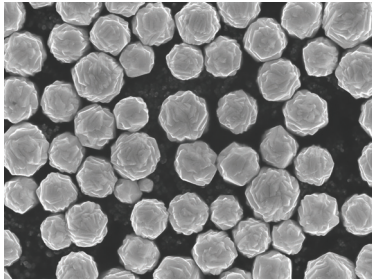
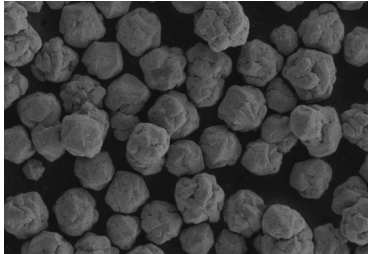
- (1) The names of the product series are generally based on our internal production generation and the specifications of the products. For instance, for the “152–10N” series of our silver powder product:
- “152” represents our internal production generation for the products;
 - “10” indicates the average particle size of the silver powder products. It is calculated by multiplying the D50 value (please see below for its meaning) by 10. As such, the average particle size of the “152–10N” series is 1.0 μm ; and
 - the suffixes, such as “N”, “H”, “M” and “K”, generally represent certain surface treatment specifications or specific customer customisations of the silver powder products. For example, the suffix “N” indicates that the product has undergone surface nano-structuring treatment, which involves modifying the surface of silver particles at the nanometre scale to improve various characteristics of silver powder, including its sintering activity and electrical properties.
- (2) D10, D50, D90, and D100 values are statistical measurements obtained from laser particle size analyser to describe the particle size distribution of a sample:
- D10 represents the particle size below which 10% of the particles in the sample are smaller;
 - D50, also known as the average particle size, the median, or the 50th percentile, represents the particle size below which 50% of the particles in the sample are smaller;
 - D90 represents the particle size below which 90% of the particles in the sample are smaller; and
 - D100 represents the maximum particle size in the sample.

BUSINESS

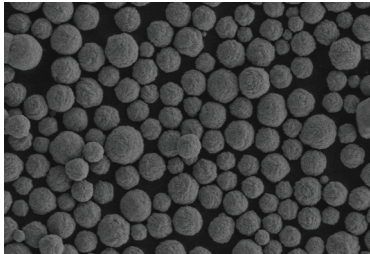
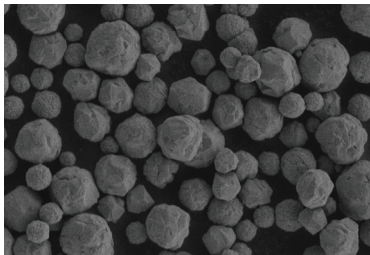
Set forth below are the representative scanning electron microscope (SEM) photographs and further introduction to the features of our major silver powder product series that we manufacture and offer on a commercial scale as of the Latest Practicable Date.

Series⁽¹⁾	SEM photograph	Features
152-XX	 <p>Example SEM photograph of 152-16 series</p>	<ul style="list-style-type: none"> • The particles exhibit distinct polyhedral characteristics with smooth and flat crystalline surfaces; • Demonstrate good screen printing permeability in silver paste applications, with relatively low sintering activity, which facilitates contact formation while limiting sintering shrinkage; and • Suitable for scenarios requiring improved contact performance.
152-XXN	 <p>Example SEM photograph of 152-16N series</p>	<ul style="list-style-type: none"> • A nanostructured shell is synthetically coated onto the surface of monocrystalline particles of 152-XX series; • Address the low sintering activity inherent to 152-XX series' monocrystalline structure, although with a slight compromise in printability; and • Suitable for scenarios requiring enhanced sintering shrinkage.

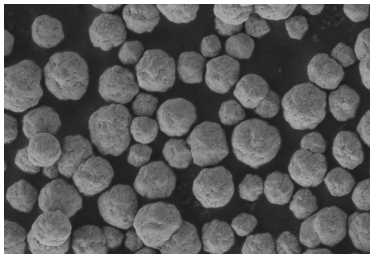
BUSINESS

Series ⁽¹⁾	SEM photograph	Features
156-XX	 <p>Example SEM photograph of 156-16 series</p>	<ul style="list-style-type: none"> • The particles exhibit good sphericity with a polycrystalline particle crystal structure and densely packed particles; • Sintering activity is enhanced compared to the 152-XX series, while printability shows improvement over the 152-XXN series; and • Well-balanced performance suitable for recent types of PV cells, such as TOPCon front- and back-side fine line applications.
158-XXK	 <p>Example SEM photograph of 158-16K series</p>	<ul style="list-style-type: none"> • The particles are quasi-spherical with a polycrystalline particle crystal structure, where the particles are not fully densely packed and exhibit irregular pore structures such as strip-shaped voids; • Both sintering activity and printability are improved compared to the 156-XX series; and • Well-balanced performance suitable for recent types of PV cells, such as TOPCon front- and back-side fine line applications.

BUSINESS

<u>Series⁽¹⁾</u>	<u>SEM photograph</u>	<u>Features</u>
162-QXX	 <p>Example SEM photograph of 162-Q10 series</p>	<ul style="list-style-type: none"> • The particles exhibit high sphericity with a polycrystalline particle crystal structure, where the particles are loosely packed and display a relatively uniform porous morphology; • The particles offer excellent sintering activity and superior screen printing permeability; and • Suitable for scenarios requiring enhanced sintering shrinkage.
162-FXX	 <p>Example SEM photograph of 162-F2 series</p>	<ul style="list-style-type: none"> • Composite silver powder comprising blended particle sizes and crystal structures; • Good screen printing permeability, with tunable sintering activity adaptable to different customers' specific silver paste formulations; and • Well-balanced performance suitable for recent types of PV cells, such as TOPCon front- and back-side fine line applications.

BUSINESS

Series ⁽¹⁾	SEM photograph	Features
166-XX	 <p>Example SEM photograph of 166-15 series</p>	<ul style="list-style-type: none"> • The particles are quasi-spherical with a polycrystalline particle crystal structure, featuring relatively uniform porous morphology and moderately compact particle arrangement; • Good screen printing permeability, with sintering activity moderately reduced compared to the 162-QXX series; and • Well-balanced performance, suitable for recent types of PV cells, such as TOPCon front and back-side fine line applications.

Note:

- (1) The “XX” refers to different particle sizes for the corresponding product series. As described above, we have the flexibility to produce silver powder in a specific particle size within a wide range from 0.1 to 3 μm . For instance, 152-XX includes 152-3, 152-5, 152-10, 152-16, and 152-20. The SEM images and features for these series of products are typically similar.

BUSINESS

Sales Volume Information of Product Series

The table below sets forth sales volume information for our top five silver powder product series for each of the years during the Track Record Period:

Product Series	Year ended 31 December									
	2022			2023			2024			Percentage of Total Sales Volume
	Sales Ranking (#)	Sales Volume (tonne)	Percentage of Total Sales Volume	Sales Ranking (#)	Sales Volume (tonne)	Percentage of Total Sales Volume	Sales Ranking (#)	Sales Volume (tonne)	Percentage of Total Sales Volume	
152-20	* ⁽¹⁾	4.1	1.1%	5	50.4	9.5%	1	170.4	28.7%	
152-10N	*	9.4	2.4%	3	58.3	11.0%	2	92.4	15.6%	
158-16K	— ⁽²⁾	—	—	*	2.7	0.5%	3	54.4	9.2%	
156-16	—	—	—	4	57.1	10.8%	4	52.5	8.8%	
152-14H	2	51.3	13.2%	1	186.8	35.3%	5	48.5	8.2%	
152-16	1	218.0	56.1%	2	114.9	21.7%	*	26.5	4.5%	
E30QP20	3	33.8	8.7%	—	—	—	—	—	—	
E10QP20	4	24.5	6.3%	—	—	—	—	—	—	
152-10	5	10.0	2.6%	—	—	—	—	—	—	
Total of Top Five Product Series	N/A	337.6	86.9%	N/A	467.5	88.3%	N/A	418.2	70.5%	

Notes:

- (1) The “*” symbol indicates that the particular product series did not rank among the top five product series in the given year, and as a result, the ranking is not provided.
- (2) The “—” symbol indicates that the particular product series was not produced, offered or sold in the given year.

BUSINESS

Changes in our product series portfolio during the Track Record Period were primarily driven by (i) advancements in downstream PV cell technologies, such as the transition from polycrystalline PERC cells to monocrystalline PERC cells in 2022, and the shift from monocrystalline PERC cells to TOPCon cells in 2023, resulted in changes in the demand for different silver powder. As a result, we continuously updated our silver powder product offerings to meet these evolving requirements; and (ii) our own advancements in silver powder production processes that allowed us to replace older product series with more advanced ones incorporating improved manufacturing techniques. For example, we developed *152-10N* as a substitute for *E10QP20*, and *152-16N* as a replacement for *E30QP20*, utilising more advanced production process and technologies.

Product Applications

Silver powder is a common metal powder with excellent electrical and thermal conductivity. It has extensive applications in various industries, including the PV industry, electronics industry, chemical industry, medicine industry, and food industry. See “Industry Overview — Global and China’s PV Silver Powder Industry — Definition and Overview of Silver Powder” in this Document for further details. Based on different application scenarios, our silver powder products can be categorised into PV silver powder products and non-PV silver powder products.

PV Applications

Our silver powder products are primarily used in the production of silver paste, a critical component in manufacturing PV cells. In the production of PV cells, silver powder and silver paste are integral components. The PV silver paste, which is primarily composed of high-purity silver powder mixed with glass grids, is applied to the surface of the PV cells using screen printing techniques to form a conductive grid, creating the necessary electrical contacts for the efficient functioning of the PV cells. As a result, the quality and characteristics of silver powder directly impact the conductive performance, printability, and reliability of PV silver paste, making it an essential raw material in the PV cell production industry.

BUSINESS

The PV cell industry is known for its continuous and rapid technological updates and improvements, and different technologies of PV cells have distinct characteristics that result in varying demands for silver powder. According to the specific dopant elements employed, PV cells can be classified into P-type and N-type, with P-type represented by PERC cells and N-type encompassing various technologies such as N-type TOPCon cells, N-type HJT cells, and N-type xBC cells. In recent years until 2022, P-type PERC cells had been the mainstream technology in the PV industry due to mature technologies and lower manufacturing costs compared with other types of PV cells in large-scale mass production. With the advantages of high efficiency, the market share of N-type cells in China’s PV cell industry experienced a significant increase since 2022. In 2024, N-type cells reached a market share of 73.8% in terms of production volume. TOPCon cells, offering higher average mass production conversion efficiencies of up to 26.5%, demand silver powder with superior conductivity and fine particle uniformity to support the advanced contact structures required for their performance. xBC cells, including TBC and HBC cells, utilise buried contact technology and have theoretical efficiency limits of up to 29.1%. To optimise conductivity and adapt to their complex contact structures, xBC cells require custom-formulated silver powder with enhanced physical and electrical properties. HJT cells combine crystalline silicon and thin-film technology, achieving high average mass production conversion efficiencies levels of 26.0%. See “Industry Overview — China’s PV Cell Industry — Definition and Overview of PV Cell Industry” in this Document for further information.

Our silver powder products are ultimately utilised in the production of all mainstream PV cells, including P-type PERC cells as well as more advanced N-type TOPCon, HJT, and xBC cells. We believe that we excel in key silver powder production measures such as the ability to control particle size, the degree of crystallinity and sintering activity of silver powder, dispersibility of silver powder, mass production capacity, single-batch production volume, and inter-batch consistency, as well as crucial product application characteristics including printability, conductivity and reliability of the silver paste produced using our silver powder. We are able to produce the advanced PV silver powder that is used in the production of more recent types of PV cells or their components. According to Frost & Sullivan, during the Track Record Period, the advanced PV silver powder includes the PV silver powder that is applied in the production of PV silver paste for the front-side fine grids in PERC cells and TOPCon cells, as well as conductive grids in HJT cells and xBC cells. The production of advanced silver powder typically involves higher production technology barriers, with the supply in China historically dominated by imported products until recent years. Leveraging our early mover advantage and strong production technology and process system, we have successfully manufactured the advanced PV silver powder that has gained acceptance among PV paste manufacturers.

BUSINESS

Non-PV Applications

A small portion of our silver powder products have been used for non-PV purposes, primarily in high-quality electronic components such as semiconductor packaging, PCB printed circuit boards, and transparent flexible display screens. We aim to expand our presence in new markets for silver powder, particularly in the high-quality electronic components sector. By leveraging our existing expertise and technological capabilities, we can diversify our product offerings and explore new revenue streams.

Product Life Cycle

According to Frost & Sullivan, the life cycle of PV silver powder products aligns with the life cycle of the PV cells, typically ranging from 20 to 25 years. At the end of the PV cells’ life cycle, the silver powder contained within the PV cells can only be recycled as silver waste and cannot be replaced.

Processing Services

We have provided processing services for some PV silver paste manufacturers since 2023. In particular, these customers provide us with silver ingots and request that we process them into PV silver powder. To fulfil this request, we first engage silver nitrate manufacturers to convert the silver ingots into silver nitrate, which then serves as the raw material for us to produce the PV silver powder products. We charge these customers processing fees for processing the silver ingots into the silver powder products. During the years ended 31 December 2023 and 2024, the revenue generated from our processing services was RMB1.5 million and RMB6.1 million, accounting for 0.1% and 0.2% of our total revenue for the respective years.

OPERATIONAL FLOW

The operational flow for our principal business of manufacturing and sales of silver powder is outlined as follows:



BUSINESS

Product Development

We usually formulate an annual product development plan during the first quarter of each year. When formulating the plan, we consider multiple factors, including our current production technology, the status of our existing products, and our collection and analysis of the needs and demands of customers and the market. Based on these factors, we establish a project development plan and allocate a budget. As the development process progresses, we set phased assessment goals and collect relevant data to evaluate the outcome of the product development projects.

Once a new product development project is included in the annual project development plan, our research and development department first designs a production scheme tailored to the specific requirements of the product. The development project subsequently involves several key stages, including small-scale testing (with each batch typically under 100g), pilot testing (with each batch typically ranging from 3 to 50 kg), scaled-up production (with each batch typically over 50 kg), product stabilisation, and mass production, ultimately leading to the mature sales phase. Throughout the process, particularly during the small-scale and pilot testing stages, we maintain close communication with involved customers to gather their evaluations and validations, and incorporate multiple rounds of refinement and optimisation based on customer feedback. In addition, to ensure a seamless transition from research and development to mass production, apart from the research and development department and production department, we have established a dedicated process engineering department. When new product development enters the stage of scaled-up production, the process engineering department starts to get involved, responsible for ensuring the better integration of basic product development achievements into the mass production stage.

Sales Order Placement

When a customer places an order for silver powder products with us, it specifies the intended purchase volume alongside either a fixed asking price for silver effective for the ordering day or instructions to purchase silver at the real-time market price. In the case of a fixed asking price order, once the actual market price of silver reaches the asking price, we confirm the customer’s order, thereby reaching a sales agreement with the customer based on its asking silver price and a pre-negotiated mark-up to be charged by us. In the case of a real-time market price order, we immediately proceed to confirm the customer’s order, reaching a sales agreement based on the prevailing market price of silver at the time and the pre-negotiated mark-up.

Throughout this process, the prevailing market price of silver is determined with reference to either the highest real-time price for Silver No. 1 on the Metal Information Network (金屬資訊網) at www.i001.com or the real-time Ag(T + D) price (the trading price for silver spot deferred delivery contracts) on the Shanghai Gold Exchange’s (上海黃金交易所).

BUSINESS

Procurement

For silver nitrate, our primary raw material, our procurement process runs concurrently with the sales order placement process as described in the “— Sales Order Placement” section above. Upon receiving the customer order, we immediately place a corresponding order with our silver nitrate supplier, matching the customer order’s specified volume and price instruction. Almost simultaneously with our sales department confirming the customer order, our silver nitrate supplier confirms our procurement order, reaching a purchase agreement based on the silver market price referenced in the customer’s sales agreement. Logistics for silver nitrate are handled by our suppliers. We settle the payment with suppliers upon, before, or within a few days after silver nitrate delivery, completing the procurement process. As for other auxiliary raw materials, including reducing agents and dispersants, we typically prepare a certain level of inventories in advance.

Production

All production of our silver powder products takes place at our Jinan production facilities. The production cycle for our silver powder products varies depending on the complexity of different product series. Typically, a single batch production is completed within 20 hours. Throughout the production process, we conduct quality control procedures at various key stages, starting from the receipt of raw materials to the finished products. These procedures help ensure that our production processes are carried out properly in accordance with our quality requirements.

Product Delivery

We engage qualified third-party logistics providers for the delivery of all finished products from our manufacturing facilities to locations specified by our customers. The cost and risks of delivery are borne by us.

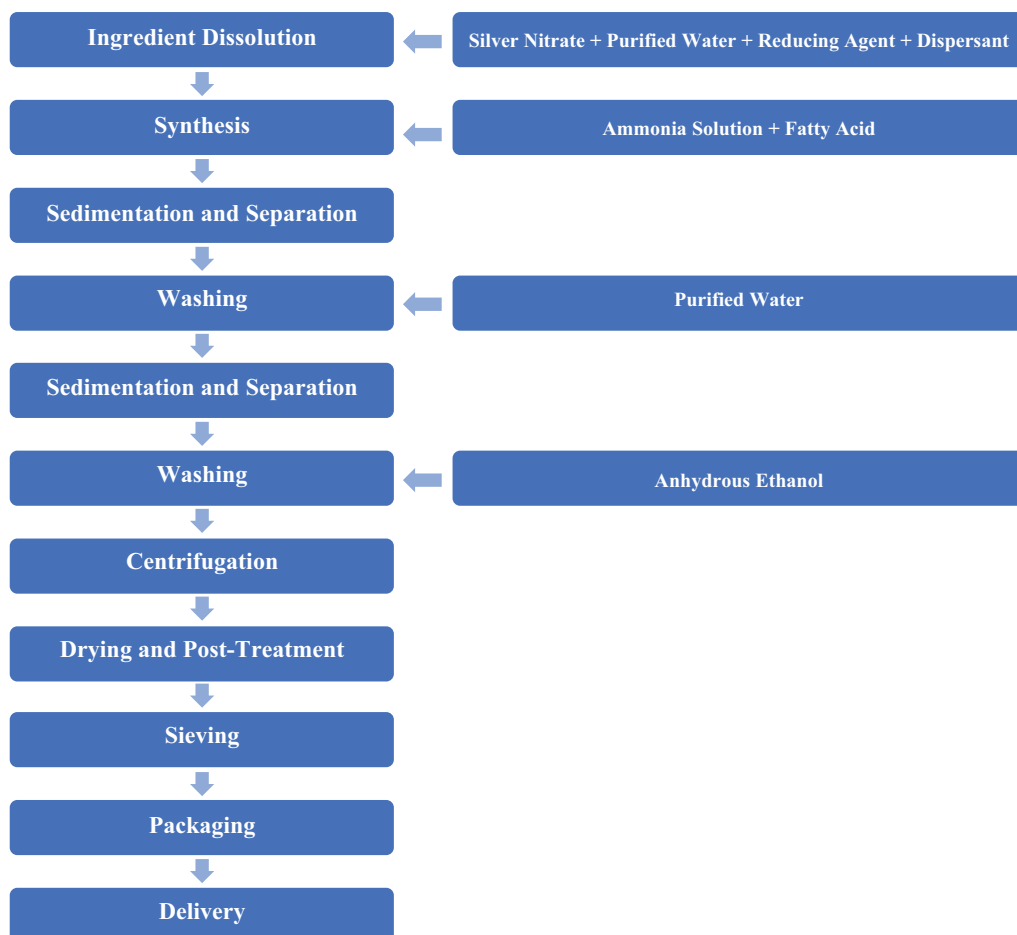
PRODUCTION

Production Process

Our production process is designed to uphold high standards of quality while promoting operational efficiency and the ability to meet customer demands promptly. The process primarily consists of eight key stages: ingredient dissolution, synthesis, sedimentation and separation, washing, centrifugation, drying and post-treatment, sieving, and packaging. After packaging, the product is classified as finished goods, ready for delivery to customers. At every key stage, quality control and testing are meticulously conducted to improve process stability, product quality, and batch consistency.

BUSINESS

The following chart illustrates the key stages of the production process for our silver powder products:



BUSINESS

No.	Process Name	Process Description
1	Ingredient Dissolution	Ingredient dissolution involves weighing or measuring (i) the main production raw material, i.e., silver nitrate, (ii) reducing agents, such as Vitamin C ($C_6H_8O_6$), and (iii) dispersants, such as polyvinyl pyrrolidone ($((C_6H_9NO)_n)$), according to the required proportions for silver powder production. These materials are dissolved in pure water or organic solvents to form a solution containing silver ions (Ag^+) to prepare for the controlled synthesis of silver powder.
2	Synthesis	Synthesis refers to the process of generating silver powder from the dissolved raw materials. This is accomplished using our silver powder control synthesis technology, i.e., liquid-phase reduction method, which (i) allows for the reduction of silver from an ionic state (Ag^+) to an atomic state (Ag) achieved by reducing agents reacting with the silver ions and (ii) enables the directed growth of silver atoms into silver powder particles. Throughout the synthesis process, dispersants, and other ancillary materials added in this stage, such as ammonia solution ($NH_3 \cdot H_2O$) and fatty acid, work to control the particle size distribution and shape of the silver particles and prevent agglomeration, as well as to achieve other desired features of the silver powder, such as dispersibility and uniformity.
3	Sedimentation and Separation	Sedimentation and separation involve using gravity in specially designed settling tanks to achieve solid-liquid separation. The liquid is drawn off from the top, leaving the silver powder to proceed to the next stage.
4	Washing	Washing involves using purified water (H_2O) or anhydrous ethanol (C_2H_6O) to remove residual raw materials, such as residual reducing agents and dispersants, and impurities from the surface of the silver powder. This is followed by further surface treatment to ensure that the silver powder exhibits excellent dispersibility.
5	Centrifugation	Centrifugation refers to using a high-speed centrifuge to achieve solid-liquid separation again for the washed silver powder, and to achieve preliminary drying.

BUSINESS

No.	Process Name	Process Description
6	Drying and Post-Treatment	Drying involves removing moisture and other volatile substances from the surface of the silver powder, turning it into a dry powder state. Post-treatment includes deagglomerating, breaking apart, and surface shaping the dried silver powder particles, further controlling their morphology and surface treatment.
7	Sieving	Sieving involves passing the silver powder through high-mesh screens or grading it to remove impurities.
8	Packaging	The finished silver powder is divided, weighed, packaged, and stored according to the unit packaging specifications.

We generally adopt an “on-demand manufacturing” approach for our silver powder production. This involves procuring raw materials, primarily including silver nitrate, and commencing manufacturing based on customer orders. With our mature and streamlined production management technology, the production cycle for a single batch of silver powder products usually takes approximately 20 hours.

Production Facility and Capacity

Our fully integrated plant is located in Jinan, Shandong province, with a total site area of 57,998.0 sq. m. and a total gross floor area of 8,780.64 sq. m. Set forth below are some photographs of our plant:



BUSINESS



The table below sets forth the total designed production capacity, actual production volume, and utilisation rates of our production facility during the Track Record Period:

	Year ended 31 December		
	2022	2023	2024
Designed Production Capacity (tonnes)	594 ⁽¹⁾	1,485 ⁽²⁾	1,485 ⁽²⁾
Actual Production Volume (tonnes)	398.7	545.4	644.3
Utilisation Rate (%)⁽³⁾	67.1%	36.7%	43.4%

Notes:

- (1) The designed production capacity for 2022 is calculated based on the following assumptions: an average production of 100 kg per batch, 18 batches per day, and 330 production days per year.
- (2) The designed production capacity for 2023 and 2024 is calculated based on the following assumptions: an average production of 100 kg per batch, 45 batches per day, and 330 production days per year.
- (3) The utilisation rate for the year is calculated by dividing the actual production volume by the designed production capacity for the same year.

During the Track Record Period, we experienced an increase in our designed production capacity as a result of continuous technological advancements and improvements in our production facilities leading to an increase in the number of production batches per day. Notably, our innovative and efficient silver powder synthesis technology has significantly reduced the synthesis time for each batch to be completed. In addition, we have installed additional equipment in our production facilities.

BUSINESS

From January 2021 to July 2023, due to rapid sales growth, the actual production of silver powder of our operating subsidiary, Janbon Colloidal Materials, exceeded its environmental assessment quota of 50 tonnes per year approved by the Jinan Municipal Bureau of Ecology and Environment* (濟南市環境保護局) at the time. To address this issue, Janbon Colloidal Materials promptly implemented expansion measures and obtained an updated environmental assessment quota of 1,500 tonnes per year in July 2023. In addition, Janbon Colloidal Materials received confirmation letters issued in October 2023 by Jinan Tianqiao District Emergency Management Bureau* (濟南市天橋區應急管理局), Jinan Tianqiao District Development and Reform Bureau* (濟南市天橋區發展和改革局), and Jinan Tianqiao District Ecological Environment Bureau (Tianqiao Sub-bureau)* (濟南市生態環境局天橋分局), competent authorities advised by our PRC Legal Adviser, confirming that the prior overproduction incidents did not constitute a material violation of laws or regulations and no related penalties were imposed. Our PRC Legal Adviser is of the view that: (i) the prior overproduction incidents of the production facility did not constitute a material breach of the relevant PRC laws and regulations; (ii) Janbon Colloidal Materials has expanded its environmental assessment quota from 50 tonnes per year to 1,500 tonnes per year and has completed all necessary filings and approval procedures; and (iii) the risk of penalties being imposed on Janbon Colloidal Materials in this respect is remote. Therefore, our Directors are of the view that these incidents did not have any material adverse impact on our business, operations, or financial condition.

The utilisation rate of our production facility decreased from 67.1% for the year ended 31 December 2022 to 36.7% for the year ended 31 December 2023, due to the increase in our designed production capacity during the same periods. The utilisation rate of our production facility then increased from 36.7% for the year ended 31 December 2023 to 43.4% for the year ended 31 December 2024. This increase can be attributed to the fact that although the designed production capacity remained unchanged, our production volume increased in line with the increased sales volume of our silver powder products during the corresponding periods. For more details about the increase in our sales volume, see “Financial Information — Review of Historical Result of Operations” in this Document.

Production Equipment and Staff

We own all of our production equipment and machinery. Most of our production equipment and machinery are sourced domestically in China, while certain high-precision equipment used in post-processing steps is imported. The equipment and machinery used in our productions were either standard machinery and equipment which are readily available on the market or tailor-made equipment produced based on the designs we provided to the manufacturers. We believe that we do not materially rely on any machinery and equipment manufacturers as these manufacturers are widely available. Our major production equipment and machinery have an estimated useful life from five to 10 years. Depreciation is calculated on a straight-line basis to write off the cost of our production equipment and machinery to its residual value over its estimated useful life.

BUSINESS

The following table describes our main production equipment and machinery as of the Latest Practicable Date:

<u>Name of the Equipment</u>	<u>Usage and Characteristics of the Equipment</u>
Glass-lined reactor	Dissolve materials; silver powder synthesis
Electronic balance	Weigh materials
Purified water cooling system	Control water temperature
Automated feeding system	Control the material feeding process
Polypropylene tank	Solid-liquid separation
Diaphragm pump	Extract liquid
High-speed disperser	Disperse silver powder
Centrifuge	Solid-liquid separation
Hot air circulation oven	Dry silver powder
High-speed mixer	Surface treatment of silver powder
Ultrasonic vibrating screen	Remove impurities
Packaging machine	Packaging materials
Jet classifier	Remove impurities

Our production line staff is primarily divided into four categories: production personnel, equipment management personnel, quality inspection personnel, and process engineering personnel. Production personnel ensure standardised production operations and maintain production output stability. Equipment management personnel handle equipment inspections, routine checks, and maintenance to ensure the safe and orderly operation of production equipment. Quality inspection personnel conduct inspections and provide feedback on quality control during the production process. Process engineering personnel are primarily responsible for supervising production process flows, adhering to process standards, and addressing any on-site production technical issues or anomalies.

BUSINESS

Maintenance

We carry out inspections and maintenance at our production facilities and for our machinery and equipment on a periodic basis. Our inspections involve cleaning and greasing machines and equipment. We have developed and periodically updated internal repair and maintenance protocols at our production facilities according to the characteristics and requirements of the particular equipment and machinery to help ensure our production facilities perform at expected levels. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material or prolonged suspension of operations due to failures of our machinery or equipment at our production facilities.

RESEARCH AND DEVELOPMENT

We prioritise research and development as a critical driver of our business, enabling us to meet evolving customer needs, adapt to industry trends, and maintain our competitive advantage. At the start of each year, we establish a research and development plan, taking into account factors such as our existing technological capabilities, market demands, and customer feedback. Our current research and development efforts are focused on advancing technologies and processes related to PV silver powder manufacturing, aiming to strengthen our market leadership in the industry. Additionally, we are exploring strategic areas such as non-PV applications and alternative conductive materials, including copper powder and silver-coated copper powder, to enhance our long-term competitiveness. Looking ahead, our research and development strategy will also emphasise efficiency improvements to address increasing price competition from domestic players.

During the Track Record Period, our research and development expenses amounted to RMB23.4 million, RMB24.8 million, and RMB26.5 million, respectively, representing 82.6%, 74.7%, and 63.1% of our operating expenses during the same periods. For details on the accounting policies for our research and development expenses, please refer to Note 2.4 to the Accountants’ Report in Appendix I to this Document.

In the rapidly evolving PV cell technology landscape, it is crucial for silver powder manufacturers to promptly adjust their products to match the characteristics of the latest PV cell technology. Our research and development efforts have successfully facilitated the adaptation of our silver powder products to various changes and advancements in PV cell technology. For instance, in 2022, we enhanced our monocrystalline silver powder products through surface nano-structuring treatment, which involves modifying the surface of silver particles at the nanometre scale to improve various characteristics of silver powder, including its sintering activity and electrical properties. As the PV cell industry transitioned from polycrystalline cells to monocrystalline PERC cells in 2021 and 2022, we introduced silver powder products tailored for monocrystalline applications. Subsequently, with the emergence of new PV cell technologies such as TOPCon, HJT, and xBC cells starting from 2023, we expanded our product range to include polycrystalline silver powders suitable for these new applications. We also introduced new nanosized silver powder products specifically designed for HJT cell production in 2023 and a new series of silver powder products for use in TOPCon cell LECO technology in early 2024. Additionally, in 2025, in

BUSINESS

response to emerging industry and customer demands to reduce silver consumption, we developed a new silver powder product series tailored for finer grid printing and another series designed for producing silver paste with lower silver content.

We established a dedicated process engineering department to closely integrate research and development with production, enabling a seamless transition from development to manufacturing. This approach enables us to address challenges in scaling innovations for mass production while maintaining stability and efficiency in our manufacturing operations. As of the Latest Practicable Date, our research and development department and process engineering department, headed by Dr. Chen Bo, our Deputy General Manager, had a total of ten members, one of whom hold a doctorate degree, four of whom hold a master’s degree, and four of whom have been with us for more than seven years. They have undergone rigorous training and possess extensive experience in a wide range of specialised fields that are essential to the research and development of silver powder production technology and processes, including chemistry, physics, chemical engineering and technology, and nanomaterials chemistry.

While fully protecting intellectual property through patents presents challenges in the silver powder industry, we safeguard our innovations through rapid product development and selective patent applications. As of the Latest Practicable Date, we held 19 invention patents and 23 utility model patents, most of which are related to PV silver powder manufacturing technology and processes. As of the Latest Practicable Date, we have not encountered any significant issues related to unauthorised disclosure of research and development information.

Key Technologies

We have developed an independent and comprehensive system of silver powder production technology and processes, with full proprietary intellectual property rights. Our research and development on the commercial production of PV silver powder began in December 2012. Over the years, we have continued to invest, improve, and refine the underlying technology and production processes through our own efforts in order to achieve large-scale and stable production of silver powder. Our system of silver powder production technology and processes is independent of other manufacturers. Since our inception, we have not acquired any related technology or technicians from other sources. We have mastered the entire silver powder production process, from ingredient mixing to silver powder synthesis, sedimentation and separation, washing, centrifugation, drying and post-treatment, sieving, and packaging.

BUSINESS

There are four sets of our proprietary production technology that are key to our silver powder production, serving as the backbone of our production processes and empowering us to rapidly and effectively meet the specific customisation demands of our customers:

- ***Particle size control technology*** — A standout feature of our silver powder production technology is our advanced particle size control technology, which we have descriptively named “infinite variable speed.” This technology enables us to produce silver powder particles at desired sizes within the broad spectrum of 0.1 to 3 μm , according to our customers’ specific requirements, rather than a limited number of pre-set size options. Additionally, we can attain the specified particle sizes with greater precision and smaller deviation. We achieve the above particle size control goal by ensuring that the crystal growth points of silver powder particles in the reaction kettle are fixed and no other crystal growth points appear throughout the process;
- ***Particle crystal structure control technology*** — We have developed technologies and processes capable of producing various particle crystal structures, primarily including different types of monocrystalline and polycrystalline silver powders. Our technology can produce monocrystals that can be further categorised into regular monocrystals, twinned crystals, surface-nanosized monocrystals, etc. For polycrystalline silver powders, we can produce particles with different particle sizes (ranging from submicron to nanoscale), different shapes (wire-shaped, rod-shaped and flake-shaped), and different structures (dense, loose, and porous). These diverse particle crystal structures are designed for specific applications in silver paste and PV cells, and they have already proven to be valuable by generating significant revenue. Additionally, we have reserved several particle crystal structure control technologies that may prove valuable in the future and promote our business, such as cluster structures and polycrystalline structures with large particle designs;
- ***Morphology control technology*** — In addition to spherical silver powder, which constitutes the vast majority of our products today, we have developed technologies to produce silver powder in various other shapes, such as flake-shaped, rod-shaped, and other morphologies. Furthermore, we anticipate that certain other morphological advancements, such as nanoscale silver flakes and nanowires, may create new market opportunities for us and have a significant positive impact on our business; and
- ***Particle surface modification technology*** — Our PV silver powder surface treatment technology is diverse and comprehensive, giving us an edge in the industry. Based on different downstream PV cell applications and the specific needs of our customers, we can modify the surface of silver powder particles to range from hydrophilic (polar) to oleophilic (non-polar). Our surface modification techniques include both chemical modification through functional group bonding and physical modification through surface coating. Additionally, we have introduced imported advanced high-line-speed physical shaping and modification equipment to further enhance our ability to improve the sphericity and surface roughness of silver powder.

BUSINESS

Joint Research and Development

In addition to our internal innovation efforts, we actively engage in collaborative projects with renowned universities, research institutions and experts in Shandong province on selected research projects. For instance, in September 2023, we entered into an agreement with University of Jinan (濟南大學) to jointly establish the “Janbon New Materials — Jinan University Electronic Materials Industry Technology Research Institute*” (建邦新材 — 濟南大學電子材料產業技術研究院). The purpose of this collaboration is to leverage the technological, talent, and industry advantages of the School of Chemical Engineering at University of Jinan, along with our production, operational, and financial strengths, to promote technological innovation and the commercialization of research outcomes. The research institute would provide us with specific research and development capabilities, including the development of innovative technologies and products for the electronic materials industry. Additionally, the research institute would recommend outstanding graduates to us, and University of Jinan has established the “Janbon Class” to provide us with opportunities for personnel training and continuing education. Currently, several members of our research and development department and process engineering department and some technical and administrative staff are enrolled in this programme to pursue a master’s degree while working.

In 2023, we collaborated with Professor Li Cuncheng from University of Jinan, a Taishan Scholar Overseas Distinguished Expert* (泰山學者海外特聘專家) designated by the Shandong Provincial government and specialised in the field of nanomaterial technology, to establish a “Jinan City Expert Workstation*” (濟南市專家工作站) recognised by Jinan Municipal Party Committee Organisation Department* (濟南市委組織部) and Jinan Municipal Association for Science and Technology* (濟南市科學技術協會). Through this cooperation, Professor Li Cuncheng would offer scientific guidance for our long-term development, extend technical support to us, train scientific and technological talents for us, and establish a platform for technological innovation.

We also conduct joint research and development exercises with selected customers. For example, in 2023, we started a three-year collaboration with Heraeus Photovoltaics (Shanghai) Co., Ltd. (賀利氏光伏(上海)有限公司) (“Heraeus”) as part of the Heraeus PV Innovation Platform* (賀利氏光伏創新平台). The collaboration aims to leverage the strengths and resources of both parties to enhance information exchange and strengthen research and development in the field of PV pastes and includes holding industry forums, sharing industry data, joint utilisation of laboratory resources, customer and project cross-referrals, as well as joint investment in new research and development projects.

In these joint research and development exercises, the related agreements typically include intellectual property rights provisions, which allow us to retain the ownership of, and entitlement to the benefits arising from, the relevant intellectual property generated during the collaboration.

BUSINESS

RAW MATERIALS AND SUPPLIERS

Raw Materials

As of the Latest Practicable Date, we procure all of our raw materials domestically. The key raw materials for our silver powder products include:

- silver nitrate;
- reducing agents, primarily Vitamin C ($C_6H_8O_6$); and
- dispersants, primarily polyvinyl pyrrolidone ($(C_6H_9NO)_n$).

Silver nitrate is our primary raw material. During the years ended 31 December 2022, 2023, and 2024, our silver nitrate procurement costs amounted to RMB1,692.0 million, RMB2,667.0 million, and RMB3,830.4 million, representing 98.1%, 98.6%, and 99.1% of our procurement costs of raw materials, respectively.

Our purchase of silver nitrate is significantly influenced by fluctuations in the prevailing silver price. However, these fluctuations do not have a substantial impact on our operations. Almost simultaneously with our sales department confirming orders with customers for our silver powder products, our silver nitrate supplier confirms our procurement order based on the silver market price referenced in the customer order, effectively limiting our exposure to the fluctuations in the prevailing silver price. This price is determined with reference to either the highest real-time price for Silver No. 1 on the Metal Information Network (金屬資訊網) at www.i001.com or the real-time Ag(T+D) price (the trading price for silver spot deferred delivery contracts) on the Shanghai Gold Exchange’s (上海黃金交易所). See “Business — Our Operational Flow — Sales Order Placement” and “Business — Operational Flow — Procurement” of this Document for details of our sales and procurement order placement mechanism.

Major Suppliers

Our suppliers are primarily raw material providers. We carefully select our suppliers to ensure the quality of raw materials. This includes conducting on-site inspections by our production and quality control teams upon delivery. For new suppliers, we require them to provide samples of their supplies, which undergo stringent testing before we approve them for use in our production. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material shortages or delays in the supply of raw materials, and there had been no quality issues from suppliers that have materially and adversely affected our operations.

BUSINESS

Most of our raw material suppliers are direct manufacturers of the relevant raw materials, with some being agents of the raw material manufacturers. We choose to source from these agent companies because they can offer more flexible business terms and more timely services.

We believe that we have a good relationship with our key suppliers, which include large state-owned silver nitrate manufacturers to reputable private silver nitrate manufacturers, and their agents. None of these entities are our connected persons.

During the years ended 31 December 2022, 2023, and 2024, purchases from our largest supplier accounted for 58.3%, 51.1%, and 47.9% of our total amount of purchase, respectively, while our five largest suppliers accounted for 98.4%, 97.7%, and 98.3% of our total amount of purchase during the respective years. Further details regarding our five largest suppliers during the Track Record Period are summarised in the table below:

BUSINESS

For the year ended 31 December 2024

No.	Top Five Suppliers	Products Purchased by Us or Services Provided by Them	Purchase (RMB in thousand)	As a Percentage of Total Purchase	Company Background	Registered Capital	Place of Registration	Typical Credit Term	Payment Method	Year of Establishing Business Relationship with Us
1	Lanzhou Jinchuan Technology Park Co., Ltd.* (蘭州金川科技園有限公司)	Silver nitrate and processing services ⁽¹⁾	1,857,168	47.9%	A state-owned company established in 2010 in the PRC and mainly engaged in the research and industrialisation of battery cathode materials and battery recycling, high-purity metals, deep processing of precious metals, and silver materials; direct manufacturer	RMB1,826.5 million	Lanzhou, China	Payment within seven days of delivery or payment on delivery	Bank transfer	2022
2	Jiangsu Jinji New Material Technology Co., Ltd.* (江蘇金集新材料科技有限公司) and an entity under its control	Silver nitrate and processing services ⁽¹⁾	682,763	17.6%	A company established in 2021 in the PRC and mainly engaged in the business of various chemical additives; direct manufacturer	RMB100 million	Changzhou, China	Payment before delivery	Bank transfer	2021
3	Zhejiang Hongda New Material Development Co., Ltd.* (浙江宏達新材料發展有限公司)	Silver nitrate and processing services ⁽¹⁾	602,983	15.5%	A company established in 1997 in the PRC and mainly engaged in the hydrometallurgy, refining, and recovery of precious metals; direct manufacturer	RMB36.6 million	Shaoxing, China	Payment on delivery	Bank transfer	2023

BUSINESS

No.	Top Five Suppliers	Products Purchased by Us or Services Provided by Them	Purchase (RMB in thousand)	As a Percentage of Total Purchase	Company Background	Registered Capital	Place of Registration	Typical Credit Term	Payment Method	Year of Establishing Business Relationship with Us
4	Tongbai Hongxin New Material Co., Ltd.* (桐柏泓鑫新材料有限公司)	Silver nitrate	412,921	10.6%	A state-owned company established in 2019 in the PRC and dedicated to the research, production, and sales of silver nitrate, silver powder, silver paste, and silver salts; direct manufacturer	RMB20 million	Nanyang, China	Payment before delivery	Bank transfer	2016 ⁽²⁾
5	Shanghai Zhebo New Material Technology Co., Ltd.* (上海浙铂新材料科技有限公司)	Silver nitrate	261,833	6.7%	A company established in 2018 in the PRC and engaged in the research, development, and sales of precious metals; the agent of well-known PRC silver nitrate manufacturers	RMB10 million	Shanghai, China	Payment within one day of delivery	Bank transfer	2018

BUSINESS

For the year ended 31 December 2023

No.	Top Five Suppliers	Products Purchased by Us or Processing Services Provided by Them	Purchase (RMB in thousand)	As a Percentage of Total Purchase	Company Background	Registered Capital	Place of Registration	Typical Credit Term	Payment Method	Year of Establishing Business Relationship with Us
1	Lanzhou Jinchuan Technology Park Co., Ltd.* (蘭州金川科技園有限公司)	Silver nitrate	1,386,558	51.1%	A state-owned company established in 2010 in the PRC and mainly engaged in the research and industrialisation of battery cathode materials and battery recycling, high-purity metals, deep processing of precious metals, and silver materials; direct manufacturer	RMB1,826.5 million	Lanzhou, China	Payment within seven days of delivery	Bank transfer	2022
2	Shanghai Zhebo New Material Technology Co., Ltd.* (上海浙鉬新材料科技有限公司)	Silver nitrate	727,771	26.8%	A company established in 2018 in the PRC and engaged in the research, development, and sales of precious metals and their catalysts; the agent of well-known PRC silver nitrate manufacturers	RMB10 million	Shanghai, China	Payment within seven days of delivery	Bank transfer	2018
3	Tongbai Hongxin New Material Co., Ltd.* (桐柏泓鑫新材料有限公司)	Silver nitrate	244,959	9.0%	A state-owned company established in 2019 in the PRC and dedicated to the research, production, and sales of silver nitrate, silver powder, silver paste, and silver salts; direct manufacturer	RMB20 million	Nanyang, China	Payment before delivery	Bank transfer	2016 ⁽²⁾

BUSINESS

No.	Top Five Suppliers	Products Purchased by Us or Services Provided by Them	Purchase (RMB in thousand)	As a Percentage of Total Purchase	Company Background	Registered Capital	Place of Registration	Typical Credit Term	Payment Method	Year of Establishing Business Relationship with Us
4	Jiangsu Jinji New Material Technology Co., Ltd.* (江蘇金集新材料科技有限公司) and entities under its control	Silver nitrate and processing services ⁽¹⁾	161,043	5.9%	A company established in 2021 in the PRC and mainly engaged in the business of various chemical additives; direct manufacturer	RMB100 million	Changzhou, China	Payment before delivery	Bank transfer	2021
5	Zhejiang Hongda New Material Development Co., Ltd.* (浙江宏達新材料發展有限公司)	Silver nitrate	132,048	4.9%	A company established in 1997 in the PRC and mainly engaged in the hydrometallurgy, refining, and recovery of precious metals; direct manufacturer	RMB36.6 million	Shaoxing, China	Payment on delivery	Bank transfer	2023

BUSINESS

For the year ended 31 December 2022

No.	Top Five Suppliers	Products Purchased by Us	Purchase (RMB in thousand)	As a Percentage of Total Purchase	Company Background	Registered Capital	Place of Registration	Typical Credit Term	Payment Method	Year of Establishing Business Relationship with Us
1	Lanzhou Jinchuan Technology Park Co., Ltd.* (蘭州金川科技園有限公司)	Silver nitrate	1,010,533	58.3%	A state-owned company established in 2010 in the PRC and mainly engaged in the research and industrialisation of battery cathode materials and battery recycling, high-purity metals, deep processing of precious metals, and silver materials; direct manufacturer	RMB1,826.5 million	Lanzhou, China	Payment within seven days of delivery	Bank transfer	2022
2	Shanghai Zhebo New Material Technology Co., Ltd.* (上海浙鉑新材料科技有限公司)	Silver nitrate	555,868	32.1%	A company established in 2018 in the PRC and engaged in the research, development, and sales of precious metals and their catalysts; the agent of well-known PRC silver nitrate manufacturers	RMB10 million	Shanghai, China	Payment within seven days of delivery	Bank transfer	2018
3	Tongbai Hongxin New Material Co., Ltd.* (桐柏泓鑫新材料有限公司)	Silver nitrate	117,081	6.8%	A state-owned company established in 2019 in the PRC and dedicated to the research, production, and sales of silver nitrate, silver powder, silver paste, and silver salts; direct manufacturer	RMB20 million	Nanyang, China	Payment before delivery	Bank transfer	2016 ⁽²⁾

BUSINESS

No.	Top Five Suppliers	Products Purchased by Us	Purchase (RMB in thousand)	As a Percentage of Total Purchase	Company Background	Registered Capital	Place of Registration	Typical Credit Term	Payment Method	Year of Establishing Business Relationship with Us
4	Shanghai Xietai Chemical Co., Ltd.* (上海協泰化工有限公司)	Dispersant	12,191	0.7%	A company established in 2000 in the PRC and mainly engaged in the business of imported pharmaceutical excipients; the agent of a large international chemical company	RMB1 million	Shanghai, China	Payment within 25 days of delivery	Bank transfer	2019
5	Jiangsu Jinji New Material Technology Co., Ltd.* (江蘇金集新材料科技有限公司)	Silver nitrate	8,558	0.5%	A company established in 2021 in the PRC and mainly engaged in the business of various chemical additives; direct manufacturer	RMB100 million	Changzhou, China	Payment before delivery	Bank transfer	2021

Notes:

- (1) Processing services refer to the services provided by the suppliers to us to convert the silver ingots into silver nitrate. We require such services when we provide processing services to some of our customers, whereby we manufacture and supply silver powder products to them using silver ingots provided by them and charge a processing fee.
- (2) Tongbai Hongxin (桐柏泓鑫) was established in 2019 to take over all the production and business operations of its predecessor. We have had a business relationship with its predecessor since 2016.

BUSINESS

None of our Directors, their associates or any shareholders holding more than 5% of our issued share capital, to the best knowledge of our Directors, had any interest in any of our five largest suppliers in each year during the Track Record Period and as of the Latest Practicable Date.

Key Commercial Terms

We have not entered into any long-term or exclusive agreements with our raw material suppliers during the Track Record Period. Instead, we typically enter into a purchase agreement with our suppliers for each purchase. Our raw materials purchase agreements typically contain the following key terms:

- **Pricing:** The agreements typically specify tax-exclusive unit prices, applicable taxes, and a total price inclusive of taxes. Prices are clearly stipulated in the agreements, which also outline the quality standards required for the products;
- **Delivery Terms:** Suppliers are responsible for delivering goods to our designated delivery location, typically our production facility, with all transportation, packaging, and related costs borne by the suppliers. Ownership and risk of loss are transferred upon inspection and acceptance of the goods at our facilities;
- **Payment Terms:** Our payment terms vary depending on the specific counterparties and circumstances, ranging from payment on delivery, payment before delivery, to payment within a few days after delivery;
- **Inspection and Quality Assurance:** All products are subject to inspection upon delivery at our facilities. Suppliers are required to provide products that meet the agreed-upon quality standards, including specifications related to size, quantity, functionality, and packaging. In the event of non-compliance or defects, suppliers must provide replacements or bear the costs of rectification. If repeated replacements fail to meet the required standards, we reserve the right to terminate the contract, with suppliers assuming responsibility for any resulting losses or damages; and
- **Confidentiality:** Both parties are obligated to maintain confidentiality regarding the technical materials, intellectual property, and agreement contents involved in the contract. Such information shall not be disclosed or shared without prior written consent.

BUSINESS

Our Relationship with Major Suppliers

During the Track Record Period, our procurement of raw materials, primarily including silver nitrate, was concentrated to a certain extent. During the years ended 31 December 2022, 2023, and 2024, purchases from our largest supplier of raw materials accounted for 58.3%, 51.1%, and 47.9% of our total amount of purchase, respectively, while our five largest suppliers of raw materials accounted for 98.4%, 97.7%, and 98.3% of our total amount of purchase during the respective years.

Our suppliers are primarily suppliers of silver nitrate. Lanzhou Jinchuan (蘭州金川), Shanghai Zhebo (上海浙鉑), and Tongbai Hongxin (桐柏泓鑫), were our three primary supplies of silver nitrate during the Track Record Period. According to Frost & Sullivan, Lanzhou Jinchuan (蘭州金川) and Tongbai Hongxin (桐柏泓鑫) are two leading domestic producers of silver nitrate, Shanghai Zhebo (上海浙鉑) is the agent of several domestic producers of silver nitrate, and they collectively accounted for over 50% of the total supply of silver nitrate in China during each of years within the Track Record Period. As such, silver nitrate supply is inherently concentrated in China, according to Frost & Sullivan. Therefore, we believe that the concentration level of our suppliers of silver nitrate is primarily due to the structural characteristics of the industry.

We have established long-term and stable supply relationships with all these three leading domestic producers of silver nitrate. Our collaboration spans over nine years with Tongbai Hongxin (桐柏泓鑫), over seven years with Shanghai Zhebo (上海浙鉑), and over three years with Lanzhou Jinchuan (蘭州金川). We are confident that each of these suppliers can prioritise our silver nitrate supply, mitigating the risk of any one supplier being unable to meet our demand. To further manage potential silver nitrate supply disruptions, we have implemented additional measures to address these risks. During the Track Record Period, we diversified our supplier base by procuring silver nitrate from Zhejiang Hongda New Material Development Co., Ltd.* (浙江宏達新材料發展有限公司), Jiangsu Jinji New Material Technology Co., Ltd.* (江蘇金集新材料科技有限公司), and other suppliers, offering additional alternatives if needed. According to Frost & Sullivan, silver nitrate is a standardised product, ensuring consistent quality from different suppliers to meet our production requirements. Additionally, the price of silver nitrate in China, according to the same source, is transparent and determined by the market price of silver, which do not vary significantly among silver nitrate manufacturers. Therefore, we believe that we have a sizeable selection of potential suppliers, reducing dependency on any single supplier.

During the Track Record Period, we have not experienced significant counterparty risks, and none of our suppliers have failed to deliver materials as agreed. To further minimise risks, we adhere to strict supplier selection criteria, prioritising suppliers with strong reputations, large operational scales, and established track records of reliability.

BUSINESS

CUSTOMERS

Our customers include well-known PV silver paste manufacturers such as domestic listed companies and leading multinational enterprises. During the Track Record Period, our products were primarily sold to prominent PV silver paste manufacturers such as Customer A, Changzhou Fusion (常州聚和), who are leaders in the PV silver paste industry. We have maintained long-term cooperative relationships with Customer A for over six years and Changzhou Fusion (常州聚和) for over five years. None of our major customers are our connected persons.

For each of the years ended 31 December 2022, 2023, and 2024, sales to our largest customer accounted for 51.4%, 45.1%, and 36.7% of our total revenue for the respective periods, while the combined revenue from our five largest customers accounted for 95.4%, 94.8%, and 84.4% of our total revenue during the respective periods. The table below sets forth further details on our five largest customers during the Track Record Period, including their revenue contribution and business activities:

BUSINESS

For the year ended 31 December 2024

No.	Top Five Customers	Products Sold or Services Provided by Us	Revenue (RMB in thousand)	As a Percentage of Total Revenue	Company Background	Registered Capital	Place of Registration	Typical Credit Term	Payment Method	Year of Establishing Business Relationship with Us
1	Customer A	Silver powder	1,449,086	36.7%	A Shenzhen Stock Exchange-listed PRC company established in 2010 and focused on the production of conductive paste used in PV and semiconductor products	RMB140.7 million	—	Payment before delivery	Bank transfer	2018
2	Changzhou Fusion New Material Co., Ltd.* (常州聚和新材料股份有限公司) and an entity under its control	Silver powder and processing services	1,043,028	26.4%	A Shanghai Stock Exchange-listed PRC company established in 2015 and specialised in the production of PV silver paste	RMB242.0 million	Changzhou, China	Payment before delivery	Bank transfer	2019
3	Zhejiang Guangda Electronic Technology Co., Ltd.* (浙江光達電子科技有限公司)	Silver powder and processing services	381,872	9.7%	A PRC company established in 2010 and specialised in the research, development, and production of high-end electronic pastes	RMB48.7 million	Wenzhou, China	Payment before delivery	Bank transfer	2021
4	Heraeus Photovoltaics (Shanghai) Co., Ltd. (賀利氏光伏(上海)有限公司)	Silver powder	256,466	6.5%	A wholly foreign-owned PRC company established in 2021 and mainly engaged in the manufacture of metallisation pastes of solar cells	RMB235.0 million	Shanghai, China	Payment before delivery	Bank transfer	2022
5	Guangzhou Rutech Development Co., Ltd.* (廣州市儒興科技股份有限公司) and entities under its control	Silver powder	202,483	5.1%	A PRC company established in 2000 that integrates research and development, production, and sales of electronic pastes	RMB360.0 million	Guangzhou, China	Payment before delivery	Bank transfer	2022

BUSINESS

For the year ended 31 December 2023

No.	Top Five Customers	Products Sold or Services Provided by Us	Revenue (RMB in thousand)	As a Percentage of Total Revenue	Company Background	Registered Capital	Place of Registration	Typical Credit Term	Payment Method	Year of Establishing Business Relationship with Us
1	Changzhou Fusion New Material Co., Ltd.* (常州聚和新材料股份有限公司) and an entity under its control	Silver powder and processing services	1,255,912	45.1%	A Shanghai Stock Exchange-listed PRC company established in 2015 and specialised in the production of PV silver paste	RMB242.0 million	Changzhou, China	Payment before delivery	Bank transfer	2019
2	Customer A	Silver powder	1,048,362	37.7%	A Shenzhen Stock Exchange-listed PRC company established in 2010 and focused on the production of conductive paste used in PV and semiconductor products	RMB140.7 million	—	Payment before delivery	Bank transfer	2018
3	Guangzhou Rutech Development Co., Ltd.* (廣州市儒興科技股份有限公司)	Silver powder	157,899	5.7%	A PRC company established in 2000 that integrates research and development, production, and sales of electronic pastes	RMB360.0 million	Guangzhou, China	Payment before delivery	Bank transfer	2022
4	Heraeus Photovoltaics (Shanghai) Co., Ltd. (賀利氏光伏(上海)有限公司)	Silver powder	126,623	4.6%	A wholly foreign-owned PRC company established in 2021 and mainly engaged in the manufacture of metallisation pastes of solar cells	RMB235.0 million	Shanghai, China	Payment before delivery	Bank transfer	2022
5	Customer B	Silver powder	47,733	1.7%	A National Equities Quotations-listed PRC company established in 2013 and specialised in the research, production, and sales of metal conductive paste for high-efficiency crystalline silicon solar cells	RMB52.0 million	—	Payment before delivery	Bank transfer	2023

BUSINESS

For the year ended 31 December 2022

No.	Top Five Customers	Products Sold by Us	Revenue (RMB in thousand)	As a Percentage of Total Revenue	Company Background	Registered Capital	Place of Registration	Typical Credit Term	Payment Method	Year of Establishing Business Relationship with Us
1	Customer A	Silver powder	903,394	51.4%	A Shenzhen Stock Exchange-listed PRC company established in 2010 and focused on the production of conductive paste used in PV and semiconductor products	RMB140.7 million	—	Payment before delivery	Bank transfer	2018
2	Changzhou Fusion New Material Co., Ltd.* (常州聚和新材料股份有限公司) and an entity under its control	Silver powder	641,687	36.5%	A Shanghai Stock Exchange-listed PRC company established in 2015 and specialised in the production of PV silver paste	RMB242.0 million	Changzhou, China	Payment before delivery	Bank transfer	2019
3	Customer C	Silver powder	53,232	3.0%	A PRC company established in 2014 and specialised in new material technology in the field of solar PV	RMB5.0 million	—	Payment before delivery	Bank transfer	2019
4	Heraeus Photovoltaics (Shanghai) Co., Ltd. (賀利氏光伏(上海)有限公司) and an entity under its control	Silver powder	47,967	2.7%	A wholly foreign-owned PRC company established in 2021 and mainly engaged in the manufacture of metallisation pastes of solar cells	RMB235.0 million	Shanghai, China	Payment before delivery	Bank transfer	2022
5	Customer D	Silver powder	31,779	1.8%	A PRC company established in 2011 and focused on technological innovation in high-grade electronic conductive pastes in the fields of new energy and semiconductors	RMB93.2 million	—	Payment before delivery	Bank transfer	2018

BUSINESS

None of our Directors, their associates or any shareholders holding more than 5% of our issued share capital, to the best knowledge of our Directors, had any interest in any of our five largest customers in each year during the Track Record Period and as of the Latest Practicable Date.

Key Commercial Terms

We have not entered into any long-term or exclusive agreements with customers during the Track Record Period. Instead, our sales agreements are typically executed in one of the following two ways. For some customers, we enter into a one-year term framework sales agreement, under which the customers will execute individual purchase orders with us for each actual sale, clearly specifying pricing and other commercial terms. For other customers, we directly enter into a sales agreement with our customers for each sale, which contains pricing, delivery, and other commercial terms, as well as other standard non-commercial terms. In either scenario, our sales agreements with customers generally include the following terms:

- **Pricing:** We price our silver powder products by adding our mark-up to the prevailing silver price. The prevailing silver price is based on either the highest real-time price for Silver No. 1 on the Metal Information Network (金屬資訊網) at www.i001.com, or the real-time Ag(T + D) price (the trading price for silver spot deferred delivery contracts) on the Shanghai Gold Exchange’s (上海黃金交易所). Our mark-up accounts for our processing of silver nitrate into silver powder;

Our sales agreements with customers specify tax-exclusive unit prices, applicable taxes, and a total price inclusive of taxes. Typically, our agreements stipulate the agreed lumpsum price of our silver powder products, which aggregates the price of silver powder and our mark-up. In a few instances, the price of silver powder and our mark-up are listed separately in sales agreements;

- **Delivery Terms:** We are responsible for arranging delivery of our products to customer-designated locations. Ownership and risk of loss are transferred upon receipt of goods by the customer;
- **Payment Terms:** We usually require our customers to make the purchase payment before we start delivering our products; and
- **Inspection and Quality Assurance:** All goods are inspected upon delivery at customer facilities. Customers retain the right to reject goods that fail to meet agreed specifications, and we are responsible for the related replacement or rectification. The agreements also outline warranties for product quality, typically for six months from delivery.

We have had no significant breaches of contracts or disputes with customers during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

Our Relationship with Major Customers

During the Track Record Period, our revenue was concentrated among our two largest customers. For each of the years ended 31 December 2022, 2023, and 2024, sales to our two largest customers accounted for 87.9%, 82.8%, and 63.1% of our total revenue for the respective periods.

We believe that this concentration is reflective of the industry dynamics rather than an over-reliance on individual customers. Our customer portfolio generally aligns with their respective market shares. Our two largest customers, Customer A and Changzhou Fusion (常州聚和), accounting for over 60% of our sales revenue during the Track Record Period, are recognised as two leading PV silver paste producers in China. According to Frost & Sullivan, in 2024, they collectively represented 56.6% of the silver paste market in China by sales revenue, which is largely in line with their contribution to our revenue during the Track Record Period. The remaining 40% of our revenue, excluding sales to Customer A and Changzhou Fusion (常州聚和), is distributed among other customers, reflecting a balanced and diversified revenue base.

We have cultivated enduring and long-term relationships with these two prominent PV silver paste producers, having been supplying silver powder products to Customer A for over six years and to Changzhou Fusion (常州聚和) for over five years, and expect to continue expanding our cooperation with them. In addition, we believe that it is equally important for these two PV silver paste manufacturers to secure a reliable and sizeable supply source of high-quality PV silver powder, such as our Group, to ensure their stable operations. According to Frost & Sullivan, PV silver paste manufacturers typically have high requirements for the quality and performance of PV silver powder and conduct stringent evaluations when selecting suppliers. Meanwhile, since the production of silver paste requires formulating different types of silver powders, PV silver paste manufacturers prefer to cooperate with PV silver powder manufacturers who are familiar with their specific needs and can quickly respond to their technological changes, according to Frost & Sullivan. Furthermore, there were less than 20 PV silver powder manufacturers globally as of 31 December 2024, and the selection of a sizeable and reliable quality provider, such as our Group, is even more limited. All these factors further limit the risks of these two customers dramatically changing their relationships with us, as long as we are able to continue delivering high-quality products, adapting to changing market trends or technological advancements, and keeping the prices of our products competitive.

In addition, we have actively expanded our customer base by targeting other potential customers such as Zhejiang Guangda Electronic Technology Co., Ltd.* (浙江光達電子科技有限公司), Heraeus (賀利氏), and Guangzhou Rutech Development Co., Ltd.* (廣州市儒興科技股份有限公司), in order to reduce our customer concentration. As a result, the proportion of total revenue contributed by our largest customer decreased from 51.4% in 2022 to 36.7% in 2024, while the contribution of our top five customers declined from 95.4% in 2022 to 84.4% in 2024.

BUSINESS

Furthermore, we believe that our long-term collaboration with major silver paste manufacturers demonstrates our strong partnerships with financially stable and reputable industry leaders who hold significant market dominance. These key customers provide a stable foundation for our business and exemplify the resilience and sustainability of our business, which is based on long-term collaboration with trusted market leaders.

Supplier-Customer Overlap

During the Track Record Period, we had two instances of overlapping customer and supplier.

- In 2022, we sold a batch of recycled silver powder generated during our production and research processes to Shanghai Zhebo (上海浙鉑). Shanghai Zhebo (上海浙鉑) ranked second, second, and fifth among our top five suppliers in the years ended 31 December 2022, 2023, and 2024, respectively.

Sales revenue and purchase amounts associated with this overlap were as follows:

<u>Year ended 31 December</u>	<u>Sales Revenue</u> <i>(RMB in millions)</i>	<u>As a Percentage of Our Total Revenue</u>	<u>Purchase Amount</u> <i>(RMB in millions)</i>	<u>As a Percentage of Our Total Purchase Amount</u>
2022	21.2	1.2%	555.9	32.1%
2023	—	—	727.8	26.8%
2024	—	—	261.8	6.7%

- In 2024, we purchased recycled plastic barrels from Changzhou Fusion (常州聚和) that had previously been used to contain silver powder products. The purchase amount was RMB52,212.4, accounting for 0.001% of our total purchase amount in the year ended 31 December 2024. Changzhou Fusion (常州聚和) ranked second, first, and second among our top five customers in the year ended 31 December, 2022, 2023, and 2024, respectively. During the Track Record Period, our sales revenue to Changzhou Fusion (常州聚和) amounted to RMB641.7 million, RMB1,255.9 million, and RMB1,043.0 million, respectively, representing 36.5%, 45.1%, and 26.4% of our total sales revenue for the corresponding years.

All of the transactions that we entered into with the above overlapping suppliers and customers were on an arm’s-length, mutually independent basis under normal commercial terms. According to Frost & Sullivan, having such overlaps is normal in the PV market due to the high concentration of market players who are involved in both the sale of silver nitrate and the recycling of precious metals, including silver. After 2022, we ceased selling recycled silver powder to Shanghai Zhebo (上海浙鉑).

BUSINESS

SALES AND MARKETING

Marketing and Customer Retention

We operate under a direct sales model, leveraging our established reputation as an industry leader to cultivate and maintain strong relationships with our existing customers. We initially established these connections through trade exhibitions and direct visits. Over time, our interactions with customers progressed to direct engagements with their senior executives, procurement officers, or research and development teams.

We adopt a targeted approach to our marketing strategy, focusing on technical communications and collaborations with both potential and existing customers, rather than relying on mass promotional efforts. Given the specialised nature of the silver powder production industry, marketing within the industry typically begins with technical dialogues. Due to our market-leading position and strong reputation for technological expertise in China, we frequently achieve successful direct communications with potential customers. As a result, we do not rely on generic marketing channels, such as online advertisements, to promote our products and services.

The PV silver paste industry, which represents the vast majority of our potential customers, is a mature and highly concentrated sector, with only a few key players maintaining a strong presence. This stability provides us with the opportunity to build long-term relationships with our customers, resulting in high retention rates. While fluctuations in market demand can impact the volume of customer orders, our reputation as a trusted supplier of high-quality PV silver powder products, along with our ongoing product enhancements and the introduction of new offerings to meet market demands, helps to ensure a consistent demand for our PV silver powder products.

We place great emphasis on working closely with our customers to understand and meet their evolving product needs in response to PV cell technological advancements and market changes. We visit and communicate with our key customers on a regular basis. During the product development stages, we actively engage with customers through on-site visits, as well as telephone or video conferences, to gather their requirements, feedback, and suggestions for product improvement. This collaborative approach is crucial for ensuring our new products meet the customers’ needs and successfully reach the mature sales stage.

Pricing Policy

We price our silver powder products by adding our mark-up to the price of silver. The price of silver is based on the prevailing silver market price, which is determined with reference to either the highest real-time price for Silver No. 1 on the Metal Information Network (金屬資訊網) at www.i001.com, or the real-time Ag(T+D) price (the trading price for silver spot deferred delivery contracts) on the Shanghai Gold Exchange’s (上海黃金交易所). Our mark-up accounts for our processing of silver nitrate into silver powder. We determine our mark-up by taking into consideration a number of factors, including the cost of supplemental raw materials such as reducing agents and dispersants, production costs, administrative expenses, transportation costs, competitors’ pricing, prevailing market

BUSINESS

conditions, anticipated market trends, and the specific features of the products. According to Frost & Sullivan, this pricing model is customary across the PV silver powder industry in China.

Warranty and After-Sales Services

We generally provide a six-month limited warranty for our silver powder products. This warranty covers damages resulting from quality issues during the specified period.

We maintain robust after-sales service policies to address customer needs and enhance customer satisfaction. Our customer feedback and complaint handling processes enable timely and effective resolution of customer concerns. Upon receiving feedback, our sales department promptly communicates with relevant internal departments within two working hours to assess and address the issue. Quality and technical complaints are managed by our quality team, which analyses the causes of the issues and implements corrective and preventive measures to avoid recurrence. Additionally, we actively follow up with customers to ensure their concerns have been adequately resolved and continuously improve our service standards based on feedback received. Written responses are generally provided within a timeframe ranging from four working hours to three working days, depending on the nature of the customer complaints.

We accommodate product replacements under specific conditions. If the quality of our silver powder products deviates from the agreed standards before downstream processing, upon mutual confirmation, we will arrange for replacements after inspection. For quality-related replacements, we bear the associated transportation costs, and for customer-driven adjustments, the transportation costs are at the customer’s expense. We also allow for returns in the event of severe quality issues with our products, although there had been no actual occurrence of a product return during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any product recalls, returns, product liability claims, or customer complaints that have had materially and adversely affected our business.

Seasonality

During the Track Record Period, we did not experience significant seasonality in our business operations. However, the cyclicity of the PV cell market does impact the supply-demand dynamics of our industry. As a precautionary measure, we typically maintain slightly higher inventory levels of finished goods and raw materials in the weeks before major public holidays in China. These holidays include Labour Day on 1 May, National Day on 1 October, and the Chinese New Year, which falls in late January or early February each year.

BUSINESS

QUALITY CONTROL

Throughout our production process, we implement quality control measures to identify and address any defects or irregularities. We conduct inspections to monitor key product and production specifications, such as particle size, pH value, and morphology, during main production processes. Our employees are required to follow the guidelines outlined in our production operation and production process manuals. Our quality control personnel, production process personnel, and other dedicated staff members oversee and monitor every main stage of our operations, from raw material procurement to production processes and final product inspections. We have obtained ISO 9001:2015 Quality Management System Certification.

Our quality control measures cover a spectrum of activities, including:

Quality control of raw materials

We employ multiple measures to control the quality of our raw materials. We have signed supplier quality control agreements with our major raw material suppliers, outlining stringent requirements for raw material quality. We regularly evaluate supplier performance, taking into account factors such as the quality of the materials supplied, delivery times, after-sales service, and their financial conditions. These evaluations encourage suppliers to continually improve the quality of their materials and service. Additionally, for silver nitrate and certain critical auxiliary raw materials, we perform our own testing to ensure they meet with our quality requirements. For other auxiliary raw materials, we monitor quality through supplier-provided incoming inspection reports.

Quality control in the production process

We conduct inspection and monitoring during main production processes, including tests for particle size, pH value, morphology, and other key production parameters during the silver powder synthesis stage. Our production staff are required to follow the guidelines outlined in our production operation and production process manuals, ensuring effective control and monitoring throughout the production stages. Our quality control department and process engineering department personnel closely monitor and supervise each stage of the production operation processes carried out by our production staff. In the event of identified product quality issues, we follow our quality issue handling process, conduct risk assessment, and manage the disposition of non-conforming products.

Quality control of finished products

We maintain strict quality control over our finished products. For each batch of our silver powder products, we take samples and conduct comprehensive testing on the silver powder’s key parameters. This includes morphology analysis using scanning electron microscope, particle size measurement using laser particle size analyser, tap density measurement using tap density testers, specific surface area measurement using specific surface area and porosity analyzers, as well as drying loss and burn-off loss measurements

BUSINESS

using drying ovens and high-temperature furnaces, respectively. Detailed inspection reports are provided for every batch of final delivery to our customers. These inspection results also serve as a basis for continuous improvement in our production processes.

Quality control in delivery inspections

Before product delivery, our warehouse packaging personnel conduct a thorough inspection of product appearance, packaging, and labelling.

Quality control in customer services

We have implemented a standardised customer complaint resolution process to promptly address any reported quality issues. The quality department is responsible for handling customer feedback related to quality and technical issues and follow prescribed timelines for resolving customer complaints, as well as overseeing the implementation of corrective measures and verifying their effectiveness.

WAREHOUSING AND LOGISTICS

Following production, our silver powder products are packaged and stored in a dedicated warehouse specifically designated for finished silver powder products, with records kept in the inventory log. Our finished goods warehouse is located within our production facility. Silver powder products are generally stable and pose no significant risk of dust explosions. Once packaged, the silver powder products are required to be stored at temperatures below 30 degrees Celsius, typically at room temperature, with no additional special requirements except for cleanliness to prevent contamination.

We engage qualified third-party logistics providers for the delivery of finished goods from our manufacturing facilities to locations specified by our customers. In selecting these providers, we focus on transportation timeliness, safety, and after-sales service. We maintain a stable supply of logistics providers.

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material disruption in the delivery of our products or suffered any material loss as a result of delays in delivery or mishandling of our products.

INVENTORY MANAGEMENT

Our inventory primarily consists of finished goods, raw materials, goods in transit, and work-in-progress items. To efficiently manage our inventory, we use a flexible and responsive inventory management software system that records all inventory movements and aligns with production and procurement requirements. This system is accessible to relevant departments and staff, including procurement, finance, production, and warehouse, allowing them to view real-time inventory status and make necessary arrangements for procurement, production, and other tasks.

BUSINESS

We maintain regular communication with our customers on a weekly basis to plan their delivery schedules for the following week. This information is shared with the production department, who then provides a list of raw material requirements for production. The procurement department evaluates the sufficiency of the raw materials and, together with the finance department, arranges procurement if additional supply is needed. This efficient weekly planning cycle ensures that customers’ orders are fulfilled on time and in the required quantities.

For our finished goods and primary production raw material, silver nitrate, we maintain a certain level of inventories determined by our assessment of the customer orders received and any potential urgent customer needs. For other auxiliary materials, we keep a level of inventory based on anticipated requirements to prevent disruptions during the production process.

In addition to regular inventory management, during periods of increased uncertainty, we adjust and maintain slightly higher levels of finished goods and raw material inventory proactively or based on real-time communication with our customers. These periods include the weeks before the major public holidays in China, namely Labour Day on 1 May, National Day on 1 October, and the Chinese New Year, which falls in late January or early February each year. It also applies to periods when we expect an increased level of customer orders. This proactive approach ensures a stable supply and enables us to effectively meet market demand.

As of 31 December 2022, 2023, and 2024, the closing balance of our inventories amounted to RMB41.2 million, RMB73.0 million, and RMB121.5 million, respectively, accounting for 59.7%, 40.9%, and 34.2% of our total current assets as of the same dates, respectively. For the years ended 31 December 2022, 2023, and 2024, our inventory turnover days were 6.5 days, 7.8 days, and 9.3 days, respectively. For a detailed analysis of our inventory balances and turnover days during the Track Record Period, please refer to the “Financial Information — Selected Items from the Combined Statements of Financial Position — Inventories” section.

INTELLECTUAL PROPERTY

The protection of our core technology and intellectual property is crucial to our success. As of the Latest Practicable Date, we held 19 invention patents and 23 utility model patents. These patents and applications mainly relate to PV silver powder manufacturing technology and processes and underline our technical expertise and commitment to innovation. We consider these patents to be essential components of our research and development capabilities. For further details, please refer to “Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of Our Group” in Appendix IV to this Document.

To safeguard our core technologies and prevent infringement, we have implemented the following policies:

- Selective and timely registration of our research and development achievements as patents to strengthen intellectual property protection;

BUSINESS

- Inclusion of confidentiality clauses, ownership, and protection of intellectual property rights clauses in commercial and research and development agreements with third parties. These clauses outline the protection of technical information, ownership of intellectual property generated from collaborative efforts, and restrictions on disclosure to third parties;
- Implementation of confidentiality agreements, including non-compete clauses, with our employees to safeguard sensitive information;
- Proactive identification of potential infringements on our intellectual property rights and appropriate actions based on the findings;
- Engagement of external counsels to conduct patent searches and infringement analysis specifically for our proprietary technology before applying for a patent. If a high risk of patent infringement is identified, we take actions such as applying to invalidate the opposing party’s patent or modifying our product plans to mitigate infringement risks; and
- Establishment of an internal patent protection mechanism involving intellectual property management, sales personnel, and research and development personnel. We encourage prompt reporting of potential infringements, and appropriate actions are taken with the support of external counsels.

We had not been subject to any intellectual property infringement claim which had any material adverse impact on our Group during the Track Record Period and up to the Latest Practicable Date, and we were not aware of any such claims, either pending or threatened against us.

The table below presents the material patents we obtained as of the Latest Practicable Date. For more details, please see “Statutory and General Information — B. Future Information about our Business — 2. Intellectual Property Rights of Our Group — (c) Patents” in Appendix IV to this Document.

<u>Patent Number</u>	<u>Patent</u>	<u>Type of Patent</u>	<u>Grant Date</u>	<u>Expiration Date</u>
2022106183180	A Composite Particulate Silver Powder and Its Production Method and Application (一種複合型顆粒狀銀粉及其製備方法與應用)	Invention	9 May 2023	31 May 2042
2022106172082	A Cluster-Shaped Large-Particle Silver Powder and Its Production Method (一種花簇狀大粒徑銀粉及其製備方法)	Invention	21 March 2023	31 May 2042

BUSINESS

<u>Patent Number</u>	<u>Patent</u>	<u>Type of Patent</u>	<u>Grant Date</u>	<u>Expiration Date</u>
2022106172059	A Globular Polycrystalline Silver Powder with Grain Orientation Focus and Its Production Method (一種晶粒定向聚集的全球形多晶銀粉及其製備方法)	Invention	3 March 2023	31 May 2042
2022106183123	A Globular Polycrystalline Silver Powder and Its Production Method (一種全球形多晶銀粉及其製備方法)	Invention	28 February 2023	31 May 2042
2021107745551	A Large Particle Silver Powder and its Production Method and Application (一種大顆粒銀粉及其製備方法和應用)	Invention	26 August 2022	7 July 2041
2021107755036	A Large Particle Silver Powder with Branched Structure and its Production Method and Application (一種具有支棱結構的大顆粒銀粉及其製備方法和應用)	Invention	12 August 2022	7 July 2041
2021107755055	Rod-shaped Silver Powder and its Production Method (一種棒狀銀粉及其製備方法)	Invention	14 October 2022	7 July 2041
2021107754989	A Nanoscale Silver Wire and its Production Method (一種納米銀線及其製備方法)	Invention	10 March 2023	7 July 2041
202110819190X	A Size-Controlled Distribution of Spherical Silver Powder and its Production Method and Application (一種粒徑可控分佈的類球形銀粉及其製備方法與應用)	Invention	2 August 2022	19 July 2041

BUSINESS

<u>Patent Number</u>	<u>Patent</u>	<u>Type of Patent</u>	<u>Grant Date</u>	<u>Expiration Date</u>
2019107450100	A Method for Producing Hexagonal Flake-shaped Micron-sized Silver Powder (一種六方片狀微米晶銀粉的製備方法)	Invention	28 June 2022	12 August 2039
2019107850349	A Method for Producing Micron-sized Silver Powder with Hollow Structure (一種含有空心結構的微晶銀粉的製備方法)	Invention	14 June 2022	22 August 2039
2020108483301	A Method for Producing Size-Controlled Nanoscale Silver Powder (一種粒徑可控的納米銀的製備方法)	Invention	22 February 2022	20 August 2040
2020108483299	A Micron-sized Silver Powder with Nanoscale Silver Surface Structure and its Production Method (一種具有納米銀表面結構的微晶銀粉及其製備方法)	Invention	14 September 2021	20 August 2040

PROPERTIES

We own and operate a single facility in Jinan City, Shandong Province, China, which serves as our primary factory and office premises. The property has a gross site area of 57,998.00 sq.m. and a gross floor area of 8,780.64 sq.m. It is utilised for purposes other than property activities as defined under Rule 5.01(2) of the Listing Rules.

Pursuant to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this Document is exempted from the requirement under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which mandates a valuation report for all interests in land or buildings, as stipulated in paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The exemption applies because, as of 31 December 2024, the carrying amount of our property does not account for 15% or more of our combined total assets.

BUSINESS

During the Track Record Period, due to the lack of comprehensive understandings of the relevant regulatory requirements regarding the construction of buildings by our responsible staff at the relevant time, we failed to obtain relevant construction planning permit prior to commencement of construction of the construction works as required by the Urban and Rural Planning Law of the PRC (2019 Amendment), for our building used for storing sewage treatment equipment (污水處理設備間) (approximately 81m²) and our building for gas boiler (鍋爐房) (approximately 140m²), over the parcel of our owned land situated at No. 1009 Dexing Road, Tianqiao District, Jinan City, Shandong Province, PRC (the “Defective Owned Buildings”). As of the Latest Practicable Date, we have not obtained the building ownership certificate of such Defective Owned Buildings.

We are advised by our PRC Legal Advisor that according to the Urban and Rural Planning Law of the PRC (2019 Amendment) (《中華人民共和國城鄉規劃法(2019年修正)》), the relevant authority may order us to demolish the relevant construction within a prescribed time limit, confiscate the relevant property or illegal income and impose a fine of not more than 10% of the construction cost for our failure to obtain the construction project planning permit prior to commencement of construction.

Our Directors are of the view that such non-compliance incident would not have material adverse effect on the Group’s business operation and financial condition, considering:

- (i) the Defective Owned Buildings are the temporary structures enclosing the building used for storing sewage treatment equipment and the building for gas boiler, and are not used in our core production processes;
- (ii) the gross floor area of the Defective Owned Buildings represents approximately 2.5% of the total gross floor area of our owned properties;
- (iii) the estimated cost of relocation and/or rectification of the Defective Owned Buildings will be immaterial: for the building used for storing the sewage treatment equipment, the cost will be approximately RMB70,000; for the building used for gas boiler, the cost will be approximately RMB20,000;
- (iv) to their knowledge and based on the Public Credit Report of Business Entities in Shandong (Listing Edition)* (《山東省經營主體公共信用報告(無違法違規記錄證明上市專版)》 (file no. SDW2025042700099)) issued by the Social Credit Center of Shandong Province, competent authority as advised by our PRC Legal Adviser on 27 April 2025 (the “Public Credit Report”), during the Track Record Period and as of the Latest Practicable Date, Janbon Colloidal Materials has no records of administrative penalties, in respect of the defects in such Defective Owned Buildings;
- (v) Mr. Chen has provided an unconditional and irrevocable guarantee that, he will unconditionally and fully indemnify and compensate Janbon Colloidal Materials the amounts required to be paid, related fines, other associated costs and any penalties and/or losses incurred as a result of the above defects in the Defective Owned Buildings; and

BUSINESS

- (vi) as advised by our PRC Legal Advisor, taken into account the facts as stated above in (i) to (iv), the defects in the Defective Owned Buildings will not have a significant impact on our continued operations.

To prevent the reoccurrence of the above non-compliances in the future, we have enhanced our internal control measures including: (a) having our management team to check whether all necessary permits and certificates have been obtained before the commencement of any construction works, otherwise the construction should be strictly prohibited; (b) seeking legal advices from legal advisers qualified under the PRC laws when it is unclear whether any permits and certificates must be obtained before construction; (c) obtaining written approval from the management of our Group before construction; (d) conducting audit department meeting regularly to discuss and monitor whether the required permits and certificates have been obtained; and (e) providing ongoing training to managers regularly to keep them abreast of the latest legal requirements.

EMPLOYEES

As of the Latest Practicable Date, we had a total of 94 employees, all based in China. The table below sets forth a breakdown of our employees by function as of the Latest Practicable Date:

<u>Function</u>	<u>Number of Employees</u>	<u>As a Percentage of Total Employees</u>
Production	58	62%
Procurement and Sales	5	5%
Research and Development and Process Engineering	10	11%
General and Administrative	19	20%
Others	<u>2</u>	<u>2%</u>
Total	<u><u>94</u></u>	<u><u>100%</u></u>

We have entered into standard labour or service contracts with all of our employees and have signed confidentiality and non-compete agreements with those employees where we believe there is a need for the relevant protections.

BUSINESS

We provide our employees with a basic salary, welfare subsidies (including transportation, communication, and seniority allowances), and bonuses. We also have an equity incentive plan in place for key employees. As required by the PRC laws and regulations, we participate in various employee social security plans organised by applicable local, municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans, under which we make contributions at a specific percentage of the salaries of our employees.

We maintain good working relationships with our employees. Throughout the Track Record Period and up to the Latest Practicable Date, we had not experienced any major labour disputes, work stoppages, labour strikes, or work safety-related incidents that disrupted our operations.

When recruiting employees, we consider the requirements of the position, the candidate’s experience and qualifications, and the prevailing market conditions. We believe that our success depends on our employees’ ability to provide continuous, high-quality and reliable services. We place importance on employee training and offer various programmes to enhance their industrial knowledge, technical skills, and safety awareness. New employees undergo introductory training courses, and we provide internal training and seminars periodically to further develop their professional capabilities.

Social Insurance Plan and Housing Provident Fund

According to the Social Insurance Law of the PRC (中華人民共和國社會保險法) and other relevant regulations, we are required to provide our employees with welfare schemes covering social insurance. According to the Administrative Regulations on Housing Provident Funds (住房公積金管理條例), we are required to make housing provident fund for our employees. The amount we are required to contribute for each of our employees under such employee benefits plan should be calculated based on the actual income of our employees, together with the minimum and maximum level as from time to time prescribed by national laws and regulations and local authorities. During the Track Record Period, we failed to make contributions to the social insurance and housing provident funds in full amount for certain employees as required by the relevant PRC laws and regulations.

For the three years ended 31 December 2022, 2023 and 2024, the shortfall in our social insurance payment and housing provident fund payment was approximately RMB0.94 million, RMB1.87 million, and RMB2.04 million, respectively.

Reasons

- (i) Our Company contributes to social insurance and housing provident fund for our employees based on varying standards, such as the previous year’s average wages or the minimum contribution base stipulated by the local regulatory authorities, thereby resulting in instances where full contributions have not been made for certain employees.
- (ii) Four of our employees voluntarily opted out of social insurance and housing fund contributions for personal reasons.

BUSINESS

- (iii) Two of our employees were reemployed retirees, for whom we are not required to make contribution to their social insurance or housing provident funds.
- (iv) Inadvertent and unintentional oversight and misinterpretation of the relevant PRC laws and regulations by our human resources department.

Possible legal consequences

Pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required, we may be ordered to pay the outstanding social insurance contributions within a prescribed time limit and may be subject to an overdue fine that equals to 0.05% of the total unpaid amount per day. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times the amount of any overdue payment. Pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund as required, the housing provident fund management centre may order us to make the outstanding payment within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

Remedial actions and potential impact on the Group

Our Directors are of the view that such non-compliance incident would not have material adverse effect on the Group’s business operation and financial condition, considering:

- (i) to our knowledge and based on the Public Credit Report, confirming that from 1 January 2022 to 31 December 2024, we have not been subject to any administrative penalties, serious breach of trust, or other records of legal non-compliance due to violations of laws and regulations related to social insurance plans and housing provident fund contributions, nor have we been required to make payments or subjected to such penalties;
- (ii) we have not received any notice or notifications from the relevant authorities requiring us to pay the shortfalls;
- (iii) we have obtained relevant declarations from the four employees who voluntarily opted out of social insurance and housing fund contributions;
- (iv) we were not aware of any material employee complaints or claims with respect to social insurance and/or housing provident funds;
- (v) we will make payments for any shortfall for social insurance and housing provident fund contribution and penalties in a timely manner if and when required by the relevant authorities;
- (vi) Mr. Chen has provided an unconditional and irrevocable guarantee that during the tenure of Mr. Chen as the actual controller of Janbon Colloidal Materials, as well as during any period after Mr. Chen ceases to be the actual controller, if the

BUSINESS

competent authorities require us to make supplementary payments for social insurance and housing provident fund, Mr. Chen will unconditionally and fully indemnify and compensate Janbon Colloidal Materials the amounts required to be paid or supplemented, including social insurance and housing provident fund contributions, related fines, late payment fees, other associated costs and any losses incurred as a result;

- (vii) the Controlling Shareholders have provided an irrevocable indemnity against all claims, actions, demands, costs, charges, fees, expenses and fines suffered or incurred or to be suffered or incurred by us due to the underpayment of social insurance fund and housing provident fund (for details, please refer to the section headed “Appendix IV — Statutory and General Information — F. Other Information”); and
- (viii) as advised by our PRC Legal Advisor, taken into account the facts as stated above in (i) to (vii), under the premise that there are no significant changes to the current policies, regulations, and the enforcement or supervisory requirements of the competent authorities, and no employee complaints received, the risk that relevant authorities will require us to pay the shortfalls and impose material penalties on us for the shortfall for social insurance and housing provident fund contribution is remote.

We have formalised a set of procedures to prevent the recurrence of failure to make social insurance plan and housing provident fund contributions in full, including: (a) designating our finance department and administration department to supervise whether our human resources department has implemented the relevant procedures to make social insurance plan and housing provident funds contributions according to the relevant laws and regulators for our employees; (b) providing training to our staff in the human resources department when the relevant laws and regulations relating to social insurance plan and housing provident fund have been amended; (c) implementing procedures to calculate and pay social insurance plan and housing provident funds for our employees; (d) reviewing the implementation of the policies on social insurance and housing provident funds by our human resources department regularly to ensure they have been properly implemented in accordance with the PRC laws and regulations; (e) consulting PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments; and (f) maintaining close communication with relevant authorities on a regular basis to understand their requirements and interpretation of relevant rules and regulations, and make contributions to social insurance and housing provident fund in accordance with their specific guidance in a timely manner.

BUSINESS

AWARDS AND RECOGNITIONS

Throughout the years, we have received numerous awards and recognitions from reputable institutions, acknowledging our commitment to quality and innovation. These awards highlight our adherence to industry standards, as well as the technological advancements embedded in our products. The table below showcases some of the most notable awards and recognitions we have achieved:

Year of Grant	Award/Recognitions	Issued By
2015 to Present	High and New Technology Enterprise* (高新技術企業)	Shandong Provincial Department of Science and Technology* (山東省科學技術廳), Shandong Provincial Department of Finance* (山東省財政廳), and State Taxation Administration Shandong Provincial Tax Service* (國家稅務總局山東省稅務局)
2021 to Present	Shandong Province “Specialised, Refined, Unique, and New” Small and Medium-sized Enterprise* (山東省「專精特新」中小企業)	Shandong Provincial Department of Industry and Information Technology* (山東省工業和信息化廳)
2023 to Present	Shandong Province Industrial Enterprise “One Enterprise One Technology” Research and Development Centre* (山東省工業企業「一企一技術」研發中心)	Shandong Provincial Department of Industry and Information Technology* (山東省工業和信息化廳)
2023	Shandong Province Engineering Research Centre for Electronic-Grade Metal Functional Materials* (電子級金屬粉體功能材料山東省工程研究中心)	Shandong Provincial Development and Reform Commission* (山東省發展和改革委員會)

BUSINESS

<u>Year of Grant</u>	<u>Award/Recognitions</u>	<u>Issued By</u>
2023	Jinan Enterprise Technology Centre* (濟南市企業技術中心)	Jinan Bureau of Industry and Information Technology* (濟南市工業和信息化局)
2023	Jinan Academician Expert Workstation* (濟南市院士專家工作站)	Organisation Department of Jinan City of the Communist Party of China* (中共濟南市組織部), Jinan Science and Technology Association* (濟南市科學技術協會)
2023	Top 100 Private Enterprises in Jinan* (濟南民營企業100強)	Jinan Municipal Bureau for the Development of Private Economy* (濟南市民營經濟發展局) and Jinan Federation of Industry and Commerce* (濟南市工商業聯合會)
2022	Jinan Manufacturing Industry Champion Enterprise* (濟南市製造業單項冠軍企業)	Jinan Bureau of Industry and Information Technology* (濟南市工業和信息化局)
2021	Jinan Engineering Laboratory — Electronic Grade High Purity Silver Powder Engineering Laboratory* (濟南市工程實驗室 — 電子級高純銀粉工程實驗室)	Jinan Development and Reform Commission* (濟南市發展和改革委員會)
2021	Jinan Industrial Enterprise “One Enterprise One Technology” Research and Development Centre* (濟南市工業企業「一企一技術」研發中心)	Jinan Bureau of Industry and Information Technology* (濟南市工業和信息化局)

BUSINESS

<u>Year of Grant</u>	<u>Award/Recognitions</u>	<u>Issued By</u>
2021	Jinan “Specialised, Refined, Unique, and New” Small and Medium-sized Enterprise* (濟南市「專精特新」中小企業)	Jinan Bureau of Industry and Information Technology* (濟南市工業和信息化局)
2021	“Jinan Gazelle Enterprise”* (濟南市瞪羚企業)	Jinan Bureau of Industry and Information Technology* (濟南市工業和信息化局), Jinan Municipal Local Financial Supervision and Administration Bureau* (濟南市地方金融監督管理局), Business Management Department of the Jinan Branch of the People’s Bank of China* (人民銀行濟南分行營業管理部), and Laiwu City Central Sub-Branch of the People’s Bank of China* (人民銀行萊蕪市中心支行)

MARKET AND COMPETITION

Global and China’s Silver Powder Industry

According to Frost & Sullivan, the global sales revenue of silver powder grew from RMB54.3 billion in 2020 to RMB131.4 billion in 2024, with a CAGR of 24.7%. During the same period, the sales revenue of silver powder in China increased from RMB31.6 billion in 2020 to RMB99.3 billion in 2024, representing a CAGR of 33.1%. Going forward, the global sales revenue of silver powder is expected to reach RMB292.9 billion in 2029, representing a CAGR of 17.4% from 2024 to 2029. Meanwhile, the sales revenue of silver powder in China is expected to reach RMB229.7 billion in 2029, growing at a CAGR of 18.3% from 2024 to 2029.

In terms of the silver powder industry for PV applications, according to Frost & Sullivan, the global sales revenue of PV silver powder grew from RMB12.6 billion in 2020 to RMB41.9 billion in 2024, with a CAGR of 35.0%. During the same period, the sales revenue of PV silver powder in China increased from RMB10.4 billion in 2020 to RMB38.7 billion in 2024, representing a CAGR of 38.9%. Going forward, the global sales revenue of PV silver powder is expected to reach RMB109.9 billion in 2029, representing a CAGR of 21.3% from 2024 to 2029. Meanwhile, the sales revenue of PV silver powder in China is projected to reach RMB102.9 billion in 2029, growing at a CAGR of 21.6% from 2024 to 2029.

BUSINESS

According to Frost & Sullivan, the competition in global PV silver powder industry has intensified. Due to high technical barrier, there were less than 20 PV silver powder manufacturers in the world as of 31 December 2024. The sales revenue of PV silver powder in China reached RMB38.7 billion in 2024. In terms of PV silver powder sales revenue in 2024, the top five manufacturers in China accounted for 59.2%, among which our Group ranked fourth with a market share of 9.8% and ranked third among all domestic manufacturers of PV silver powder in China. In terms of PV silver powder sales revenue in China during the Track Record Period, we ranked first among all domestic manufacturers and second among all global manufacturers, with a market share of 9.9%.

China’s PV Silver Paste Industry

According to Frost & Sullivan, the sales revenue of PV silver paste in China increased from approximately RMB12.1 billion in 2020 to RMB44.7 billion in 2024, growing at a CAGR of 38.6%. The sales revenue of PV silver paste in China is expected to reach approximately RMB102.0 billion, representing a CAGR of 17.9% from 2024 to 2029.

In addition, according to Frost & Sullivan, the PV silver paste industry in China has high technical barriers, which imposes stringent requirements on research and development capabilities, production technologies, and quality control of manufacturers. Therefore, the market is relatively concentrated. As of 31 December 2024, there are less than 20 PV silver paste manufacturers in China, among which the top five manufacturers accounting for approximately 80.2% in terms of sales revenue in 2024.

China’s PV Cell Industry

According to Frost & Sullivan, the production volume of PV cells in China increased from 134.8 GW in 2020 to 685.0 GW in 2024, with a CAGR of 50.1%. The production volume of PV cells in China is expected to reach 1,379.7 GW by 2029, with a CAGR of 15.0% from 2024 to 2029.

During the Track Record Period, we were able to grow our businesses despite the intensified competition in China’s PV cell, silver paste, and silver powder industry. Our PV silver powder sales volume grew from 388.8 tonnes in 2022 to 594.1 tonnes in 2024, with a CAGR of 23.6%, and our PV silver powder sales revenue increased from RMB1,733.5 million in 2022 to RMB3,848.8 million in 2024, with a CAGR of 49.0%. For more information of our historical business and results of operations, please refer to “Financial Information — Review of Historical Results of Operations.” We believe that this was attributed to our first-mover advantage, market leadership position, robust research and development capabilities, industry-leading production technologies and expertise, and stable and long-term relationship with our key customers, which are top-tier PV silver paste manufacturers. The high quality of our silver powder products evidenced by key technical features such as mono-dispersity, controllable and diverse crystallinity, and consistency, and our expertise to produce the advanced PV silver powder, were particularly significant. Additionally, we adopt a demand-driven production model and generally only produce silver powder products and procure raw materials based on actual customer orders received. In a market significantly affected by price pressure, our model ensures our ability to maintain a competitive edge and sustained long-term growth.

BUSINESS

See “Industry Overview” for more details on the competitive landscape of the industry in which we operate. For risks related to our competitiveness in the industry, see “Risk Factors — Risks Relating to Our Business and Industry — We face intense market competition, and the PV silver powder industry may undergo unforeseen changes under rapid development. If we fail to compete successfully, our business and results of operations may be materially and adversely affected.”

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) MATTERS

ESG GOVERNANCE

Led by the Board, we are fully committed to integrating ESG considerations into our business operations for sustainable growth and better business resilience in response to the transition to a low-carbon economy, which is a prevailing cross-industry concern, including the industry of our Group’s business. A robust ESG governance structure lays a solid foundation for our long-term development and creation of sustainable value to our key stakeholders.

The Board has the overall and collective responsibility for the oversight of ESG issues, including but not limited to, ESG strategy and management approach, ESG policy and practice, ESG-related risk and opportunity management, and review of progress made against metrics and targets to manage material ESG-related risks (including climate-related risks), with an emphasis to ensure the relevant results and progress align with the Group’s future development and positioning.

Delegated by the Board, an ESG working group, consisting of senior executives and heads of major business units or functional departments, has been established to drive the planning and implementation of the Group’s ESG-related matters, such as employment and labour practices, occupational health and safety, product responsibility, supply chain management and business ethics. The aim of the ESG working group is to provide relevant information to and to advise the Board on ESG-related matters and its duties and responsibilities include the following:

- Development, implementation, and review of ESG framework, management approach, strategy and initiatives of the Group;
- Identification, assessment, prioritisation and management of material ESG-related risks and opportunities (including but not limited to climate-related risks and ESG-related risks along the supply chain, ESG-related risks and opportunities in the Group’s strategy and decision-making or major transactions);
- Formulation, implementation and review of ESG-related policies, action plans and practices;
- Monitoring and evaluation of the Group’s ESG performance and progress against targets and goals;

BUSINESS

- Reviewing and monitoring the effectiveness of the Group’s stakeholder engagement channels;
- Keeping track of stakeholders’ feedback (including the review and approval of material issues and materiality matrix), latest market trends and peer performances on ESG;
- Arranging training and ongoing professional development on ESG topics for directors and senior management;
- Gathering and analysing data required for the ESG Report, including key ESG performance indicators on an annual basis;
- Preparation of an annual ESG Report and an ESG-related risk and opportunity assessment report for the Board’s approval; and
- Reporting to the Board on ESG performance, relevant risks and opportunities, and the progress of related action plans.

Identification and Management of ESG-related Risks and Opportunities

The ESG working group is responsible for identifying, assessing, prioritising and managing material ESG-related risks and opportunities. The ESG working group submits an ESG risk and opportunity assessment report to the Board at least once a year. The Board is responsible for reviewing the effectiveness of the ESG risk management process and provides guidance when necessary and retains ultimate responsibility for oversight of the Group’s risk management activities.

The ESG risk and opportunity assessment report identifies material ESG risks and opportunities relevant to the Group, as either negative or positive, actual or potential, based on our business nature, industry research, as well as with reference to local and international reporting frameworks. The Group, with the assistance of a third-party ESG consultant, has identified material ESG-related risks and opportunities that are highly relevant to our Group’s business. The identified material ESG risks are evaluated by their likelihood and significance in terms of business, strategic, and financial impacts, and are given inherent risk rating scores. Residual risk rating scores are then produced by considering how our ESG-related risk control measures may impact the significance and likelihood of the risks. The ESG risks are then ranked and prioritised according to their residual risk rating scores. A similar methodology is devised to evaluate the significance and likelihood of material ESG opportunities. The corresponding measures have been formulated and implemented to mitigate material ESG-related risks and capture potential ESG-related opportunities.

BUSINESS

Set forth below is a summary of identified material ESG-related risks and opportunities and the corresponding measures that have been formulated.

ESG-related risks	Timeframe	Potential impacts	Our responses
Climate-related physical risks			
Acute risks: The increased severity and frequency of extreme weather events due to climate change (e.g., typhoons, rainstorms, floods)	Short, medium and long term	<ul style="list-style-type: none"> • Damage to property and assets in our operating locations, which may adversely impact our financial results • Disruption to business operations and supply chain logistics arrangement 	<ul style="list-style-type: none"> • We have closely monitored local weather forecasts and reminded our staff to familiarise themselves with business contingency measures, such as inspecting roofs, walls, doors and windows, as well as implementing emergency protective measures
Climate-related transition risks			
Policy and legal risks: Evolving climate-related laws and regulations in transition to a lower-carbon economy, including China’s 2060 carbon neutral goal	Medium to long term	<ul style="list-style-type: none"> • Increase in compliance and operating costs 	<ul style="list-style-type: none"> • We regularly and closely monitor the latest regulatory changes in laws, policies and regulations, as well as have established effective communication channels to promptly communicate any climate policy updates to our employees to ensure timely compliance

BUSINESS

ESG-related risks	Timeframe	Potential impacts	Our responses
Market risks: Rising customer demand for products and services with lower carbon footprint due to growing concerns on climate change	Medium to long term	<ul style="list-style-type: none"> Increase in cost of production due to additional compliance costs, such as sourcing sustainable materials and upgrading energy-efficient manufacturing equipment 	<ul style="list-style-type: none"> Our environmental management system for the production of silver powder has been certified to the ISO 14001:2015 standard We adopt energy-efficient production equipment and promote the use of environmentally friendly packaging materials where practicable
Other ESG-related risks Supply chain risks: Energy consumed and greenhouse gas (“GHG”) emissions released along the supply chain	Medium to long term	<ul style="list-style-type: none"> Increase in reputational and operational risks 	<ul style="list-style-type: none"> We encourage our suppliers to explore opportunities to reduce environmental impact in their daily operations and manufacturing processes We have established policies which require suppliers to comply with environmental laws and regulations, as well as minimise energy consumption where possible

BUSINESS

ESG-related risks	Timeframe	Potential impacts	Our responses
Occupational health and safety (“OHS”) risks: Failure to meet occupational health and safety standards or requirements	Short, medium and long term	<ul style="list-style-type: none"> • Increase in reputational risks and compliance costs from delays or suspensions of production, or even a cessation of operations due to workplace safety failures, which may adversely impact our financial results 	<ul style="list-style-type: none"> • We have established OHS-related policies and measures, including OHS-related training to employees • Our OHS management system for the production of silver powder is certified to the ISO 45001:2018 standard
Product quality and safety risks: Failure to maintain quality control in production, leading to material defects, or non-compliance with industry standards	Short, medium and long term	<ul style="list-style-type: none"> • Reduce product conversion efficiency, leading to customer complaints and potential product recalls, resulting in loss of customers, reputational damage, and adversely impact our financial results 	<ul style="list-style-type: none"> • We implement strict oversight and monitoring across all key operational stages, including research and development, raw material procurement, production processes, final product inspection, shipment checks, and customer service, ensuring comprehensive quality control • Each product batch undergoes rigorous sampling and testing of key parameters, including morphology analysis, particle size measurement, bulk density testing, surface area analysis, and drying and burn-off measurements. All delivered products are accompanied by detailed inspection reports

BUSINESS

ESG-related risks	Timeframe	Potential impacts	Our responses
Supplier product quality and supply chain stability risks: Failure to meet customer expectations due to supply chain instability or unqualified product and service quality offered by suppliers	Short, medium and long term	<ul style="list-style-type: none"> • Increase in reputational risks, which may adversely impact our financial results 	<ul style="list-style-type: none"> • We have established a supply chain risk management policy and procurement policy that specify the supplier evaluation process, review frequency and criteria, including assessment of product quality, technical capability and timely delivery • We maintain stable long-term partnerships with major suppliers to ensure supply chain stability
Intellectual property rights: Failure to patent research and development achievements promptly and protect intellectual property	Medium to long term	<ul style="list-style-type: none"> • Increased risks to business development 	<ul style="list-style-type: none"> • We have implemented relevant policies and measures, including timely patent registration, proactive infringement monitoring, as well as security software for sensitive information protection • We sign confidentiality agreements with relevant employees, as well as include confidentiality clauses in agreements for collaborative research and development projects

BUSINESS

ESG-related risks	Timeframe	Potential impacts	Our responses
Climate-related opportunities			
Products and services: Increased market demand for products and services related to PV applications	Short to medium term	<ul style="list-style-type: none"> Increased revenue due to growing demand for silver powder used in the production of PV silver pastes 	<ul style="list-style-type: none"> We focus on developing innovative technologies and production processes to enhance product performance and quality
Resource efficiency: Increasing market and/or customer demand for adoption for equipment with higher energy efficiency and enhanced operational efficiency	Short to medium term	<ul style="list-style-type: none"> Reduced operating costs through use of energy equipment and improved operational efficiency 	<ul style="list-style-type: none"> We have established energy conservation policies and measures, such as adopting energy-efficient lighting systems where appropriate and considering replacing with electric vehicles

ESG POLICY

We are committed to incorporating ESG factors into our business decision-making process. As such, we have established a group-level ESG policy complemented by a set of measures and initiatives to guide our actions and measures to strengthen our sustainability efforts.

Environment

Our environmental policy outlines our green practices and measures (as far as practicable), with a focus on emission reduction, waste reduction, resource conservation, protection of environmental and natural resources, as well as addressing climate change. In addition, we have obtained the ISO 14001:2015 Environmental Management System certification for our production facility to ensure our environmental management practices meet international standards and continuously improve our environmental performance.

In line with our sustainability efforts, we strive to integrate innovative production techniques with environmental considerations. For instance, we have innovatively introduced Vitamin C as the reducing agent in the industrial production of silver powder using the liquid-phase reduction method, which is generally more environmentally friendly and safer for employees compared to liquid-phase reduction method using other materials, such as formaldehyde.

BUSINESS

Air Emissions Management

The major sources of our air emissions include our production processes and vehicles. We ensure that air emissions from our production processes are discharged in compliance with local standards by implementing measures and policies including collecting air emissions from the production processes for filtration using wet scrubbers.

We are continuously exploring measures to minimise air emissions from our business operations, including but not limited to ensuring the proper maintenance of company vehicles and considering the adoption of electric vehicles.

Energy and Greenhouse Gas Emissions Management

The major sources of our energy consumption and GHG emissions (scopes 1 and 2) include the use of purchased electricity in our operations as well as fuel consumption. To manage our energy consumption and reduce GHG emissions, we have implemented relevant policies and adopted a series of energy saving measures. These include the adoption of energy efficient equipment and LED lighting system, the use of natural light, requiring employees to turn off lights and electrical equipment before leaving, etc. We will also consider the possibility of replacing our current vehicles with electric vehicles in the future.

Water Consumption

The water consumption of the Group mainly comes from the use of municipal water in our operations. To conserve water resources, we have implemented relevant policies and adopted a series of water saving measures, including timely repairing dripping taps, adopting water equipment that meets water efficiency label requirements, as well as monitoring water consumption. We also remind our employees to minimise water consumption through internal communications channels and encourage them to actively participate in water-saving publicity activities.

Waste Management and Use of Resources

Our non-hazardous waste mainly comes from non-hazardous industrial and general refuse while hazardous waste primarily includes residual materials, used lubricating oil and used oil drums from production. We strive to minimise our impact by ensuring that all waste is properly handled and disposed of. We employ licensed third-parties to collect all waste generated for further treatment or recycling according to their nature. With regard to hazardous waste and wastewater management, we have established relevant policies and measures to ensure they are handled responsibly, including a designated area for the collection and storage of hazardous waste before engaging licensed third-parties for disposal, as well as on-site wastewater treatment facilities to ensure that the wastewater discharge complies with the relevant standards, with production wastewater undergoing a separate pre-treatment process before further treatment at the on-site facility, while other wastewater is also directed to the facility before final treatment at the wastewater treatment plant in the industrial park.

BUSINESS

To minimise non-hazardous waste generation, we have implemented relevant policies and measures such as promoting recycling by implementing waste sorting, implementing double-sided printing to reduce paper consumption and reminding our employees to minimise waste generation through internal communications channels.

Environmental Metrics and Targets

The table below sets forth key environmental metrics of our business operations^{1, 2}:

		Year ended 31 December		
	Unit	2022	2023	2024
Emissions				
<i>GHG emissions³</i>				
Total (Scopes 1, 2)	tCO ₂ e	1,889.33	1,870.54	1,819.94
Total (Scopes 1, 2, 3)	tCO ₂ e	1,970.33	1,970.47	1,943.28
(i) Direct emissions (Scope 1)	tCO ₂ e	1,008.67	746.27	591.08
(ii) Energy indirect emissions (Scope 2)	tCO ₂ e	884.68	1,130.37	1,235.23
(iii) Other indirect emissions (Scope 3) ⁴	tCO ₂ e	81.00	99.93	123.34
Emissions removal from tree planting (Scope 1)	tCO ₂ e	4.03	6.10	6.37
Total (Scopes 1, 2) intensity	tCO ₂ e/million RMB revenue	1.07	0.67	0.46
Total (Scopes 1, 2, 3) intensity	tCO ₂ e/million RMB revenue	1.12	0.71	0.49
<i>Use of Resources</i>				
<i>Energy</i>				
Total	MWh	6,373.84	5,568.76	4,924.84
(i) Purchased electricity	MWh	1,450.06	1,852.76	2,024.64
(ii) Unleaded petrol	MWh	57.58	35.66	26.18
(iii) Natural gas	MWh	4,866.20	3,680.34	2,874.02
Intensity	MWh/million RMB revenue	3.62	2.00	1.25
<i>Water</i>				
Total	m ³	27,002.31	23,126.89	29,042.03
Intensity	m ³ /million RMB revenue	15.35	8.31	7.35

¹ The data covers the Group’s major business operations.

² Totals may not be the exact sum of numbers stated here due to rounding.

BUSINESS

- ³ The calculation of GHG emissions made reference to the GHG Protocol published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). Scope 1 (Direct) emissions cover GHG emissions directly produced by business owned or controlled by the Group, Scope 2 (Energy indirect) emissions cover GHG emissions of indirect energy resulted from purchased electricity consumed by our operations, while Scope 3 (Other Indirect) emissions that occur in the Group’s value chain.
- ⁴ The Scope 3 emissions include available data arising from category 4: upstream transportation and distribution, category 6: business travel, category 7: employee commuting, and category 12: end of life treatment of sold products.

Social

We are committed to fostering a caring workplace culture that upholds diversity, equal opportunities, health and safety and employee well-being. Our social policy has outlined socially responsible practices and measures.

Employment and Labour Practice

We aim to build an inclusive and diverse workforce. We uphold principles of equal opportunity, diversity, and inclusiveness in all aspects of employment, including compensation, recruitment, promotion, benefit, and welfare. We respect labour rights, and we strictly prohibit the recruitment and use of child labour.

We are committed to continually investing in our workforce. To this end, we actively provide internal and external training to equip our employees with professional knowledge, skills, and competence, we also encourage employees to actively participate in various training programmes during their spare time to enhance their personal and professional skills. In addition, we strive to strengthen employee engagement by regularly arranging leisure activities for our employees and maintaining two-way communications with our employees, to increase their overall job satisfaction.

Occupational Health and Safety

Maintaining a healthy and safe workplace remains the Group’s top priority. As part of our efforts to uphold occupational health and safety standards, we have obtained the ISO 45001:2018 Occupational Health and Safety Management System certification for our production facility. We strive to safeguard employees’ health and safety across all levels of business operations by establishing and implementing health and safety policies and measures. These include regular health examinations, providing protective personal equipment for employees, as well as conducting regular workplace inspections. We also provide relevant health and safety training for employees, including training related to noise, dust, high temperatures as well as chemical handling.

Furthermore, we have established emergency response measures and plans specifying the appropriate procedures and departments responsible for handling emergencies, such as exposure to toxic substances and fire.

BUSINESS

Additionally, we have developed a system of recording and handling accidents, which specifies that employees should notify their department head and that accidents should be handled according to the procedures specified by the applicable laws and regulations. During the Track Record Period, we did not record any material non-compliance or material accidents in the Group with regards to occupational health and safety.

Supply Chain Management

We have established a supply chain ESG risk management policy and supplier code of conduct, which lay out our sustainability expectations including but not limited to employment practices, health and safety, business ethics, data privacy as well as environmental protection. Our new supplier selection and regular supplier evaluation criteria include ESG considerations, including but not limited to environmental management, fair labour practices and ethical business practices. On-site inspections are conducted when necessary to ensure our sustainability expectations are met.

To advance our efforts on providing environmentally preferable products and services, we have established relevant green procurement policies and implemented measures including but not limited to prioritising products with higher energy efficiency, as well as encouraging our suppliers to adopt environmentally friendly products and services.

Product Responsibility

We are committed to delivering high-quality and safe products and services for our customers. As such, we have obtained the ISO 9001:2015 Quality Management certification at our production facility to strengthen our quality management practices. Furthermore, we have established measures to ensure the quality of our products and services. These measures include but not limited to specifying our quality-related requirements in supplier agreements, establishing quality control procedures, as well as product and raw material quality inspection guidelines.

To ensure customer satisfaction, we have put in place procedures for handling customer complaints. As of the Latest Practicable Date, we did not receive any material customer complaints. To safeguard customer privacy, we have also established preventive and protection measures, including user access restrictions to customer information.

We have established relevant policies as a guide for our employees to ensure the authenticity and reliability of our promotional materials and product labelling, which undergo thorough review before publication to ensure compliance and prevent false or misleading information.

BUSINESS

Business Ethics

We uphold the highest standards of business ethics, and strictly prohibit bribery, extortion, fraud, money laundering and any other unethical practices. We have established preventive measures, including but not limited to anti-corruption for the Board and our employees, as well as implementing whistle-blowing channels for employees to report any potential misconduct that violates our ethical standards. The Board is responsible for the oversight of these preventive measures and whistle-blowing procedures.

During the Track Record Period, we were not aware of any material non-compliance with any law or regulation or legal cases concerning bribery, corruption, extortion, fraud and money laundering.

Community Investment

We strive to contribute to the community and shoulder corporate responsibility. We will explore opportunities to establish additional focus areas for community investment, as well as partnerships with social impact organisations where appropriate.

Social Metrics

The table below sets forth key social metrics of our business operations.

Workforce

		Year ended 31 December		
	Unit	2022	2023	2024
<i>By gender</i>				
Male	Number	71	78	78
Female	Number	13	15	15
<i>By employment type</i>				
Full time	Number	84	93	93
Part time	Number	0	0	0
<i>By age group</i>				
At or below 30	Number	26	28	25
Between 31–50	Number	54	60	62
At or above 51	Number	4	5	6
<i>By geographical location</i>				
Mainland China	Number	84	93	93

BUSINESS

Turnover⁵

		Year ended 31 December		
	Unit	2022	2023	2024
<i>By gender</i>				
Male	%	18.3	7.7	10.3
Female	%	0.0	13.3	0.0
<i>By age group</i>				
At or below 30	%	19.2	14.3	16.0
Between 31–50	%	13.0	6.7	6.5
At or above 51	%	25.0	0.0	0.0
<i>By geographical location</i>				
Mainland China	%	15.5	8.6	8.6

⁵ Turnover rate is calculated as the total number of employees in the specified category leaving employment each year during the Track Record Period, divided by the total number of employees in the specified category as of the years ended 31 December 2022, 2023 and 2024, and then multiplied by 100%.

Occupational Health and Safety

The Group did not experience any major work safety-related incidents involving our employees during the Track Record Period.

	Unit	Year ended 31 December		
		2022	2023	2024
Working days lost due to work injury	Days	37	0	35

INSURANCE

As of the Latest Practicable Date, we have insurance policies in place to manage operational risks and comply with applicable PRC laws and regulations. Our insurance policies cover damages or losses related to our vehicles and employee accidents.

Our Directors are of the view that our existing insurance coverage is sufficient for our current operational needs and is consistent with industry norms. We will review and assess our risks and make necessary adjustments to our insurance coverage in line with our needs and industry practice. See “Risk Factors — Risks Relating to Our Business and Industry — We may not have adequate insurance coverage for losses and liabilities arising from various operational risks and hazards that we are subject to” in this Document for further details.

We had not experienced any material claims or disruptions under our insurance policies during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

INFORMATION TECHNOLOGY

During the Track Record Period, our business operations primarily involved the production and sale of silver powders for PV applications. To support these operations, we have employed an OA office system for managing approvals and workflow processes, a financial system tailored for accounting and financial management, and a warehouse management system for inventory tracking. These systems are deployed on our owned servers.

We have implemented measures to safeguard network security and data integrity. Our software systems are encrypted, and company computers have password protection. Data generated from our OA office, financial and warehouse management systems is stored on our own servers, with regular local backups performed. As of the Latest Practicable Date, we had not experienced any significant incidents of data leakage, cybersecurity breaches, or software infringement disputes.

Our Directors believe that our existing information technology and data security measures are sufficient to support current operations and future growth.

INTERNAL CONTROL AND RISK MANAGEMENT

We are dedicated to the establishment and maintenance of a robust risk management and internal control system. We have adopted and have been continually improving our internal control mechanisms to ensure the compliance of our business operations. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange’s requirements on corporate governance and environmental, social and governance matters.

We are exposed to various risks during our operations. For details, see “Risk Factors” in this Document. In order to address these risks, we have put in place a set of internal control and risk management procedures to address various potential operational, financial, legal and market risks identified in relation to our operations, including revenue and receivables, inventory management, procurement and payment, fixed assets management, treasury management, human resources, financial reporting, tax management and information technology and other various financial and operational controls and monitoring procedures. These risk management policies set forth procedures for reporting risks identified in our operations.

BUSINESS

To monitor the continuous implementation of risk management policies and corporate governance measures after the [REDACTED], we have adopted or will continue to adopt, among other things, the following risk management measures:

- **Compliance with the Listing Rules:** We have adopted various policies to ensure compliance with the Listing Rules, including aspects related to corporate governance, connected transactions, and information disclosure, such as:
 - **Corporate Governance Improvements:** We are actively enhancing a corporate governance framework which includes the ongoing development of a structured risk identification and assessment mechanism to strengthen oversight and ensure compliance with regulatory standards.
 - **Internal Control Strengthening:** We are working on establishing an internal control monitoring and evaluation framework, including structured reporting mechanisms for identified control deficiencies.
 - **Inventory and Production Control:** We have taken measures to enhance the security and oversight of our inventory and production processes. This includes periodic inventory inspections to prevent loss, theft, or mismanagement of inventory. Additionally, we are working to establish more structured procurement and supply chain management practices to ensure operational efficiency and mitigate risks associated with inventory shortages or over-accumulation.
 - **Occupational Health and Safety (OHS) Management:** We recognise the importance of workplace safety and regulatory compliance. We have begun implementing measures aimed at improving workplace safety protocols, including enhanced risk assessment for hazardous operations and the establishment of safety procedures for employees working in manufacturing environments. Further efforts are planned to develop a formalised OHS management system to align with industry best practices.
- **Operational Risk Management:** We have adopted various measures to safeguard critical aspects of our business operations, including intellectual property protection, supply chain security, and information system risk management.
- **Financial Reporting and Internal Audits:** We have put in place a financial reporting system to enhance the accuracy and reliability of financial data. Our financial department ensures compliance with accounting policies and regularly reviews management accounts to detect any irregularities.

BUSINESS

- **Audit Committee and Board Oversight:** To monitor the ongoing implementation of our risk management policies, we have established an audit committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The audit committee consists of Dr. Cui Haitao, Mr. Chan Ngai Fan and Ms. Xu Qian, with Dr. Cui Haitao being the chairman of the committee. See “Directors and Senior Management — Board Committees” in this Document.

Our internal control group is responsible for reviewing the effectiveness of internal controls and improving our internal control system by identifying its weaknesses on an ongoing basis. The internal control group reports any major issues identified to the management on a timely basis.

We have engaged an independent third party consultant (the “Internal Control Consultant”) to perform a review over selected areas of the internal controls over financial reporting in December 2024. The areas of our internal controls over financial reporting that were reviewed by the Internal Control Consultant included our Group’s entity-level controls and internal controls of various processes, including environment of control, risk assessment, control activities, information and communication, oversight, sales, accounts receivable and collection, procurement, accounts payable and payment, inventory management and logistics, production and costs, research, development and intangible asset management, outsourcing and collaboration management, human resources and compensation, fixed asset management, cash management and investment management, insurance management, financial reporting and information disclosure control, tax management, IT general controls, and safety, health, and environmental protection. During the review process, certain specific areas for improvement were identified and we have taken corrective actions accordingly. The Internal Control Consultant has conducted a follow-up review on internal control deficiencies identified within the scope of the engagement, confirming that our remedial measures are in place and no further recommendations are required at this stage.

BUSINESS

LICENCES AND PERMITS

As of the Latest Practicable Date, as advised by our PRC Legal Adviser, we have obtained all material licences and permits required for our business operations in the PRC. We set out below the material licences and permits for our operations as of the Latest Practicable Date:

No.	Name of licences and permits	Issuing authority	Date of registration
1	High technology and new technology enterprise certificate* (高新技術企業證書)	Shandong Provincial Department of Science and Technology* (山東省科學技術廳), Shandong Provincial Department of Finance* (山東省財政廳), Shandong State Administration of Taxation* (國家稅務總局山東省稅務局)	From 7 December 2024 to 6 December 2027
2	Certificate of conformity quality management system certification (質量管理體系認證證書)	Shandong Seatone International Certification Co., Ltd. (山東世通國際認證有限公司)	From 30 July 2022 to 29 July 2025
3	Certificate of conformity occupational health and safety management (職業健康安全管理體系認證證書)	Shandong Seatone International Certification Co., Ltd. (山東世通國際認證有限公司)	From 30 July 2022 to 29 July 2025
4	Certificate of conformity environmental management system certification (環境管理體系認證證書)	Shandong Seatone International Certification Co., Ltd. (山東世通國際認證有限公司)	From 30 July 2022 to 29 July 2025
5	Registration form for foreign trade operator* (對外貿易經營者備案登記表)	Filing and Registration Authority of Foreign Trade Operators* (對外貿易經營者備案登記機關)	28 December 2017
6	People’s Republic of China Customs declaration unit registration certificate* (中華人民共和國海關報關單位註冊登記證書)	Jinan Customs District, People’s Republic of China* (中華人民共和國濟南海關)	17 January 2018

BUSINESS

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be involved in contractual or other disputes or legal proceedings arising out of the ordinary course of business or pursuant to governmental or regulatory enforcement actions. During the Track Record Period and up to the Latest Practicable Date, neither we nor any of our Directors were involved in or subject to any litigation, arbitration, administrative proceedings, claims, damages or losses which would have a material adverse effect on our business, financial position or results of operations as a whole. As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us or any of our Directors, which individually or in the aggregate, would have a material adverse effect on our business, financial position or results of operations. For the potential impact of legal or other disputes on us, see “Risk Factors — Risks Relating to our Business and Industry — We may be involved in legal proceedings and commercial or contractual disputes, which could have a material and adverse effect on our business, results of operations and financial condition.”

Legal Compliance

During the Track Record Period and up to the Latest Practicable Date, we did not have any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our business as a whole. Our Directors confirm that we were not involved in any material or systematic non-compliance incidents during the Track Record Period and up to the Latest Practicable Date.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately after the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme), Cerulean Harbor will be interested in [REDACTED]% of the issued share capital of our Company. Cerulean Harbor is owned as to 99% by PoplarC Holding (as a nominee which is wholly-owned by the PoplarC Trust) and 1% by Azure Harbor (which is wholly-owned by Mr. Chen), respectively. Pursuant to the PoplarC Trust, Vistra Trust (Singapore) Pte. Limited holds the equity interest in our Company through PoplarC Holding and Cerulean Harbor on trust for the benefit of Azure Harbor. The voting rights held by Cerulean Harbor in our Company are directly controlled by its sole director, namely Mr. Chen.

In this regard, Mr. Chen, Cerulean Harbor, PoplarC Holding and Azure Harbor will be our Controlling Shareholders within the meaning of the Listing Rules. For details, please refer to the section headed “History, Reorganisation and Corporate Structure” in this Document.

Mr. Chen is an executive Director, Chairman of our Board and Chief Executive Officer of our Company. For details of the background of Mr. Chen, please refer to the section headed “Directors and Senior Management” in this Document. Each of Cerulean Harbor, PoplarC Holding and Azure Harbor has not carried on any business since its incorporation save for the direct or indirect holding of Shares.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Controlling Shareholders was interested 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.

INDEPENDENCE OF OUR GROUP

Our Directors are of the view that our Group will be able to operate independently from our Controlling Shareholders and their respective close associates (other than our Group) after the [REDACTED] for the following reasons:

(i) Management Independence

Our business is managed and conducted by our Board and senior management. The Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors are of the view that our Directors and senior management are able to perform their roles and manage our business

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

independently from our Controlling Shareholders notwithstanding that Mr. Chen is an executive Director, Chairman of our Board and Chief Executive Officer of our Company for the following reasons:

- (a) the executive Directors, supported by experienced full-time senior management team, oversee the day-to-day management of our Group and are responsible for the operation of our Group’s business;
- (b) Mr. Chen, as one of our executive Directors, devotes substantially all his time to discharge his duties of his positions at our Group. Other than his positions held in our Group, he is not involved in the day-to-day operations of Cerulean Harbor, PoplarC Holding and Azure Harbor which are all investment holding entities without any actual business operations;
- (c) each of our Directors is fully aware of his/her fiduciary duties as director and will dedicate his/her time to the management of our Group;
- (d) our daily management and operations are carried out by our senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
- (e) our Directors believe the independent non-executive Directors are able to bring independent judgement to the decision-making process of the Board and protect the interests of our Company and our Shareholders as a whole;
- (f) our Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest and shall not be counted in the quorum present at the particular Board meeting;
- (g) Mr. Chen have undertaken that if a conflict of interest situation arises, he shall (i) not vote or be counted in the quorum of any resolution of the Board unless so authorised by the Articles, (ii) refrain from being present during the relevant discussions at Board meetings, and (iii) play no part in the decision-making process of the Board;
- (h) chance of actual or potential conflict has been minimised by virtue of the Deed of Non-Competition, details of which are set out in “— Deed of Non-Competition” in this section below; and
- (i) we have adopted corporate governance measures and 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. Please see “— Corporate Governance Measures” in this section for further details.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

(ii) Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the [REDACTED], our Group has full rights to make all decisions regarding, and to carry out, its own business operations independently. Our Group does not rely on our Controlling Shareholders for its supply, business development, staffing, capital, equipment, intellectual properties or marketing and sales activities upon [REDACTED]. Our Group has independent access to suppliers and customers and an independent management team to handle its day-to-day operations. Our Company (through its subsidiaries) holds or enjoys the benefit of all relevant assets and resources necessary to carry on our Group’s businesses.

Having considered the above, our Directors are satisfied that they are able to perform their roles in our Group independently, and our Group is capable to operate independently from our Controlling Shareholders after the [REDACTED].

(iii) Financial Independence

During the Track Record Period and up to the Latest Practicable Date, our Group had its own internal control, accounting and financial management system and function, independent treasury functions for cash receipts and payment and our Group makes financial decisions according to its own business needs.

As of the Latest Practicable Date, certain of our bank borrowings, in the amount of RMB29,990,000, were guaranteed and counter guaranteed by Mr. Chen. Our Directors confirm that the underlying bank borrowings will be settled prior to the [REDACTED].

Our Directors are of the view that our Group is capable of obtaining financing from external sources without reliance on our Controlling Shareholders after the [REDACTED]. Therefore, there is no financial dependence on our Controlling Shareholders.

DEED OF NON-COMPETITION

Our Company entered into the Deed of Non-Competition with Mr. Chen, Cerulean Harbor, Azure Harbor and PoplarC Holding on [•] 2025 under which our Controlling Shareholders jointly and severally agreed, whether as principal or agent and whether undertaken directly or indirectly (including through any close associate, subsidiary, partnership, joint venture or other contractual arrangement of theirs) not to, (a) directly or indirectly, either on their own account, in conjunction with, on behalf of, or through any person, firm or company, among other things, in any form carry on, participate or be interested, engage or otherwise be involved in or acquire or hold shares or interests in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) or assist or support a third party to engage in or participate in the current and potential business engaged or to be engaged by our Group referred to in this Document including but not limited to research, development, manufacturing, and sales of silver powder and/or any other new business that our Group may undertake from time to time after the [REDACTED] (the “Restricted Business”) and where they become aware of

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

such engagement of the Restricted Business they shall notify our Company forthwith; (b) solicit or procure any of the suppliers and/or the customers of our Group from time to time to terminate their business relationships or otherwise reduce the amount of business with our Group; (c) solicit or procure any of the directors, senior management or other employees of our Group from time to time to resign or otherwise cease providing services to our Group; and/or (d) unless with the prior written consent of our Company, disclose any confidential information of our Group to any other third parties, including but not limited to, customers list and supplier list.

Notwithstanding the above, the undertaking does not apply with respect to the holding of or being interested in, directly or indirectly, any shares in any company or business which competes, conducts or is engaged in, directly or indirectly, any Restricted Business, if:

- (a) the shares or other securities are issued by our Company or any of its subsidiaries from time to time;
- (b) the shares or other securities are in any company which has an involvement in the Restricted Business, provided that such shares or securities are listed on a recognised stock exchange and the aggregate interest of our Controlling Shareholders and their respective associates (as “interest” is construed in accordance with the provisions contained in Part XV of the SFO) do not amount to more than 5% of the relevant legal or beneficial interests in the share capital of the company in question; or
- (c) the involvement or participation of our Controlling Shareholders in a Restricted Business has first been offered or made available to our Company and our Group in accordance with the Deed of Non-Competition and our Group, after review and approval by our independent non-executive Directors, has declined such opportunity to be involved in or to participate in the Restricted Business subject to any conditions our independent non-executive Directors may require to be imposed.

Options for New Opportunities

Each of our Controlling Shareholders has undertaken in the Deed of Non-Competition that during the term of the Deed of Non-Competition, if a new business opportunity which is, or is likely to be, in direct or indirect competition with the Restricted Business (the “Business Opportunity”) is made available to any Controlling Shareholder or its/his respective close associates (other than members of our Group), such Controlling Shareholder will direct or procure the relevant close associate to provide the Board with a written notice in respect of the Business Opportunity and direct such Business Opportunity to our Group with such required information to enable our Group to evaluate the merits of the Business Opportunity (including but not limited to the particulars of the companies, businesses or properties to be acquired, consideration involved and other proposed terms of the acquisition) (the “Offer Notice”). Our Company is entitled to decide whether or not to take up such business opportunity within 15 business days from receiving the Offer Notice.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

If our Company decides not to take up the new business opportunity for any reason or does not respond to our Controlling Shareholder and/or his/its respective close associates (as the case maybe) within 15 business days from receiving the Offer Notice, such Controlling Shareholder or his/its close associates may pursue such new business opportunity at their discretion, subject to compliance with the applicable requirements under the Listing Rules.

The Board committee comprising only independent non-executive Directors (the “Independent Board Committee”) will be responsible for reviewing, considering and deciding whether or not to take up a new business opportunity referred to our Company by our Controlling Shareholders and/or their affiliates. When our Company receives the Offer Notice from our Controlling Shareholders and/or his/its close associates, our Company will inform our Directors (including our independent non-executive Directors) and members of our Group’s senior management team in writing immediately and our executive Directors together with other senior management members of our Company will, within five business days of being informed of such business opportunity, present a written memorandum setting out an analysis of such business opportunity and their recommendation and proposals in respect of such business opportunity to the Independent Board Committee, comprising only of our independent non-executive Directors who do not have a material interest in such business opportunity. The Independent Board Committee shall convene a meeting to consider such business opportunity and the recommendations and proposals presented by our executive Directors together with other senior management members of our Company and to decide whether to pursue or decline such business opportunity.

Further Undertakings from our Controlling Shareholders

Each of our Controlling Shareholders has further undertaken that:

- (i) he/it shall provide, or to shall procure his/its close associates to provide all information necessary for the annual review by the independent non-executive Directors with regard to the compliance with and enforcement of the Deed of Non-Competition;
- (ii) he/it agrees that our Company disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance with and enforcement of the Deed of Non-Competition in our Company’s annual report, or by way of announcement; and
- (iii) he/it will make an annual declaration to our Company and the independent non-executive Directors annually regarding his/its compliance with the Deed of Non-Competition for our Company to disclose in our Company’s annual report.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Deed of Non-Competition will become effective upon [REDACTED] and remain in full force and be terminated upon the earlier of (i) the date on which the Shares cease to [REDACTED]; or (ii) the date on which (a) our Controlling Shareholders, individually or collectively (whether or not with their respective close associates), cease to own, directly or indirectly, 30% or more of the then issued share capital of our Company (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer as required thereunder) and (b) our Controlling Shareholders, cease to control the composition of a majority of the Board, whichever occurs first.

FURTHER UNDERTAKINGS BY OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders have also given undertakings in respect of the Shares to our Company and the Stock Exchange as required by Rule 10.07 of the Listing Rules, see section headed “[REDACTED]” in this Document for details.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following corporate governance measures to manage any potential conflicts of interest and to safeguard the interests of our Shareholders:

- (i) our Company has appointed independent non-executive Directors to ensure the effective exercise of independent judgements on the decision-making process of our Board of Directors and provide independent advice to our Shareholders;
- (ii) our Company will provide to our independent non-executive Directors the Offer Notice delivered to our Company by our Controlling Shareholders within seven days of receipt;
- (iii) our Directors consider that our independent non-executive Directors have sufficient experience in assessing whether or not to take up the new business opportunities or exercise our Company’s pre-emptive right. In any event, our independent non-executive Directors may appoint a financial adviser or professional expert to provide advice, at the cost of our Company, in connection with the exercise or non-exercise of the option or pre-emptive right under the Deed of Non-Competition;
- (iv) our independent non-executive Directors will review, on an annual basis, the compliance with the non-competition undertaking by our Controlling Shareholders under the Deed of Non-Competition;
- (v) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and professional advisers of our Company with regard to the compliance with and enforcement of the undertakings contained in the Deed of Non-Competition;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (vi) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance with and the enforcement of the non-competition undertaking by our Controlling Shareholders under the Deed of Non-Competition in the interim and annual reports of our Company;
- (vii) each of our Controlling Shareholders has undertaken to make an annual declaration on his/its compliance with the Deed of Non-Competition in the annual reports;
- (viii) any proposed transaction between us and connected persons will be subject to Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting and independent Shareholders’ approval requirements of such rules;
- (ix) in the event of any potential conflict of interests, our Director(s) with an interest in the relevant transaction(s) shall abstain from voting at the relevant Board of Directors meeting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such meeting;
- (x) in the event of any potential conflict of interests at the Shareholders’ level, our Controlling Shareholders shall abstain from voting at the Shareholders’ meeting of our Company with respect to the relevant resolutions; and
- (xi) we have appointed Zhongtai International Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including but not limited to various requirements relating to Directors’ duties and corporate governance.

DIRECTORS AND SENIOR MANAGEMENT

SUMMARY INFORMATION OF OUR DIRECTORS AND SENIOR MANAGEMENT

The following table sets out information regarding our Directors and members of our senior management.

Name	Age	Position/Title	Roles and Responsibilities	Date of joining our Group	Date of first appointment as Director/senior management
Executive Directors					
Mr. Chen Zichun (陳子淳先生)	33	Chairman of our Board, Executive Director, and Chief Executive Officer	Primarily responsible for overall strategic planning development, business planning, investment planning and overseeing the business operation of our Group	July 2022	July 2022
Mr. Zhou Yong (周勇先生)	56	Executive Director and President	Primarily responsible for overseeing the general business operations and management of our Group	March 2010	March 2010
Ms. Meng Haiqing (孟海清女士)	37	Executive Director and Chief Financial Officer	Primarily responsible for financial management of our Group	March 2023	March 2023
Non-executive Director					
Mr. Zhang Wei (張偉先生)	55	Non-executive Director	Primarily responsible for providing guidance and advice to the Board on the corporate and business strategies and strategic investments	April 2025	April 2025
Independent non-executive Directors					
Dr. Cui Haitao (崔海濤博士)	50	Independent non-executive Director	Primarily responsible for providing independent judgement to our Board on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct	[•]	[•]
Ms. Xu Qian (徐茜女士)	46	Independent non-executive Director	Primarily responsible for providing independent judgement to our Board on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct	[•]	[•]
Mr. Chan Ngai Fan (陳毅奮先生)	45	Independent non-executive Director	Primarily responsible for providing independent judgement to our Board on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct	[•]	[•]

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position/Title	Roles and Responsibilities	Date of joining our Group	Date of first appointment as Director/senior management
Senior Management					
Dr. Chen Bo (陳波博士)	50	Deputy General Manager	Primarily responsible for leading the research and development projects of our Group	March 2021	March 2021
Mr. Liu Xiaoyong (劉小勇先生)	38	Deputy General Manager	Primarily responsible for business operations and procurement of our Group	June 2016	June 2016
Mr. Tian Kui (田奎先生)	43	Chief Sales Officer	Primarily responsible for managing customers and sales of our Group	November 2013	November 2013
Mr. Zhao Qingliang (趙慶亮先生)	40	Business Director	Primarily responsible for market development and external cooperation of our Group	May 2013	October 2017
Mr. Luo Weiwei (駱偉偉先生)	41	Chief Production Officer	Primarily responsible for managing the production process of our Group	October 2013	December 2021

BOARD OF DIRECTORS

Our Board currently consists of seven Directors comprising three executive Directors, one non-executive Director and three independent non-executive Directors. The term of service for our Directors is three years, and Directors are permitted to be re-elected. Responsibilities of our Board include but are not limited to (i) convening Shareholders' meetings, reporting on our Board's work at these meetings, implementing our Shareholders' resolutions passed at these meetings; (ii) determining business operation, financial, capital and investment plans; (iii) determining internal management structure, setting down fundamental management rules; (iv) appointing and discharging members of senior management, determining Directors' remuneration and formulating our proposals for profit distributions; and (v) exercising other functions and powers empowered by relevant laws, regulations and the Articles of Association.

Executive Directors

Mr. Chen Zichun (陳子淳先生), aged 33, was appointed as Director of our Company on 12 December 2024 and was subsequently re-designated as our executive Director and appointed as the Chairman of our Board and the Chief Executive Officer on 25 April 2025. Mr. Chen has been appointed as the sole executive director of Janbon Colloidal Materials since July 2022. Mr. Chen is principally responsible for overall strategic planning development, business planning, investment planning and overseeing the business operation of our Group. He is the chairman of our nomination committee.

Mr. Chen has more than six years of experience in investment, business management and administration. He is also our Controlling Shareholder.

Mr. Chen worked as the chief investment officer at Shandong Jianbang Investment Management Co., Ltd.* (山東建邦投資管理有限公司) from May 2018 to February 2023.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen obtained a bachelor’s degree in interdisciplinary math & economics from Fordham University in the United States in May 2015 and further obtained a master’s degree in real estate from New York University in the United States in May 2018.

Mr. Chen was a director, supervisor, partner or manager of the following enterprises at the time or within 12 months from the time of their respective dissolutions or commencements of dissolution procedures (otherwise than by a members’ voluntary winding up). The relevant details are as follows:

<u>Enterprise Name</u>	<u>Place of incorporation/ establishment</u>	<u>Last Position</u>	<u>Principal business before dissolution</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>	<u>Reasons for dissolution</u>
Yunnan Wanquan Private Equity Fund Management Co. Ltd.*(雲南萬泉私募基金管理有限公司)	PRC	Executive Director and General Manager	Among other things, private equity investment fund management services	19 July 2021	Deregistration	Cessation of business
Shandong Blue Island Private Equity Fund Management Co., Ltd.*(山東藍島私募基金管理有限公司)	PRC	Executive Director and General Manager	Among other things, private equity investment fund management services	31 August 2023	Deregistration	Cessation of business
Linyi Dagan International Trading Co., Ltd.*(臨沂達觀國際貿易有限公司)	PRC	Supervisor	Among other things, technical services, development and consultancy	10 March 2023	Deregistration	Cessation of business
Hainan Xinchun Huizhi Enterprise Management Partnership (Limited Partnership)*(海南鑫辰匯智企業管理合夥企業(有限合夥))	PRC	Partner and Executive Partner	Among other things, business management, finance and tax consulting	13 April 2023	Deregistration	Cessation of business

Mr. Chen confirmed that (i) to the best of his knowledge, each of the above enterprises was solvent immediately prior to its deregistration and had no outstanding liabilities on or before its deregistration; (ii) there was no wrongful act on his part leading to the deregistration of the above enterprises, (iii) the enterprises had not been involved in any material non-compliance incidents, claims, litigations or legal proceedings; (iv) he is not aware of any actual or potential claim that has been or will be made against him as a result of the deregistration; and (v) no misconduct or misfeasance had been involved on his part in the deregistration of the above enterprises.

Mr. Chen is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhou Yong (周勇先生), aged 56, was appointed as our executive Director and President on 25 April 2025. Mr. Zhou was appointed as the manager and the executive director of Janbon Colloidal Materials from March 2010 to July 2022 and was subsequently appointed as the general manager of Janbon Colloidal Materials from July 2022. Mr. Zhou is principally responsible for overseeing the general business operations and management of our Group.

Mr. Zhou has over 23 years of experience in administration and business management.

From February 2002 to March 2007, Mr. Zhou served as the head of operations and the head of the office of the president at Minsheng Insurance Brokers Co., Ltd.* (民生保險經紀有限公司), primarily responsible for general management of the company. Mr. Zhou served as the vice-president of Shandong Janbon Group Co., Ltd.* (山東建邦集團有限公司) from March 2007 to July 2022, primarily responsible for general management of the company.

Mr. Zhou obtained a diploma in insurance from Shandong Radio and Television University* (山東廣播電視大學) (currently known as Shandong Open University (山東開放大學)) in the PRC in July 1991, and graduated from Shandong University (山東大學) in the PRC in July 1996, major in national economic management.

In August 2024, Mr. Zhou was awarded the leading talent in business management of the “TaiShan Industrial Experts Programme” by the Talent Work Leading Group of the Communist Party of China Shandong Province Committee* (中共山東省委人才工作領導小組).

Mr. Zhou was awarded the Intermediate Insurance Economist Qualification Certificate* (保險經濟中級資格證) by the Ministry of Personnel of the PRC* (中國人事部) in October 1996. In March 2011, Mr. Zhou was awarded the Legal Professional Qualification Certificate* (法律職業資格證) by the Ministry of Justice of the PRC* (中國司法部).

Mr. Zhou was a partner of the following enterprise at the time or within 12 months from the time of its dissolution or commencement of dissolution procedure (otherwise than by a members’ voluntary winding up). The relevant details are as follows:

<u>Enterprise Name</u>	<u>Place of incorporation/ establishment</u>	<u>Last Position</u>	<u>Principal business before dissolution</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>	<u>Reasons for dissolution</u>
Hainan Weilanwan Business Service Partnership (Limited Partnership)* (海南蔚藍灣商務服務合夥企業(有限合夥))	PRC	Partner and Executive Partner	Among other things, business management; financial consulting; market research	30 May 2023	Deregistration	Cessation of business

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhou confirmed that (i) to the best of his knowledge, the above enterprise was solvent immediately prior to its deregistration and had no outstanding liabilities on or before its deregistration; (ii) there was no wrongful act on his part leading to the deregistration of the above enterprise, (iii) the enterprise had not been involved in any material non-compliance incidents, claims, litigations or legal proceedings; (iv) he is not aware of any actual or potential claim that has been or will be made against him as a result of the deregistration; and (v) no misconduct or misfeasance had been involved on his part in the deregistration of the above enterprise.

Mr. Zhou is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Ms. Meng Haiqing (孟海清女士), aged 37, was appointed as our executive Director and Chief Financial Officer on 25 April 2025. Ms. Meng has been appointed as the chief financial officer of Janbon Colloidal Materials since March 2023 and has been appointed as the secretary of the board of Janbon Colloidal Materials since November 2024. Ms. Meng is principally responsible for financial management of our Group. She is a member of our remuneration committee.

Ms. Meng has over 14 years of experience in accounting and financial management.

Prior to joining our Group, from April 2020 to February 2023, Ms. Meng served as the finance manager of finance department of Shandong Nuohai Equity Investment Management Co., Ltd.* (山東諾海股權投資管理有限公司), primarily responsible for general financial management. From April 2018 to March 2020, she served as the finance manager of Shandong Jianbang Technology Development Group Co., Ltd.* (山東建邦科技發展集團有限公司), primarily responsible for financial management. From December 2016 to March 2018, she served as the head of finance of Shandong Jianbang Investment Management Co., Ltd.* (山東建邦投資管理有限公司), primarily responsible for financial management. She worked at Ruihua Certified Public Accountants (Special General Partnership) Shandong Branch* (瑞華會計師事務所(特殊普通合夥)山東分所) from February 2012 to November 2016 and worked at Guofu Haohua Certified Public Accountants Co., Ltd. Shandong Branch* (國富浩華會計師事務所有限公司山東分所) from October 2010 to January 2012.

Ms. Meng obtained a professional specialist diploma in accounting from Yanshan College of Shandong Institute of Economics* (山東經濟學院燕山學院) (currently known as Shandong University of Finance and Economics (山東財經大學)) in the PRC in July 2009, and further obtained a bachelor's degree in accounting from China Agricultural University (中國農業大學) in the PRC in July 2013 (online education).

Ms. Meng was recognised as a Chinese Certified Public Accountant by the Chinese Institute of Certified Public Accountants in July 2017. She has been awarded the qualification of tax advisor (稅務師) by the China Certified Tax Agents Association in November 2020. In December 2023, Ms. Meng was accredited as a senior accountant (高級會計師) by the Department of Human Resources and Social Security (人力資源和社會保障廳) of Shandong Province of the PRC.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Meng is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Non-executive Director

Mr. Zhang Wei (張偉先生), aged 55, was appointed as our non-executive Director on 25 April 2025, primarily responsible for providing guidance and advice to the Board on the corporate and business strategies and strategic investments.

Mr. Zhang has over 20 years of experience in engineering surveys, administration and business management.

Prior to joining our Group, Mr. Zhang has been serving as the chairman and general manager of Shandong Jinan Jianbang Yellow River Highway Bridge Co., Ltd.* (山東濟南建邦黃河公路大橋有限公司) since June 2006, primarily responsible for business management of the company. From March 2002 to May 2006, he served as the assistant to the general manager and head of the general office at Shandong Jianbang Investment Management Co., Ltd.* (山東建邦投資管理有限公司), primarily responsible for assisting the general manager in the day-to-day management of the company. He worked at Coal Industry Jinan Design & Research Institute Co., Ltd.* (煤炭工業濟南設計研究院有限公司) (currently known as General Technology Group Engineering Design Co., Ltd. (通用技術集團工程設計有限公司)) from 1994 to February 2002.

Mr. Zhang obtained a bachelor’s degree in mine surveying from China University of Mining and Technology (中國礦業大學) in the PRC in June 1992 and further obtained a master’s degree in business administration from Shandong University (山東大學) in the PRC in December 2002.

Mr. Zhang was a director, supervisor or manager of the following enterprises at the time or within 12 months from the time of their respective dissolutions or commencements of dissolution procedures (otherwise than by a members’ voluntary winding up). The relevant details are as follows:

<u>Enterprise Name</u>	<u>Place of incorporation/ establishment</u>	<u>Last Position</u>	<u>Principal business before dissolution</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>	<u>Reasons for dissolution</u>
Qingdao Zhongke Qisheng Real Estate Co., Ltd.* (青島中科啟晟置業 有限公司)	PRC	Executive Director and Manager	Among other things, real estate development and operation	9 May 2023	Deregistration	Cessation of business
Shandong Ruicheng Real Estate Appraisal Co., Ltd. (山東瑞誠房地產評估 有限公司)	PRC	Supervisor and Liquidation Group Member	Among other things, real estate valuation; real estate information consulting and intermediary services	11 January 2010	Deregistration	Cessation of business

DIRECTORS AND SENIOR MANAGEMENT

<u>Enterprise Name</u>	<u>Place of incorporation/ establishment</u>	<u>Last Position</u>	<u>Principal business before dissolution</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>	<u>Reasons for dissolution</u>
Shandong Bangrui Real Estate Co., Ltd. (山東邦瑞地產有限公司)	PRC	Chairman, General Manager and Liquidation Group Leader	Among other things, real estate development and operation; property management	3 June 2020	Deregistration	Cessation of business
Shandong Banghe Real Estate Co., Ltd. (山東邦和地產有限公司)	PRC	Chairman, General Manager and Liquidation Group Leader	Among other things, real estate development and operation; property management	3 June 2020	Deregistration	Cessation of business
Shandong Huike Real Estate Co., Ltd. (山東慧科地產有限公司)	PRC	Chairman and General Manager	Among other things, real estate development and operation; property management	20 April 2021	Deregistration	Cessation of business
Shandong Bangtuo Real Estate Co., Ltd. (山東邦拓地產有限公司)	PRC	Chairman and General Manager	Among other things, real estate development and operation; property management	20 April 2021	Deregistration	Cessation of business
Shandong Bangjia Real Estate Co., Ltd. (山東邦佳置業有限公司)	PRC	Executive Director and General Manager	Among other things, real estate development and operation; property management	14 December 2022	Deregistration	Cessation of business
Shandong Heyun Real Estate Co., Ltd. (山東禾運置業有限公司)	PRC	Executive Director and General Manager	Among other things, real estate development and operation; property management	14 December 2022	Deregistration	Cessation of business
Shandong Pengbang Real Estate Co., Ltd. (山東鵬邦置業有限公司)	PRC	Executive Director and General Manager	Among other things, real estate development and operation; property management	8 November 2021	Deregistration	Cessation of business
Shandong Bangqi Real Estate Co., Ltd. (山東邦祺置業有限公司)	PRC	Executive Director and General Manager	Among other things, real estate development and operation; property management	10 November 2021	Deregistration	Cessation of business
Shandong Hexu Real Estate Co., Ltd. (山東禾旭置業有限公司)	PRC	Executive Director and General Manager	Among other things, real estate development and operation; property management	13 October 2021	Deregistration	Cessation of business

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhang confirmed that (i) to the best of his knowledge, each of the above enterprises was solvent immediately prior to its deregistration and had no outstanding liabilities on or before its deregistration; (ii) there was no wrongful act on his part leading to the deregistration of the above enterprises, (iii) the enterprises had not been involved in any material non-compliance incidents, claims, litigations or legal proceedings; (iv) he is not aware of any actual or potential claim that has been or will be made against him as a result of the deregistration; and (v) no misconduct or misfeasance had been involved on his part in the deregistration of the above enterprises.

Mr. Zhang is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Independent Non-executive Directors

Dr. Cui Haitao (崔海濤博士), aged 50, was appointed as our independent non-executive Director on 25 April 2025, with effect from [•] 2025, primarily responsible for providing independent judgement to our Board on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. He is the chairman of our audit committee and a member of our nomination committee and remuneration committee.

Dr. Cui has over 19 years of experience in marketing and business management.

Dr. Cui has served as a professor at Carlson School of Management, University of Minnesota since July 2005. Dr. Cui has been an independent non-executive director of Viva Goods Company Limited (listed on the Stock Exchange, stock code: 933.HK) since 26 October 2023. Dr. Cui was appointed as an independent non-executive director of Excellence Commercial Property & Facilities Management Group Limited (listed on the Stock Exchange, stock code: 6989.HK) on 22 March 2024.

Dr. Cui obtained a bachelor's degree in industrial engineering and fluid machinery and fluid engineering from Tsinghua University (清華大學) in the PRC in May 1998 and further obtained a IMBA degree (MIT Sloan-Tsinghua co-developed programme) from Tsinghua University (清華大學) in the PRC in May 2000 and a master's degree in operations and information management from Wharton School, University of Pennsylvania in the United States in December 2002. Dr. Cui obtained a doctor's degree in managerial science & applied economics from Wharton School, University of Pennsylvania in the United States in August 2005.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Cui was a director or supervisor of the following enterprises at the time or within 12 months from the time of their respective dissolutions or commencements of dissolution procedures (otherwise than by a members’ voluntary winding up). The relevant details are as follows:

<u>Enterprise Name</u>	<u>Place of incorporation/ establishment</u>	<u>Last Position</u>	<u>Principal business before dissolution</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>	<u>Reasons for dissolution</u>
Honglue Enterprise Management Consulting (Shanghai) Co., Ltd. (泓略企業管理諮詢(上海)有限公司)	PRC	Executive Director and Liquidation Group Leader	Among other things, enterprise management consulting; marketing planning	12 December 2019	Strike off	Non-filing of annual report
Shanghai Jianaian Information Technology Co., Ltd. (上海健愛安信息科技有限公司)	PRC	Supervisor and Liquidation Group Leader	Among other things, information technology, electronics, computers, network technology in the field of technology development	4 December 2019	Deregistration	Cessation of business

Dr. Cui confirmed that (i) to the best of his knowledge, each of the above enterprises was solvent immediately prior to its deregistration and had no outstanding liabilities on or before its deregistration; (ii) there was no wrongful act on his part leading to the deregistration of the above enterprises, (iii) the enterprises had not been involved in any material non-compliance incidents, claims, litigations or legal proceedings; (iv) he is not aware of any actual or potential claim that has been or will be made against him as a result of the deregistration; and (v) no misconduct or misfeasance had been involved on his part in the deregistration of the above enterprises.

Save as disclosed above, Dr. Cui is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Ms. Xu Qian (徐茜女士), aged 46, was appointed as our independent non-executive Director on 25 April 2025, with effect from [•] 2025, primarily responsible for providing independent judgement to our Board on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. She is the chairlady of our remuneration committee and a member of our nomination committee and audit committee.

Ms. Xu has over 14 years of experience in legal practice, asset management and its downstream investment.

Since April 2021, Ms. Xu has been serving as a management committee member of the asset management division and general counsel at China Renaissance. From October 2010 to March 2021, Ms. Xu worked at CDH Investments Management (Hong Kong) Limited as the Principal.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Xu obtained a bachelor’s degree in international economic law from University of International Business and Economics (對外經濟貿易大學) in the PRC in July 2000 and further obtained a master’s degree in law from University College London in the United Kingdom in November 2002. Subsequently, she completed a master’s degree in corporate law from New York University in the United States in May 2007.

Ms. Xu was a director or partner of the following enterprises at the time or within 12 months from the time of their respective dissolutions or commencements of dissolution procedures (otherwise than by a members’ voluntary winding up). The relevant details are as follows:

Enterprise Name	Place of incorporation/ establishment	Last Position	Principal business before dissolution	Date of dissolution	Means of dissolution	Reasons for dissolution
Ningbo Dinghui Jiayun Equity Investment Partnership Enterprise (Limited Partnership)* (寧波 鼎暉嘉韻股權投資合 夥企業(有限合夥))	PRC	Partner	Equity investment and related advisory services	1 June 2015	Deregistration	Cessation of business
Ningbo Dinghui Jiafu Equity Investment Partnership Enterprise (Limited Partnership)* (寧波 鼎暉嘉孚股權投資合 夥企業(有限合夥))	PRC	Partner	Equity investment and related advisory services	1 June 2015	Deregistration	Cessation of business
Ningbo Dinghui Jiahui Equity Investment Partnership Enterprise (Limited Partnership)* (寧波 鼎暉嘉惠股權投資合 夥企業(有限合夥))	PRC	Partner	Equity investment and related advisory services	1 June 2015	Deregistration	Cessation of business
Ningbo Dinghui Jiayi Equity Investment Partnership Enterprise (Limited Partnership)* (寧波 鼎暉嘉懿股權投資合 夥企業(有限合夥))	PRC	Partner	Equity investment and related advisory services	1 June 2015	Deregistration	Cessation of business
Shanghai Dinghui Xiangfu Equity Investment Partnership Enterprise (Limited Partnership)* (上海 鼎暉祥孚股權投資合 夥企業(有限合夥))	PRC	Partner	Equity investment	24 April 2024	Deregistration	Cessation of business
Ningbo Baiheng Huixin Investment Management Co., Ltd.* (寧波百恒匯鑫 投資管理有限公司)	PRC	Executive Director	Among other things, investment management; investment consultancy	17 August 2018	Deregistration	Cessation of business

DIRECTORS AND SENIOR MANAGEMENT

<u>Enterprise Name</u>	<u>Place of incorporation/ establishment</u>	<u>Last Position</u>	<u>Principal business before dissolution</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>	<u>Reasons for dissolution</u>
Ningbo Dinghui Jinxiu Investment Management Co., Ltd.* (寧波鼎暉錦繡投資管理有限公司)	PRC	Executive Director	Among other things, investment management; investment consultancy	28 August 2018	Deregistration	Cessation of business
Argfnt Alliance TECHNOLOGIES Company Limited* (深圳雅駿聯合科技有限公司)	PRC	Director	Among other things, research and development of information technology and electronic products	21 November 2016	Deregistration	Cessation of business
Golden Crystalline Limited	BVI	Director	Investment holding	3 January 2025	Deregistration	Cessation of business

Ms. Xu confirmed that (i) to the best of her knowledge, each of the above enterprises was solvent immediately prior to its deregistration and had no outstanding liabilities on or before its deregistration; (ii) there was no wrongful act on her part leading to the deregistration of the above enterprises, (iii) the enterprises had not been involved in any material non-compliance incidents, claims, litigations or legal proceedings; (iv) she is not aware of any actual or potential claim that has been or will be made against her as a result of the deregistration; and (v) no misconduct or misfeasance had been involved on her part in the deregistration of the above enterprises.

Ms. Xu is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Mr. Chan Ngai Fan (陳毅奮先生), aged 45, was appointed as our independent non-executive Director on 25 April 2025, with effect from [•] 2025, primarily responsible for providing independent judgement to our Board on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. He is a member of our audit committee.

Mr. Chan has over 20 years of experience in auditing, accounting and business management.

Prior to joining our Group, from July 2024 to present, Mr. Chan has been serving as an independent non-executive director of Central Wealth Group Holdings Limited (listed on the Stock Exchange, stock code: 139.HK), primarily responsible for providing independent judgement to the board. From November 2023 to present, he has been serving as an independent non-executive director of Persistence Resources Group Ltd (listed on the Stock Exchange, stock code: 2489.HK), primarily responsible for providing independent judgement to the board. From August 2022 to present, he has served as the company secretary of Bison Finance Group Limited (listed on the Stock Exchange, stock code: 888.HK), primarily responsible for the company secretarial matters. From May 2022 to

DIRECTORS AND SENIOR MANAGEMENT

present, he has served as the company secretary, authorised representative and process agent of China Health Technology Group Holding Company Limited (formerly known as China Bozza Development Holdings Limited) (listed on the Stock Exchange, stock code: 1069.HK), primarily responsible for the company secretarial matters.

From March 2022 to June 2023, he served as an independent non-executive director of Contel Technology Company Limited (listed on the Stock Exchange, stock code: 1912.HK), primarily responsible for providing independent judgement to the board. From January 2022 to present, he has been serving as an independent non-executive director of Capital Finance Holdings Limited (listed on the Stock Exchange, stock code: 8239.HK), primarily responsible for providing independent judgement to the board. From July 2020 to present, he has been serving as an independent non-executive director of Leader Education Limited (listed on the Stock Exchange, stock code: 1449.HK), primarily responsible for providing independent judgement to the board. From September 2019 to September 2023, he served as an independent non-executive director of Sanxun Holdings Group Limited (listed on the Stock Exchange, stock code: 6611.HK), primarily responsible for providing independent judgement to the board. From May 2019 to April 2020, he served as the chief financial officer and company secretary of Heysea Yachts Holdings Company Limited, primarily responsible for overseeing finance and accounts operations. From January 2019 to present, he has been serving as a joint company secretary of Centenary United Holdings Limited (listed on the Stock Exchange, stock code: 1959.HK), primarily responsible for the company secretarial matters and coordination of investor relations.

From January 2019 to May 2019, he served as the company secretary of Sino Vision Worldwide Holdings Limited (formerly known as DX.com Holdings Limited) (“**Sino Vision**”) (was listed on the Stock Exchange and delisted in June 2023, stock code: 8086.HK), primarily responsible for the company secretarial matters. From August 2017 to September 2018, he served as an independent non-executive director of Sino Vision, primarily responsible for providing independent judgement to the board. From September 2016 to March 2019, he served as an executive director and chief financial officer (from April 2018 to January 2019) and a non-executive director (from September 2016 to April 2018 and from January 2019 to March 2019) of Shenzhen Mingwah Aohan High Technology Corporation Limited (was listed on the Stock Exchange and delisted in December 2021, former stock code: 8301.HK), primarily responsible for managing the company’s overall affairs. From May 2015 to April 2018, he served as financial controller of KPa-BM Holdings Limited (listed on the Stock Exchange, stock code: 2663.HK), primarily responsible for the financial reporting, treasury and financial control matters. From March 2011 to April 2015, he served as the financial controller of Naigai Mining (China) Company Limited* (內外礦業(中國)有限公司), primarily responsible for financial reporting and other financial matters.

From August 2007 to February 2011, he served as assistant manager — assurance of JBPP & Company (formerly known as Grant-Thornton and later merged with BDO Limited), primarily responsible for audit services. From June 2006 to July 2007, he served as assistant accountant of Oriental Resource Enterprises Limited, primarily responsible for accounting, taxation, company secretarial matters, trading documentation and other

DIRECTORS AND SENIOR MANAGEMENT

related services. From November 2004 to June 2006, he served as assistant accountant of New Universe Holdings Limited, primarily responsible for the overall accounting operations.

Mr. Chan obtained a higher diploma in accountancy, a bachelor of arts degree in accountancy and a master of corporate governance degree from The Hong Kong Polytechnic University in December 2006, December 2007 and October 2013, respectively.

Mr. Chan was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in February 2011 and is currently registered as a certified public accountant (practising). Mr. Chan was admitted to graduateship of The Institute of Chartered Secretaries & Administrators in December 2016 and was admitted as an associate of The Hong Kong Institute of Chartered Secretaries (now known as The Hong Kong Chartered Governance Institute) in November 2019.

Saved as disclosed above, Mr. Chan does not have any current or past directorships in any listed companies in the last three years.

Disclosure required under Rule 13.51(2) of the Listing Rules

Save as disclosed above and elsewhere in this Document, each of our Directors confirms with respect to himself or herself that: (i) he or she did not hold directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) there is no other information that needs to be disclosed pursuant to Rule 13.51(2) of the Listing Rules; and (iii) to the best knowledge, information and belief of our Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders as at the Latest Practicable Date.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our 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 25 April 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of 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/her independence at the time of his/her appointments.

SENIOR MANAGEMENT

Dr. Chen Bo (陳波博士), aged 50, was appointed as our Deputy General Manager on 25 April 2025. Dr. Chen has been appointed as a deputy general manager of Janbon Colloidal Materials since March 2021. Dr. Chen is principally responsible for leading the research and development projects of our Group.

Dr. Chen has over 22 years of experience in research and development.

Prior to joining our Group, from November 2011 to May 2020, Dr. Chen served as a lecturer of Shandong University National Engineering Research Centre for Colloidal Materials* (山東大學國家膠體材料工程技術研究中心), a secondary unit with independent establishment for the construction of key project of science and technology, directly under the Shandong University* (山東大學), primarily responsible for research and education of university students. He also obtained work experience in Xiantao Zhongxing Electronic Material Co., Ltd.* (湖北仙桃中星電子材料有限公司).

Dr. Chen obtained a bachelor's degree in chemical process from Northwest University (西北大學) in the PRC in July 1996 and further obtained a doctor's degree in nanomaterials chemistry from Shandong University (山東大學) in the PRC in December 2010.

In December 2024, Dr. Chen was accredited as a senior engineer (高級工程師) by the Bureau of Human Resources and Social Security (人力資源和社會保障局) of Jinan City of Shandong Province of the PRC.

Dr. Chen was awarded the 4th “Impact Jinan” Science and Technology Personality Pioneer Award for Science and Innovation* (第四屆「影響濟南」科技人物科創先鋒獎) by the “Impact Jinan” Economic Figures of the Year Award Organising Committee* (「影響濟南」年度經濟人物評選組委會) in July 2023.

Dr. Chen is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu Xiaoyong (劉小勇先生), aged 38, was appointed as our Deputy General Manager on 25 April 2025. Mr. Liu joined Janbon Colloidal Materials as a department manager in June 2016 and was subsequently appointed as a deputy general manager of Janbon Colloidal Materials in February 2022. Mr. Liu is principally responsible for business operations and procurement of our Group.

Mr. Liu has over 15 years of experience in business operation and management.

Prior to joining our Group, from March 2014 to June 2016, Mr. Liu served as the head of the office of the president of Shandong Jianbang Investment Management Co., Ltd.* (山東建邦投資管理有限公司), primarily responsible for general administration matters. From May 2012 to March 2014, he worked at Shandong Hi-function Energy Technology Co., Ltd.* (山東紅帆能源科技有限公司). From October 2009 to April 2012, he worked at Shandong Lanhai Hotel Management Co., Ltd.* (山東藍海酒店管理股份有限公司).

Mr. Liu obtained a bachelor's degree in e-commerce from Shandong Institute of Finance (山東財政學院) (currently known as Shandong University of Finance and Economics (山東財經大學)) in the PRC in June 2009.

Mr. Liu was awarded as a 2023 “Advanced Individual” in Science and Technology* (二〇二三年度科技創新工作「先進個人」稱號) by the Tianqiao District Science and Innovation Committee Office* (天橋區科創委辦公室) of the Tianqiao District Science and Technology Bureau* (天橋區科學技術局) in March 2024.

Mr. Liu is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Mr. Tian Kui (田奎先生), aged 43, was appointed as our Chief Sales Officer on 25 April 2025. Mr. Tian has been appointed as the head of sales of Janbon Colloidal Materials since November 2013 and was subsequently appointed in February 2022 as the manager of the sales department of Janbon Colloidal Materials. Mr. Tian is principally responsible for managing customers and sales of our Group.

Mr. Tian has over 11 years of experience in sales management.

Mr. Tian obtained a diploma in international business from Xijing Vocational College* (西京職業學院) (currently known as Xijing University (西京學院)) in the PRC in July 2004.

Mr. Tian is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhao Qingliang (趙慶亮先生), aged 40, was appointed as our Business Director on 25 April 2025. Mr. Zhao was appointed as the head of administration of Janbon Colloidal Materials from May 2013 to May 2016 and subsequently the head of general management department from October 2017 to January 2022 and the business director from January 2022. Mr. Zhao is principally responsible for market development and external cooperation of our Group.

Mr. Zhao has over 14 years of experience in technology management, sales and marketing.

Prior to joining our Group, Mr. Zhao worked as the head of technology department at China Nuclear Industry Huaxing Construction Company Limited* (中國核工業華興建設有限公司) from 2008 to 2011. He served as the marketing business unit manager at Shandong Weiji Carbon-tech Co., Ltd.* (山東偉基炭科技有限公司) from December 2011 to March 2013.

Mr. Zhao obtained a bachelor’s degree in metal materials engineering from Shandong University of Science and Technology (山東科技大學) in the PRC in June 2008.

Mr. Zhao was recognised as a Chinese Associate Constructor (中國二級建造師) by the Department of Human Resources and Social Security of Guangdong Province (廣東省人力資源和社會保障廳) and Department of Housing and Urban-Rural Development of Guangdong Province (廣東省住房和城鄉建設廳) in October 2012. In February 2022, Mr. Zhao was accredited as a mid-level engineer (中級工程師) by the Bureau of Human Resources and Social Security (人力資源和社會保障局) of Jinan City of Shandong Province of the PRC.

Mr. Zhao was a supervisor of the following enterprise at the time or within 12 months from the time of its dissolution or commencement of dissolution procedure (otherwise than by a members’ voluntary winding up). The relevant details are as follows:

<u>Enterprise Name</u>	<u>Place of incorporation/ establishment</u>	<u>Last Position</u>	<u>Principal business before dissolution</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>	<u>Reasons for dissolution</u>
Jinan Yishang Trading Co., Ltd.* (濟南逸上商貿有限公司)	PRC	Supervisor	Among other things, wholesale and retail: food, daily necessities, edible agricultural products, etc.	1 March 2019	Deregistration	Cessation of business

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhao confirmed that (i) to the best of his knowledge, the above enterprise was solvent immediately prior to its deregistration and had no outstanding liabilities on or before its deregistration; (ii) there was no wrongful act on his part leading to the deregistration of the above enterprise, (iii) the enterprise had not been involved in any material non-compliance incidents, claims, litigations or legal proceedings; (iv) he is not aware of any actual or potential claim that has been or will be made against him as a result of the deregistration; and (v) no misconduct or misfeasance had been involved on his part in the deregistration of the above enterprise.

Mr. Zhao is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Mr. Luo Weiwei (駱偉偉先生), aged 41, was appointed as our Chief Production Officer on 25 April 2025. Mr. Luo was appointed as a sales manager of Janbon Colloidal Materials from October 2013 to October 2016 and subsequently a production manager from October 2016 to January 2022 and the chief production officer from February 2022. Mr. Luo is principally responsible for managing the production process of our Group.

Mr. Luo has over 15 years of experience in engineering and production management.

Prior to joining our Group, Mr. Luo worked at Shandong Linuo Solar Power Holdings Co., Ltd.* (山東力諾太陽能電力股份有限公司) from January 2010 to September 2013.

Mr. Luo obtained a bachelor’s degree in materials chemistry from East China University of Technology (東華理工大學) in the PRC in July 2009.

Mr. Luo is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

JOINT COMPANY SECRETARIES

Ms. Meng Haiqing (孟海清女士) was appointed as our joint company secretary in [•] 2025. For her biographical details, see “Board of Directors — Executive Directors” in this section.

Ms. Wong Wing Yee (黃詠儀女士) was appointed as our joint company secretary in [•] 2025. Ms. Wong is an Assistant Manager of Company Secretarial Services of Vistra Corporate Services (HK) Limited. Ms. Wong has over seven years of experience in the corporate services industry.

Ms. Wong has been an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom since June 2022.

Ms. Wong obtained a bachelor of arts (Chinese) from The Lingnan University in November 2015.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the Articles of Association and the Listing Rules, we have established the audit committee, remuneration committee and nomination committee.

Audit Committee

We established an audit committee on [•] with written terms of reference in compliance with Rule 3.21 of the Listing Rules and Corporate Governance Code as set forth in Appendix C1 to the Listing Rules (“**Corporate Governance Code**”). The responsibilities of the audit committee are to supervise our internal control, financial information disclosure and financial reporting matters, which include but are not limited to:

- supervising the disclosure of our accounting information and other major issues, reviewing critical accounting policies and their implementation;
- proposing the appointment, re-appointment or removal of our external auditors; reviewing and monitoring their independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- reviewing our financial statements and records; and
- overseeing the audit process, internal control procedures and risk management system of our Company.

The audit committee consists of Dr. Cui Haitao, Mr. Chan Ngai Fan and Ms. Xu Qian. The chairman of the audit committee is Dr. Cui Haitao. Mr. Chan Ngai Fan holds the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

Remuneration Committee

We established a remuneration committee on [•] with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The responsibilities of our remuneration committee include, but are not limited to:

- making recommendations to our Board on the overall policy and structure for remuneration of all our Directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration;
- reviewing and approving the management’s remuneration proposals with reference to our Board’s corporate goals and objectives resolved by our Board from time to time to ensure none of our Directors determine their own remunerations; and

DIRECTORS AND SENIOR MANAGEMENT

- making recommendations to our Board on the terms of specific remuneration packages, bonuses and other forms of compensation payable to our Directors and senior management.

The remuneration committee consists of Ms. Xu Qian, Dr. Cui Haitao and Ms. Meng Haiqing. The chairlady of the remuneration committee is Ms. Xu Qian.

Nomination Committee

We established a nomination committee on [•] with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The responsibilities of our nomination committee include, but are not limited to:

- reviewing the structure, size and composition of our Board;
- making recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management team;
- assessing the independence of independent non-executive Directors; and
- overseeing the process for evaluating the performance of our Board.

The nomination committee consists of Mr. Chen, Dr. Cui Haitao and Ms. Xu Qian. The chairman of the nomination committee is Mr. Chen.

BOARD DIVERSITY POLICY

Our Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company’s strategic objectives and sustainable development. In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy (the “Board Diversity Policy”) which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the Board Diversity Policy, we seek to achieve the diversity of the Board through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

DIRECTORS AND SENIOR MANAGEMENT

We recognise the particular importance of gender diversity on our Board. Our Board currently includes two female Directors. We will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Our Board Diversity Policy provides that our Board shall take opportunities when selecting and making recommendations on suitable candidates for Board appointments with the aim of increasing the proportion of female members over time after the [REDACTED]. In particular, taking into account the business needs of our Group and changing circumstances that may affect our business plans, we will actively identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be periodically reviewed by our nomination committee in order to develop a pipeline of potential successors to our Board and promote gender diversity. Additionally, female representatives of our investors are also considered as potential candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at the mid- to senior- levels so that we have a pipeline of female senior management and potential successors to our Board going forward. We plan to offer well-rounded trainings to female employees whom we consider have the requisite experience, skills and knowledge of our operation and business, on topics including but not limited to business operation, management, accounting and finance, and legal compliance. We are of the view that such strategies will provide our Board with ample opportunities to identify capable female employees to be nominated as Directors in the future, fulfilling our aim to develop a pipeline of female candidates to achieve greater gender diversity in our Board in the long run. We believe that such a merit-based selection process with reference to our diversity policy and the nature of our business will be in the best interests of our Company and our Shareholders as a whole. It is our objective to maintain an appropriate balance of gender diversity with reference to the stakeholders’ expectations and international and local recommended best practices.

Our Directors have a balanced mix of knowledge and skills, including in business and operational management, accounting and financial management and legal. The ages of our Directors range from 33 years old to 56 years old, and we have both male and female representatives on the Board. They obtained degrees in various majors, including management, accounting as well as business administration. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board.

Our nomination committee is responsible for ensuring the diversity of our Board members. After the [REDACTED], our nomination committee will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION OF OUR DIRECTORS AND STAFF

For the three years ended 31 December 2022, 2023 and 2024, the aggregate amount of salaries and other allowances, discretionary bonus, retirement scheme contributions, other social welfare and benefits in kind (if applicable) paid by our Group to our Directors amounted to approximately RMB0.81 million, RMB2.27 million and RMB2.64 million, respectively.

The remuneration and benefits in kind (if applicable) received by the five highest-paid individuals (including Directors) for the three years ended 31 December 2022, 2023 and 2024 were approximately RMB2.43 million, RMB4.73 million and RMB5.64 million, respectively.

Under the arrangements currently in force within our Group, our Company estimates that the aggregate remuneration (including fees, salaries, allowances, pension-defined contribution plans and other benefits in kind where applicable) of our Directors (including independent non-executive Directors in their capacity as Directors), excluding any discretionary benefits or bonuses or other fringe benefits, for the year ending 31 December 2025 will be approximately RMB2.73 million.

During the Track Record Period, no remuneration was paid by our Group to, or receivable by, our Directors, past directors or our five highest-paid individuals (i) as an inducement to join or upon joining our Group or (ii) for loss of any office as a director or a supervisor of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. In addition, none of our Directors had waived any remuneration during the Track Record Period. Save as disclosed hereinabove, no other payments have been paid, or are payable, by our Company or any of its subsidiaries to our Directors or our five highest-paid individuals during the Track Record Period.

Our policy concerning the remuneration of our Directors is that the amount of remuneration is determined by reference to the relevant Director’s experience, responsibilities, workload and the time devoted to our Group. See section headed “Statutory and General Information — C. Further information about our Directors and Substantial Shareholders — 3. Particulars of Directors’ service contracts and letters of appointment” in Appendix IV to this Document for further details of the terms of the service contracts and letters of appointment.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, we have appointed Zhongtai International Capital Limited as our compliance adviser. The compliance adviser will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us in the following circumstances:

- (i) before the publication of any regulatory announcement, circular, or financial report;
- (ii) where a transaction, which might constitute a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- (iii) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this Document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this Document; and
- (iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 13.09 and 13.10 of the Listing Rules.

The term of appointment of the compliance adviser shall commence on the [REDACTED] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

CORPORATE GOVERNANCE CODE

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability. Our Company expects to comply with the Corporate Governance Code and the associated Listing Rules after [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

Except for the deviation from paragraph C.2.1 of the Corporate Governance Code, our Company’s corporate governance practices have complied with the Corporate Governance Code as at the Latest Practicable Date. Paragraph C.2.1 of the Corporate Governance Code stipulates that the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual. Mr. Chen is the chairman of our Board and the chief executive officer of our Company. In view that Mr. Chen has been assuming day-to-day responsibilities in operating and managing our Group since 2022 and the steady development of our Group, our Board believes that with the support of Mr. Chen’s extensive experience and knowledge in the business of our Group, vesting the roles of both Chairman of our Board and Chief Executive Officer of our Company in Mr. Chen strengthens the consistent and solid leadership of our Group, and thereby allows for efficient business planning and decision which is in the best interest to our Group and our Shareholders as a whole.

Our Directors consider that the deviation from paragraph C.2.1 of the Corporate Governance Code is appropriate in such circumstances. Notwithstanding the above, our Board is also of the view that the current management structure is effective for our Group’s operations, and sufficient checks and balances are in place. The balance of power and authority is ensured by the operation of the senior management and our Board, both of which comprise experienced and high-calibre individuals. Our Board comprises three executive Directors (including Mr. Chen), one non-executive Director and three independent non-executive Directors, and therefore has a strong independence element in its composition. Our Board will continue to review the effectiveness of the corporate governance structure of our Company in order to assess whether separation of the roles of Chairman of our Board and Chief Executive Officer is necessary.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED] (taking no account of the Shares which may be issued upon the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the 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 any member of our Group:

<u>Name of Shareholder</u>	<u>Capacity/ Nature of interest</u>	<u>Number of Shares as at the Latest Practicable Date</u>	<u>Approximate % of shareholding as at the Latest Practicable Date</u>	<u>Number of Shares immediately upon completion of the [REDACTED]</u>	<u>Approximate % of shareholding immediately upon completion of the [REDACTED]</u>
Mr. Chen ⁽²⁾	Founder of a discretionary trust and interest in controlled corporation	88,886,900	72.99%	[REDACTED]	[REDACTED]
Cerulean Harbor ⁽²⁾	Beneficial owner	88,886,900	72.99%	[REDACTED]	[REDACTED]
PoplarC Holding ⁽²⁾	Interest in controlled corporation	88,886,900	72.99%	[REDACTED]	[REDACTED]
Azure Harbor ⁽²⁾	Beneficiary of a discretionary trust	88,886,900	72.99%	[REDACTED]	[REDACTED]
Vistra Trust (Singapore) Pte. Limited ⁽²⁾	Trustee	88,886,900	72.99%	[REDACTED]	[REDACTED]

Notes:

- All interests stated are long positions.
- Cerulean Harbor held [REDACTED] Shares. Cerulean Harbor is owned as to 99% by PoplarC Holding (as a nominee which is wholly-owned by the PoplarC Trust) and 1% by Azure Harbor (which is wholly-owned by Mr. Chen), respectively. Pursuant to the PoplarC Trust, Vistra Trust (Singapore) Pte. Limited holds the equity interest in our Company through PoplarC Holding and Cerulean Harbor on trust for the benefit of Azure Harbor. As such, each of Mr. Chen, PoplarC Holding, Azure Harbor and Vistra Trust (Singapore) Pte. Limited are deemed to be interested in the [REDACTED] Shares held by Cerulean Harbor pursuant to the SFO.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following the [REDACTED] (taking no account of the Shares which may be issued upon the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme), have an interest or short position in the 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 any member of our Group.

SHARE CAPITAL

SHARE CAPITAL

The following is a description of the authorised share capital of our Company and the share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the [REDACTED] (without taking into account any Shares which may be issued under the [REDACTED] or any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme):

Share capital as of the date of this Document

Authorised share capital

Number	Description of share	Approximate aggregate nominal value of Shares	Approximate percentage of total authorised share capital
<u>370,000,000,000</u>	Shares of par value HK\$0.000001 each	<u>HK\$370,000</u>	<u>100%</u>
<u>370,000,000,000</u>	Shares in total	<u>HK\$370,000</u>	<u>100%</u>

Issued shares

Number	Description of share	Approximate aggregate nominal value of Shares	Approximate percentage of total issued share capital
<u>121,773,015</u>	Shares of par value HK\$0.000001 each	<u>HK\$121.77</u>	<u>100%</u>
<u>121,773,015</u>	Shares in total	<u>HK\$121.77</u>	<u>100%</u>

Share capital immediately following completion of the [REDACTED]

Authorised share capital

Number	Description of share	Approximate aggregate nominal value of Shares	Approximate percentage of total authorised share capital
<u>[REDACTED]</u>	Shares of par value HK\$[0.000001] each	<u>HK\$[REDACTED]</u>	<u>100%</u>
<u>[REDACTED]</u>	Shares in total	<u>HK\$[REDACTED]</u>	<u>100%</u>

SHARE CAPITAL

Issued shares

Number of Shares	Description of Shares	Approximate aggregate nominal value of Shares	Approximate percentage of total issued share capital
121,773,015	Shares in issue as of the date of this Document	HK\$121.77	[REDACTED]%
<u>[REDACTED]</u>	Shares to be issued under the [REDACTED]	<u>HK\$[REDACTED]</u>	<u>[REDACTED]%</u>
<u><u>[REDACTED]</u></u>	Shares in total	<u><u>HK\$[REDACTED]</u></u>	<u><u>100%</u></u>

Note: If the [REDACTED] is exercised in full, then [REDACTED] additional Shares will be issued resulting in a total issued share capital of [REDACTED] Shares with an aggregate nominal value of HK\$[REDACTED].

Assumptions

The above table assumes that the [REDACTED] have become unconditional but takes no account of any Shares which may be issued upon any exercise of the [REDACTED] or the options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates as described below.

Minimum public float

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at the time of the [REDACTED] and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the total issued share capital of our Company in the hands of the public (as defined in the Listing Rules).

Rankings

The [REDACTED] and the Shares that may be issued pursuant to exercise of the [REDACTED] will rank *pari passu* in all respects with all Shares in issue or to be issued as set out in the above table, and will qualify in full for all dividends and other distributions hereafter declared, made or paid on the Shares after the date of this Document.

SHARE OPTION SCHEME

Pursuant to the resolutions in writing of our Shareholders passed on [•] 2025, our Company has conditionally adopted the Share Option Scheme. For the principal terms of the Share Option Scheme, see “Statutory and General Information — E. Share Option Scheme” in Appendix IV to this Document.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into the Shares as at the Latest Practicable Date.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted the Issue Mandate to allot, issue and deal with a total number of Shares of not more than the aggregate of:

- (i) 20% of the total number of Shares in issue immediately following completion of the [REDACTED] (without taking into account any Shares which may be issued under the [REDACTED] or any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme); and
- (ii) the total number of the Shares repurchased by our Company (if any) pursuant to the Repurchase Mandate described more fully below.

The Issue Mandate is in addition to the powers of our Directors to allot, issue or deal with Shares under an issue by way of rights, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants of our Company or pursuant to any options granted under the Share Option Scheme, or an issue of Shares in respect of any scrip dividend or similar arrangement for the allotment and issue of Shares in lieu of the whole or part of the dividend on Shares.

The Issue Mandate to issue Shares will expire at the earliest of:

- (i) the conclusion of our Company’s next annual general meeting; or
- (ii) the expiration of the period within which our Company is required by the Articles or any applicable laws of the Cayman Islands to hold its next annual general meeting; or
- (iii) the time when the Issue Mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

For further details of this general mandate, see “Statutory and General Information — A. Further information about our Group — 5. Written resolutions of our Shareholders passed on [•]” in Appendix IV to this Document.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted the Repurchase Mandate to exercise all the powers of our Company to repurchase Shares with an aggregate number of Shares of not more than 10% of the total number of the Shares in issue immediately following the completion of the [REDACTED] (without taking into account any Shares which may be issued under the [REDACTED] or any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

SHARE CAPITAL

The Repurchase Mandate only relates to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are [REDACTED] (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules and all applicable laws. For the summary of the relevant requirements in the Listing Rules, see “Statutory and General Information — A. Further information about our Group — 6. Repurchase by our Company of our own securities” in Appendix IV to this Document.

The Repurchase Mandate to repurchase shares will expire at the earliest of:

- (i) the conclusion of our Company’s next annual general meeting; or
- (ii) the expiration of the period within which our Company is required by the Articles or any applicable laws of the Cayman Islands to hold its next annual general meeting; or
- (iii) the time when the Repurchase Mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Act, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles. For the summary of the Articles, see “Summary of the Constitution of the Company and Cayman Islands Company Law — Summary of the Constitution of the Company — 2. Articles of Association” in Appendix III to this Document.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited combined financial information as of and for the three financial years ended 31 December 2022, 2023 and 2024 included in the Accountants’ Report set out in Appendix I to this Document, together with the accompanying notes. Our combined financial information has been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed “Risk Factors” in this Document.

OVERVIEW

We are a pioneer and leader in China in the research, development, manufacturing, and sales of silver powder. Our silver powder products are primarily used in the production of PV silver paste, a crucial raw material in manufacturing PV cells. According to Frost & Sullivan, we are one of the earliest companies in China to invest in and focus on the commercialisation of PV silver powder production, starting in December 2012. One of our key strengths lies in our ability to produce advanced silver powder that is ultimately used in the production of more recent types of PV cells or their components, including, during the Track Record Period, front-side fine grids (正面細柵) in PERC cells and TOPCon cells, as well as conductive grids in HJT cells and xBC cells. According to Frost & Sullivan, in terms of PV silver powder sales revenue in China during the Track Record Period, we ranked first among all domestic manufacturers and second among all global manufacturers, with a market share of 9.9%.

During the Track Record Period, our revenue and profit for the year grew significantly, primarily driven by the increase in our sales volume of silver powder due to our continuous and successful efforts in responding to evolving PV silver powder product requirements, as well as the development of the overall PV cell industry facilitated by favourable PRC government policies. Our revenue increased by 58.1% from RMB1,759.2 million for the year ended 31 December 2022 to RMB2,781.7 million for the year ended 31 December 2023, and further increased by 42.0% to RMB3,949.6 million for the year ended 31 December 2024. Our profit for the year increased by 147.5% from RMB24.2 million for the year ended 31 December 2022 to RMB59.9 million for the year ended 31 December 2023, and further increased by 31.9% to RMB79.0 million for the year ended 31 December 2024.

FINANCIAL INFORMATION

BASIS OF PRESENTATION

The historical financial information of our Group has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the historical financial information consistently throughout the years ended 31 December 2022, 2023 and 2024.

Our historical financial information has been prepared under the historical cost convention, except for bills receivables which have been measured at fair value at the end of each of the years ended 31 December 2022, 2023 and 2024.

For more information on the basis of preparation of the financial information included herein, please refer to note 2.2 to the Accountants’ Report in Appendix I to this Document.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and, financial condition have been, and are expected to continue to be, affected by the following key factors:

End Markets that We Serve and Our Customer Relationship

During the Track Record Period, we derived most of our revenue from manufacturing and selling silver powder used in the production of PV silver paste, a crucial raw material in the manufacturing of PV cells. Accordingly, our results of operations have been and are expected to continue to be affected by downstream demand for PV silver paste and PV cells. The growth of China’s PV cell market was a major driver for our growth during the Track Record Period and is expected to continue to be a major driver for our growth in the future.

With the increasing emphasis on renewable energy and the continuous advancement of PV technologies, the production scale of PV silver paste and PV cells continues to expand. According to Frost & Sullivan, from 2020 to 2024, the production volume of PV silver pastes in China increased from approximately 2.5 thousand tonnes to 7.0 thousand tonnes, with a CAGR of 29.4%, and is expected to reach approximately 12.2 thousand tonnes in 2029, growing at a CAGR of 11.8% from 2024 to 2029. From 2020 to 2024, the production volume of PV cells in China increased from 134.8 GW to 685.0 GW, with a CAGR of 50.1%, and is expected to reach 1,379.7 GW by 2029, with a CAGR of 15.0% from 2024 to 2029. The robust growth in downstream demand has promoted the development of PV silver powder industry. In addition, the demand for PV silver powder is also supported by favourable PV related government policies in China. See “Industry Overview — Global and China’s PV Silver Powder Industry — Market Drivers of PV Silver Powder Industry in China — Favourable Policies” for details.

FINANCIAL INFORMATION

However, there is no guarantee that the demand for PV silver paste and PV cells, and in turn our silver powder products, will remain at previous levels or continue to grow in the future. Further, PV related government policies in China are subject to uncertainties that are beyond our control, and the PRC government may also continuously adjust and change these policies. Any termination, suspension and alterations to existing advantageous industry policies could potentially weaken the market demand. Any decreases in the demand of the end markets that we serve could lead to a decrease in our sales volume, and in turn, have an adverse effect on our business, results of operations and financial condition.

In addition, our ability to maintain long-term and stable relationships with our key customers is critical to our business and financial performance. Our customers include leading manufacturers in China’s PV silver paste production industry. According to Frost & Sullivan, our top five customers in terms of sales revenue in 2024 represented approximately 74.1% of the market share by PV silver paste sales revenue in China during the same year. During each of the years in the Track Record Period, our top two customers were Customer A and Changzhou Fusion (常州聚和), two of the most prominent PV silver paste producers in China, and the revenue we derived from them accounted for an aggregate of approximately 87.9%, 82.8% and 63.1% of our total revenue, respectively. We have been supplying silver products to Customer A for over six years and Changzhou Fusion (常州聚和) for over five years. In addition to our sales activities, we place great emphasis on working closely with our customers to understand and meet their progressing product needs in response to PV cell technological advancements and market changes. We have also actively expanded our customer base by targeting other potential customers to mitigate the potential risks associated with sales disruptions from major customers. A loyal and growing customer base is expected to drive our sales volume growth, thereby capitalising on the growth of downstream demand for PV silver paste and PV cells, consolidating our market leadership and improving our revenue and profit margins.

Silver Price

Any fluctuation in silver price may directly affect our revenue, cost, gross profit and gross profit margin. We price our silver powder products by adding a mark-up to the price of silver. The price of silver is based on the prevailing silver market price, which is determined with reference to either the highest real-time price for Silver No. 1 on the Metal Information Network (金屬資訊網) at www.i001.com, or the real-time Ag(T + D) price (the trading price for silver spot deferred delivery contracts) on the Shanghai Gold Exchange’s (上海黃金交易所). The price of silver is the determinant of the selling price for our customers and directly affects our revenue. Silver nitrate is our primary raw material. Our cost of raw materials constituted the major component of our cost of sales during the Track Record Period, amounting to RMB1,683.1 million, RMB2,654.4 million and RMB3,797.2 million and representing 99.1%, 99.3% and 99.4% of our cost of sales for the years ended 31 December 2022, 2023 and 2024, respectively. During the same years, our silver nitrate procurement costs amounted to RMB1,692.0 million, RMB2,667.0 million and RMB3,830.4 million, representing 98.1%, 98.6% and 99.1% of our procurement costs of raw materials, respectively.

FINANCIAL INFORMATION

Silver price is typically subject to volatility caused by external conditions such as market supply and demand. As a result, we are exposed to the market risk of price fluctuation. To manage such risk, almost simultaneously with our sales department confirming customer orders for our silver powder products, our silver nitrate supplier confirms our procurement order based on the silver market price referenced in the customer order, effectively limiting our exposure to the fluctuations in the prevailing silver price. See “Business — Our Operational Flow — Sales Order Placement” and “Business — Operational Flow — Procurement” of this Document for details of our sales and procurement order placement mechanism. As such, assuming all other variables remain constant, fluctuations in the price of silver will not materially impact our gross profit. Therefore, no sensitivity analysis on the fluctuation of the silver price is provided. However, if we are unable to implement our sales and procurement order strategy effectively, our revenue, cost, gross profit and gross profit margin may fluctuate, and our business, results of operations and financial condition may be materially and adversely affected.

Competition and Pricing

Although we achieved a market leading position with respect to silver powder production in China, we face intense competition from other domestic and global manufacturers in the silver powder production industry in China. We believe that our competitive advantages stem from our first-mover advantage, market leadership position, robust research and development capabilities, industry-leading production technologies and expertise, and stable and long-term relationship with top-tier PV silver paste manufacturers. However, intensified competition or our inability to sustain our competitive advantages may adversely affect our financial performance.

Our pricing strategy directly affects our revenue, gross profit margins, and overall financial performance. We price our silver powder products by adding a mark-up to the price of silver. The price of silver is based on the prevailing silver market price, which is determined with reference to either the highest real-time price for Silver No. 1 on the Metal Information Network (金屬資訊網) at www.i001.com, or the real-time Ag(T + D) price (the trading price for silver spot deferred delivery contracts) on the Shanghai Gold Exchange’s (上海黃金交易所). Our mark-up accounts for our processing of silver nitrate into silver powder. We determine our mark-up by taking into consideration a number of factors, including the cost of supplemental raw materials such as reducing agents and dispersants, production costs, administrative expenses, transportation costs, competitors’ pricing, prevailing market conditions, anticipated market trends, and the specific features of the products. If we are required to maintain our competitive positions by lowering the selling prices of our products, or if we fail to effectively control the cost of sales or increase the sales volume of our products, our profitability may be materially and adversely affected. In addition, as we may charge different mark-ups for our different silver powder product series, any change in our product mix may impact our overall revenue and gross profit margin. See “Business — Sales and Marketing — Pricing Policy” for details of our pricing policy.

FINANCIAL INFORMATION

Research and Development

The silver powder market is characterised by ongoing technological development, an expanding array of product types, shifting customer demands, frequent introductions and enhancements of new products. If our competitors adopt new technologies or introduce new product types, or if there are changes in customer demand or changes in government policies and regulations, our existing products may become obsolete or lose market appeal, and our competitive advantages may be lost. Our success hinges upon our ability to refine our existing product offerings to address fast-changing customer needs, adapt to technological and competitive developments, efficiently execute research and development initiatives, and timely introduce new products.

We have invested substantial resources in research and development. During the Track Record Period, our research and development expenses amounted to RMB23.4 million, RMB24.8 million, and RMB26.5 million, respectively, representing 82.6%, 74.7%, and 63.1% of our operating expenses for the same years. Through our dedicated research and development efforts, we have accumulated technical advantages in the field of silver powder production. As of the Latest Practicable Date, we held 19 invention patents and 23 utility model patents, most of which are related to PV silver powder manufacturing technologies and processes. Our product portfolio primarily includes a diverse selection of silver powder offerings that are ultimately used in the production of PV cells. Our PV silver powder products consist of both general PV silver powder and the advanced PV silver powder that is used in the production of more recent types of PV cells or their components, including front-side fine grids in PERC cells and TOPCon cells, as well as conductive grids in HJT cells and xBC cells during the Track Record Period. A small portion of our silver powder products are used in non-PV applications, primarily high-quality electronic components such as semiconductor packaging, PCB printed circuit boards, and transparent flexible display screens.

We also aim to continuously optimise the performance of existing products through ongoing research and development efforts. As the market evolves, there is a continual need to enhance the specifications of our products. Our ability to design and develop new products to meet evolving demands has been, and will continue to be, crucial to our survival in this market. Therefore, we anticipate continued substantial investments in research and development, particularly in product development, cost reductions and efficiency improvements to solidify our market leadership and ensure long-term profitability. However, a significant amount of research and development expenses or any failure to generate sufficient gross profit to cover our research and development expenses could materially and adversely affect our results of operations.

FINANCIAL INFORMATION

MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

We prepare our combined financial information in accordance with IFRS, which requires us to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the combined financial information and the reported amounts of revenue and expenses during the financial reporting period. We continuously evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. As the use of estimates is an integral component of the financial reporting process, actual results in subsequent financial reporting that differ from estimates could result in deviations from previous financial reporting. We consider the policies and estimates discussed below to be critical to an understanding of our combined financial information as their application places the most significant demands on our management’s judgement. For details of our material accounting policies, significant accounting judgements and estimates, see notes 2.4 and 3 to the Accountants’ Report in Appendix I to this Document.

Material Accounting Policies

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which our Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sales of products

Revenue from the sales of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. Our Group recognises revenue from the sales of products on a gross basis as it is the principal that controls the goods before transferring them to the customers and is liable for storage, damage and loss of goods, assumes the price fluctuation risks of goods and promises to provide the specified goods under the terms of the contract.

FINANCIAL INFORMATION

Some contracts for the sales of products provide customers with rights of return, giving rise to variable consideration. For contracts which provide a customer with a right to return the products, the expected value method is used to estimate the products that will not be returned because this method best predicts the amount of variable consideration to which our Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For products that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Processing services

Revenue from processing services is recognised at the point in time when the processing services are rendered and the processed goods are delivered to customers; our Group does not have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, our Group does not adjust any of the transaction prices for the time value of money.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, our Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

FINANCIAL INFORMATION

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

<u>Categories</u>	<u>Estimated useful lives</u>
Buildings	20 to 37 years
Machinery	5 to 10 years
Vehicles, electronic devices and other equipment	3 to 12 years
Leasehold improvements	5 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement derecognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Research and Development Costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when our Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

Our Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

FINANCIAL INFORMATION

Our Group as a lessee

Our Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Our Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

<u>Categories</u>	<u>Estimated useful lives</u>
Leasehold land	37 years
Properties	2 years

If ownership of the leased asset transfers to our Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by our Group and payments of penalties for termination of a lease, if the lease term reflects our Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, our Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

FINANCIAL INFORMATION

(c) Short-term leases and leases of low-value assets

Our Group applies the short-term lease recognition exemption to our short-term leases of properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). We also apply the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Our Group as a lessor

When our Group acts as a lessor, we classify at lease inception (or when there is a lease modification) each of our leases as either an operating lease or a finance lease.

Leases in which our Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, our Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

FINANCIAL INFORMATION

Significant Accounting Judgements and Estimates

Judgements

In the process of applying our Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

Our Group applied the following judgement that significantly affects the determination of the amount of revenue from contracts with customers:

- (a) Determining the method to estimate variable consideration and assessing the constraint for the sales of products

Certain contracts for the sales of products include a right of return that gives rise to variable consideration. In estimating the variable consideration, our Group is required to use the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. Our Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sales of products with rights of return, given the large number of customer contracts that have similar characteristics.

Before including any amount of variable consideration in the transaction price, our Group considers whether the amount of variable consideration is constrained. Our Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the relevant period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Variable Consideration for Returns

Our Group estimates variable consideration to be included in the transaction price for the sales of products with rights of return.

Our Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by our Group.

FINANCIAL INFORMATION

Our Group updates its assessment of expected returns quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and our Group’s past experience regarding returns entitlements may not be representative of customers’ actual return entitlements in the future.

Impairment of Non-Financial Assets (Other Than Goodwill)

Our Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair Value Measurement of Share-Based Payments

Our Group has set up a share incentive plan and granted share awards to our Group’s employees. The fair values of the share awards are determined using the discounted cash flow and equity allocation method at the grant dates. Significant estimates based on assumptions, including the underlying equity value are made by management. Further details are included in note 25 to the Accountants’ Report in Appendix I to this Document.

Leases — Estimating the Incremental Borrowing Rate

Our Group cannot readily determine the interest rate implicit in a lease, and therefore, we use an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that our Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what our Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). Our Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

FINANCIAL INFORMATION

Write-Down of Inventories

Our Group’s inventories are stated at the lower of cost and net realisable value. Our Group writes down its inventories based on estimates of the realisable value with reference to the ageing and condition of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories are reviewed quarterly for write-down, if appropriate. Further details are included in note 17 to the Accountants’ Report in Appendix I to this Document.

Useful Lives and Residual Values of Items of Property, Plant and Equipment

In determining the useful lives and residual values of items of property, plant and equipment, our Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of our Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimates. Useful lives and residual values are reviewed at the end of each of the years based on changes in circumstances. Further details of the property, plant and equipment are set out in note 13 to the Accountants’ Report in Appendix I to this Document.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS

The following table sets forth a summary of our combined statements of profit or loss for the years indicated derived from our combined statements of profit or loss and other comprehensive income set out in the Accountants’ Report included in Appendix I to this Document:

	For the year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	1,759,181	2,781,686	3,949,620
Cost of sales	<u>(1,698,851)</u>	<u>(2,674,440)</u>	<u>(3,818,822)</u>
GROSS PROFIT	60,330	107,246	130,798
Other income	1,263	2,705	11,381
Selling and marketing expenses	(468)	(763)	(755)
Administrative expenses	(4,464)	(7,640)	(14,691)
Research and development expenses	(23,378)	(24,754)	(26,457)
(Impairment losses)/reversal of impairment losses on financial assets, net	(1)	(649)	651
Other expenses	(3,189)	(4,416)	(4,545)
Finance costs	<u>(5,642)</u>	<u>(5,006)</u>	<u>(6,571)</u>
PROFIT BEFORE TAX	24,451	66,723	89,811
Income tax expenses	<u>(251)</u>	<u>(6,833)</u>	<u>(10,784)</u>
PROFIT FOR THE YEAR	<u>24,200</u>	<u>59,890</u>	<u>79,027</u>

KEY COMPONENTS OF OUR COMBINED STATEMENT OF PROFIT OR LOSS

Revenue

Our sources of revenue encompass revenue derived from (i) sales of products which includes silver powder and others, as well as (ii) processing services for some of our customers, whereby we manufacture and supply silver powder products to them using silver ingots provided by them and charge a processing fee. We recognise revenue from sales of products on gross basis as we are the principal that controls the products before transferring the products to customers and is liable for the storage, damage and loss of the products, assumes the price fluctuation risks of the products and promises to provide the products pursuant to the contract terms. For the years ended 31 December 2022, 2023 and 2024, our revenue amounted to RMB1,759.2 million, RMB2,781.7 million and RMB3,949.6 million, respectively.

FINANCIAL INFORMATION

The following table sets forth a breakdown our revenue by product and service types for the years indicated:

	For the year ended 31 December					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
REVENUE						
Sales of products	1,759,181	100	2,780,179	99.9	3,943,547	99.8
<i>Silver powder</i>	<i>1,733,524</i>	<i>98.5</i>	<i>2,756,497</i>	<i>99.1</i>	<i>3,848,791</i>	<i>97.4</i>
<i>Others^(Note)</i>	<i>25,657</i>	<i>1.5</i>	<i>23,682</i>	<i>0.8</i>	<i>94,756</i>	<i>2.4</i>
Processing services	—	—	1,507	0.1	6,073	0.2
Total	1,759,181	100	2,781,686	100	3,949,620	100

Note: Others primarily include silver powder generated as scrap or substandard products during our production and research processes, which we sell as recyclable precious metals.

Cost of Sales

Our cost of sales primarily consists of (i) costs of raw materials, (ii) manufacturing overheads, (iii) direct labour costs and (iv) depreciation. For the years ended 31 December 2022, 2023 and 2024, our cost of sales amounted to RMB1,698.9 million, RMB2,674.4 million and RMB3,818.8 million, respectively.

The following table sets forth the breakdown of our cost of sales by revenue stream for the years indicated, both in actual terms and as a percentage of our total cost of sales:

	For the year ended 31 December					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Cost of sales						
Sales of products	1,698,851	100	2,673,860	100	3,815,453	99.9
Processing services	—	—	580	0.0	3,369	0.1
Total	1,698,851	100	2,674,440	100	3,818,822	100

FINANCIAL INFORMATION

The following table sets forth the breakdown of our cost of sales by nature for the years indicated, both in actual terms and as a percentage of our total cost of sales:

	For the year ended 31 December					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Cost of sales						
Cost of raw materials	1,683,118	99.1	2,654,442	99.3	3,797,189	99.4
Manufacturing overheads	8,840	0.5	10,364	0.4	11,634	0.3
Direct labour cost	3,386	0.2	4,513	0.1	4,976	0.1
Depreciation	1,802	0.1	2,085	0.1	1,805	0.1
Others	1,705	0.1	3,036	0.1	3,218	0.1
Total	1,698,851	100	2,674,440	100	3,818,822	100

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit as a percentage of our revenue. For the years ended 31 December 2022, 2023 and 2024, our gross profit was RMB60.3 million, RMB107.2 million and RMB130.8 million, respectively, and our gross profit margin was 3.4%, 3.9% and 3.3% for the respective years. The following table sets forth the breakdown of our gross profit and gross profit margin by product and service types for the years indicated:

	For the year ended 31 December					
	2022		2023		2024	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Sales of products	60,330	3.4	106,319	3.8	128,094	3.2
Processing services	—	—	927	61.5	2,704	44.5
Total	60,330	3.4	107,246	3.9	130,798	3.3

The gross profit margin for processing services is generally higher than our gross profit margin for the sales of products because we price our silver powder products by adding a mark-up to the prevailing silver price to account for our processing of silver nitrate into silver powder. The prevailing silver market price generally constitutes a relatively high proportion of the total price we charge our customers as compared to the mark-up we charge for the products. On the other hand, for processing services, PV silver powder products are manufactured and supplied to customers using silver ingots provided by them and we only charge a processing fee for our service, leading to a higher gross profit margin in general.

FINANCIAL INFORMATION

Other Income

Our other income primarily consists of government grants representing mainly incentives awarded by the PRC local government authorities to support our operation, for example, value-added tax additional deductions and incentives in support of our research and development activities, and bank interest income. For the years ended 31 December 2022, 2023 and 2024, our other income was RMB1.3 million, RMB2.7 million and RMB11.4 million, respectively. The following table sets forth a breakdown of our other income for the years indicated:

	For the year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other income			
Government grants	1,078	2,096	10,781
Bank interest income	163	597	591
Others	22	12	9
Total	1,263	2,705	11,381

Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) employee benefit expenses, (ii) equity-settled share award expense, (iii) product sampling expenses for providing samples to customers free of charge, (iv) travel expenses and (v) others which primarily consist of entertainment expenses. For the years ended 31 December 2022, 2023 and 2024, our selling and marketing expenses were RMB0.5 million, RMB0.8 million and RMB0.8 million, respectively.

The following table sets forth a breakdown of our selling and marketing expenses for the years indicated, both in actual terms and as a percentage of our total selling and marketing expenses:

	For the year ended 31 December					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Selling and marketing expenses						
Employee benefit expenses	389	83.1	533	69.8	563	74.6
Equity-settled share award expense	—	—	46	6.0	55	7.2
Product sampling expenses	47	10.1	70	9.2	48	6.4
Travel expenses	11	2.3	77	10.1	30	4.0
Others	21	4.5	37	4.9	59	7.8
Total	468	100	763	100	755	100

FINANCIAL INFORMATION

Administrative Expenses

Our administrative expenses consist of (i) [REDACTED], (ii) employee benefit expenses, (iii) professional services expenses which primarily consist of financial consulting, valuation and legal fees, (iv) depreciation and amortisation, (v) equity-settled share award expense, (vi) office expenses and (vii) others which primarily consist of business hospitality expenses. For the years ended 31 December 2022, 2023 and 2024, our administrative expenses were RMB4.5 million, RMB7.6 million and RMB14.7 million, respectively.

The following table sets forth a breakdown of our administrative expenses for the years indicated, both in actual terms and as a percentage of our total administrative expenses:

	For the year ended 31 December					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Administrative expenses						
[REDACTED]	—	—	—	—	[REDACTED]	[REDACTED]
Employee benefit expenses	2,830	63.4	4,350	56.9	4,865	33.1
Professional services expenses	581	13.0	671	8.8	1,213	8.3
Depreciation and amortisation	294	6.6	943	12.3	1,021	6.9
Equity-settled share award expense	—	—	731	9.6	877	6.0
Office expenses	365	8.2	409	5.4	874	5.9
Others	394	8.8	536	7.0	586	4.0
Total	4,464	100	7,640	100	14,691	100

Research and Development Expenses

Our research and development expenses primarily consist of (i) cost of raw materials, (ii) employee benefit expenses, (iii) equity-settled share award expense, (iv) depreciation and amortisation, (v) testing and inspection expenses for testing and inspecting our research and development tools and product samples and (vi) others which primarily consist of consulting fees. For the years ended 31 December 2022, 2023 and 2024, we recorded research and development expenses of RMB23.4 million, RMB24.8 million and RMB26.5 million, respectively.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our research and development expenses by nature for the years indicated, both in actual terms and as a percentage of our total research and development expenses:

	For the year ended 31 December					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Research and development expenses						
Cost of raw materials	19,227	82.3	18,567	75.0	19,208	72.6
Employee benefit expenses	3,059	13.1	3,716	15.0	4,135	15.6
Equity-settled share award expense	—	—	1,124	4.5	1,340	5.1
Depreciation and amortisation	853	3.6	920	3.7	614	2.3
Testing and inspection expenses	100	0.4	339	1.4	424	1.6
Others	139	0.6	88	0.4	736	2.8
Total	23,378	100	24,754	100	26,457	100

(Impairment losses)/reversal of impairment losses on financial assets, net

Our net impairment losses on financial assets represent net impairment losses on trade receivables and other receivables. For the years ended 31 December 2022 and 2023, our net impairment losses on financial assets were RMB1,000 and RMB0.6 million, respectively. For the year ended 31 December 2024, we recorded net reversal of impairment losses on financial assets of RMB0.7 million.

Other Expenses

Our other expenses consist of fair value changes on bills receivables and losses on disposal of items of property, plant and equipment. For the years ended 31 December 2022, 2023 and 2024, our other expenses were RMB3.2 million, RMB4.4 million and RMB4.5 million, respectively.

Finance Costs

Our finance costs consist of interest on interest-bearing bank and other borrowings and interest on lease liabilities. For the years ended 31 December 2022, 2023 and 2024, our finance costs were RMB5.6 million, RMB5.0 million and RMB6.6 million, respectively.

Income Tax Expenses

For the years ended 31 December 2022, 2023 and 2024, we recorded income tax expenses of RMB0.3 million, RMB6.8 million and RMB10.8 million, respectively. The following summarises certain tax laws and regulations applicable to us in the PRC and the Cayman Islands.

FINANCIAL INFORMATION

PRC

Under the EIT Law and its implementation regulations, the enterprise income tax rate applicable to Janbon Colloidal Materials, our operating subsidiary, was 25% during the Track Record Period. Janbon Colloidal Materials was accredited as a “High and New Technology Enterprise” (“HNTe”) in 2021, with its certification extended in December 2024 for a further three-year period up to December 2027. Therefore, it was entitled to a preferential enterprise income tax rate of 15% during the Track Record Period. The qualification as a HNTe is subject to review by the relevant tax authority in the PRC every three years. See note 10 to the Accountants’ Report set out in Appendix I to this Document for further details on the applicable tax rate we were subject to during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, our Directors were not aware of any outstanding enquiry, audit, investigation, challenge or penalty from tax authorities in relation to our tax filings.

Cayman Islands

The Cayman Islands currently levy no taxes on corporations based upon profits, income, gains, or appreciation, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for certain stamp duties that may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

NON-IFRS MEASURES

To supplement our combined financial statements which are presented in accordance with IFRS, we also use adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management do not consider to be indicative of our operating performance.

We believe that adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) provide useful information to investors and others in understanding and evaluating our combined statements of comprehensive income in the same manner as they help our management. However, our presentation of adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute of, our combined statements of comprehensive income or financial condition as reported under IFRS.

FINANCIAL INFORMATION

We define adjusted profit (non-IFRS measure) as profit for the year, adjusted by adding back equity-settled share award expense and [REDACTED]. We define adjusted EBITDA (non-IFRS measure) as EBITDA excluding equity-settled share award expense and [REDACTED]. We exclude these items because they are not expected to result in future cash payments that are recurring in nature and they are not indicative of our core operating results and business outlook.

The following table reconciles our adjusted profit for the year (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit for the year:

	For the year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit for the year	24,200	59,890	79,027
<i>Add back:</i>			
Equity-settled share award expense ⁽¹⁾	—	2,038	2,447
[REDACTED] ⁽²⁾	—	—	[REDACTED]
Adjusted profit for the year (non-IFRS measure)	24,200	61,928	86,729
	For the year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Reconciliation of profit to adjusted EBITDA for the year (non-IFRS measure):			
Profit for the year	24,200	59,890	79,027
<i>Add back:</i>			
Finance costs	5,642	5,006	6,571
Income tax expenses	251	6,833	10,784
Depreciation of property, plant and equipment	3,975	4,342	3,859
Depreciation of right-of-use assets	1,011	868	868
Amortisation of intangible assets	—	45	61
	35,079	76,984	101,170
<i>Add back:</i>			
Equity-settled share award expense ⁽¹⁾	—	2,038	2,447
[REDACTED] ⁽²⁾	—	—	[REDACTED]
Adjusted EBITDA for the year (non-IFRS measure)	35,079	79,022	108,872

FINANCIAL INFORMATION

Notes:

- (1) Equity-settled share award expense relates to the share awards we granted to our employees under the 2023 Employee Shareholding Incentive Plan and were non-cash in nature. See “History, Reorganisation and Corporate Structure — Our Corporate Developments — (6) The PRC Employee Shareholding Platform and Capital Increase in March 2023” and note 25 to the Accountants’ Report set out in Appendix I to this Document for details.
- (2) [REDACTED] represent expenses relating to this [REDACTED] and were non-recurring in nature.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year Ended 31 December 2024 Compared to Year Ended 31 December 2023

Revenue

Our total revenue increased by RMB1,167.9 million, or 42.0%, from RMB2,781.7 million in 2023 to RMB3,949.6 million in 2024, primarily as a result of the increase in our revenue derived from the sales of products.

Our revenue derived from the sales of products increased by RMB1,163.3 million, or 41.8%, from RMB2,780.2 million in 2023 to RMB3,943.5 million in 2024, primarily as a result of an increase in sales revenue of silver powder from RMB2,756.5 million to RMB3,848.8 million due to the increase in sales volume of silver powder from 529,760 kg to 594,072 kg. Such increase was driven by three primary factors. First, it was driven by the rapid development of the PV industry in which our silver powder has downstream applications as supported by favourable government policies for strategic emerging industries such as new energy and new materials which further promoted the development of PV industry. According to Frost & Sullivan, the sales revenue of PV silver powder in China increased from RMB28.1 billion in 2023 to RMB38.7 billion in 2024.

Second, the increase was driven by our continuous efforts in responding to evolving customer and product requirements, as well as advancements in PV cell technology, as facilitated by the continued localisation of the entire PV cell production chain in China in substitution for imported goods. According to Frost & Sullivan, the localisation rate of PV silver powder in China in terms of sales volume increased from 70.4% in 2023 to 83.3% in 2024. For example, amid advancements in PV cell technology, the sales revenue and sales volume of our 152–20, 152–10N, 158–16K and 156–14L product series which met evolving customer and product requirements substantially increased further in 2024. For details of the sales volume information for our top five silver powder product series for each of the years during the Track Record Period, see “Business — Our Products and Services — Product Series — Sales Volume Information of Product Series”.

FINANCIAL INFORMATION

Third, the increase was driven by the general increase in the market price of silver. According to Frost & Sullivan, the average price of PV silver powder in China increased from RMB5.2 thousand per kg in 2023 to RMB6.5 thousand per kg in 2024.

Our revenue derived from the sales of other products, representing primarily silver powder generated as scrap or substandard products during our production and research processes which we sold as recyclable precious metals, increased by RMB71.1 million, or 300.1%, from RMB23.7 million in 2023 to RMB94.8 million in 2024, primarily attributable to our research and development initiatives on an increased number of product series which led to more silver powder generated as scrap.

Our revenue derived from processing services increased by RMB4.6 million, or 303.0%, from RMB1.5 million in 2023 to RMB6.1 million in 2024.

Cost of Sales

Our total cost of sales increased by RMB1,144.4 million, or 42.8%, from RMB2,674.4 million in 2023 to RMB3,818.8 million in 2024, primarily as a result of the increase in our cost of raw materials, which was generally in line with the increase in our revenue from the sales of products. The increase in our cost of raw materials was primarily driven by the increase in volume of silver nitrate, our primary raw material, used for producing our products that were sold and the general increase in the market price of silver nitrate.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by RMB23.6 million, or 22.0%, from RMB107.2 million in 2023 to RMB130.8 million in 2024. Our overall gross profit margin decreased from 3.9% in 2023 to 3.3% in 2024, primarily due to the decrease in our gross profit margin for the sales of products.

Our gross profit for the sales of products increased by RMB21.8 million, or 20.5%, from RMB106.3 million in 2023 to RMB128.1 million in 2024. The gross profit margin for the sales of products decreased from 3.8% in 2023 to 3.2% in 2024, primarily as a result of the intensified competition of the PV silver powder industry in China in 2024 which led to a general decline in mark-ups in the market according to Frost & Sullivan and the general increase in the market price of silver. According to Frost & Sullivan, the average price of PV silver powder in China increased from RMB5.2 thousand per kg in 2023 to RMB6.5 thousand per kg in 2024.

Our gross profit for processing services increased by RMB1.8 million, or 191.7%, from RMB0.9 million in 2023 to RMB2.7 million in 2024. The gross profit margin for processing services decreased from 61.5% in 2023 to 44.5% in 2024, primarily due to the intensified competition of the PV silver powder industry in China in 2024 which led to a general decline in mark-ups in the market according to Frost & Sullivan.

FINANCIAL INFORMATION

Other Income

Our other income increased by RMB8.7 million, or 320.7%, from RMB2.7 million in 2023 to RMB11.4 million in 2024, primarily as a result of an increase of government grants of RMB8.7 million mainly from value-added tax additional deductions.

Selling and Marketing Expenses

Our selling and marketing expenses remained stable at RMB0.8 million in 2023 and 2024.

Administrative Expenses

Our administrative expenses increased by RMB7.1 million, or 92.3%, from RMB7.6 million in 2023 to RMB14.7 million in 2024, primarily due to (i) the recognition of [REDACTED] of RMB[REDACTED] in 2024, (ii) an increase in professional services expenses of RMB0.5 million in connection with our business growth and (iii) an increase in employee benefit expenses of RMB0.5 million as we hired more administrative personnel and increased the average remuneration of our administrative personnel in connection with our business growth.

Research and Development Expenses

Our research and development expenses increased by RMB1.7 million, or 6.9%, from RMB24.8 million in 2023 to RMB26.5 million in 2024, primarily as a result of (i) an increase in cost of raw materials of RMB0.6 million for our research and development projects, (ii) an increase in consulting fees of RMB0.5 million as we engaged an independent third party to provide technical support for our research and development initiatives, and (iii) an increase in employee benefit expenses of RMB0.4 million as we hired more research and development personnel and increased the average remuneration of our research and development personnel in connection with our business growth and our increased investment in research and development.

(Impairment losses)/reversal of impairment losses on financial assets, net

We recorded net reversal of impairment losses on financial assets of RMB0.7 million in 2024 as compared to net impairment losses on financial assets of RMB0.6 million in 2023, as the loss allowance for impairment of trade receivables of RMB0.7 million recognised in 2023 was reversed in 2024, and we only had small amounts of trade and other receivables as of 31 December 2024 which led to a corresponding decrease in expected credit losses.

Other Expenses

Our other expenses remained stable at RMB4.4 million and RMB4.5 million in 2023 and 2024, respectively.

FINANCIAL INFORMATION

Finance Costs

Our finance costs increased by RMB1.6 million, or 31.3%, from RMB5.0 million in 2023 to RMB6.6 million in 2024, primarily as a result of an increase in interest on interest-bearing bank and other borrowings representing interest losses arising from discounting bank acceptance bills to certain banks. We considered our Group has retained the substantial risks and rewards of the relevant bills including default risks. As there remained a risk of recourse by the billholders, the relevant bills had not met the conditions for derecognition, and therefore we continued to recognise the full carrying amount of the relevant bills and the associated other borrowings associated with the cash received. The interest losses arising from discounting such bank acceptance bills were recorded as interest on interest-bearing and other borrowings. The increase in interest on interest-bearing bank and other borrowings was partially offset by the lower interest rates from which we benefited for bank borrowings.

Income Tax Expenses

Our income tax expenses increased by RMB4.0 million, or 57.8%, from RMB6.8 million in 2023 to RMB10.8 million in 2024, primarily attributable to the substantial increase in our profit before tax. Our effective tax rate increased from 10.2% in 2023 to 12.0% in 2024, primarily due to an increase in our profit before tax and a decrease in deductible allowance for research and development expenses. Our effective tax rates in 2023 and 2024 were lower than the preferential enterprise income tax rate of 15% primarily because we benefited from additional deductible allowance for qualified research and development expenses.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year increased by RMB19.1 million, or 31.9%, from RMB59.9 million in 2023 to RMB79.0 million in 2024. Our net profit margin was 2.2% and 2.0% in 2023 and 2024, respectively.

Year Ended 31 December 2023 Compared to Year Ended 31 December 2022

Revenue

Our total revenue increased by RMB1,022.5 million, or 58.1%, from RMB1,759.2 million in 2022 to RMB2,781.7 million in 2023, primarily as a result of the increase in our revenue derived from the sales of products.

Our revenue derived from the sales of products increased by RMB1,021.0 million, or 58.0%, from RMB1,759.2 million in 2022 to RMB2,780.2 million in 2023, primarily as a result of an increase in sales revenue of silver powder products RMB1,733.5 million to RMB2,756.5 million due to the increase in sales volume of silver powder from 388,758 kg to 529,760 kg. Such increase was driven by three primary factors. First, it was driven by the rapid development of the PV industry in which our silver powder has downstream applications as supported by favourable government policies for strategic emerging

FINANCIAL INFORMATION

industries such as new energy and new materials which further promoted the development of the PV industry. According to Frost & Sullivan, the sales revenue of PV silver powder in China increased from RMB16.8 billion in 2022 to RMB28.1 billion in 2023.

Second, the increase was driven by our continuous efforts in responding to evolving customer and product requirements, as well as advancements in PV cell technology, as facilitated by the continued localisation of the entire PV cell production chain in China in substitution for imported goods. According to Frost & Sullivan, the localisation rate of PV silver powder in China increased from 64.9% in 2022 to 70.4% in 2023. To help our customers adapt to the advancements in PV cell technology in 2023, we produced new types of silver powder products. For example, among our top five silver product series by sales volume during the Track Record Period, we developed *152-10N* as a substitute for *E10QP20*, and *152-16N* as a replacement for *E30QP20*, utilising more advanced production process and technologies. For details of the sales volume information for our top five silver powder product series for each of the years during the Track Record Period, see “Business — Our Products and Services — Product Series — Sales Volume Information of Product Series”.

Third, the increase was driven by the general increase in the market price of silver. According to Frost & Sullivan, the average price of PV silver powder in China increased from RMB4.6 thousand per kg in 2022 to RMB5.2 thousand per kg in 2023.

Our revenue derived from processing services increased from nil in 2022 to RMB1.5 million in 2023, as we started to provide processing services to a customer by processing silver ingots provided by the customer into silver nitrate in 2023.

Cost of Sales

Our total cost of sales increased by RMB975.5 million, or 57.4%, from RMB1,698.9 million in 2022 to RMB2,674.4 million in 2023, primarily as a result of the increase in our cost of raw materials, which was generally in line with the increase in our revenue from the sales of products. The increase in our cost of raw materials was primarily driven by the increase in volume of silver nitrate, our primary raw material, used in our production and the general increase in the market price of silver nitrate.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by RMB46.9 million, or 77.8%, from RMB60.3 million in 2022 to RMB107.2 million in 2023. Our overall gross profit margin increased from 3.4% in 2022 to 3.9% in 2023, primarily driven by the increase in our gross profit margin for the sales of products.

FINANCIAL INFORMATION

Our gross profit for the sales of products increased by RMB46.0 million, or 76.2%, from RMB60.3 million in 2022 to RMB106.3 million in 2023. The gross profit margin for the sales of products increased from 3.4% in 2022 to 3.8% in 2023, primarily as a result of (i) our continuous efforts in research and development and improvement of production efficiency that led to economies of scale and a decrease in our average usage of auxiliary raw materials, and (ii) the decrease in average procurement cost of auxiliary raw materials, which collectively offset the impact of the general increase in the market price of silver. According to Frost & Sullivan, the average price of PV silver powder in China increased from RMB4.6 thousand per kg in 2022 to RMB5.2 thousand per kg in 2023.

Our gross profit and gross profit margin for processing services in 2023 were RMB0.9 million and 61.5%, respectively.

Other Income

Our other income increased by RMB1.4 million, or 114.2%, from RMB1.3 million in 2022 to RMB2.7 million in 2023, primarily as a result of (i) an increase of government grants of RMB1.0 million and (ii) an increase in bank interest income of RMB0.4 million.

Selling and Marketing Expenses

Our selling and marketing expenses increased by RMB0.3 million, or 63.0%, from RMB0.5 million in 2022 to RMB0.8 million in 2023, primarily due to (i) an increase in compensation for salespersons of RMB0.1 million as we increased the average remuneration of our salespersons in connection with our business growth, (ii) an increase in travel expenses of RMB67,000 as our salespersons had more business trips to expand our business, and (iii) the recognition of equity-settled share award expense of RMB46,000 as we adopted the 2023 Employee Shareholding Incentive Plan in March 2023 (see “History, Reorganisation and Corporate Structure — Our Corporate Developments — (6) The PRC Employee Shareholding Platform and Capital Increase in March 2023” for details).

Administrative Expenses

Our administrative expenses increased by RMB3.2 million, or 71.1%, from RMB4.5 million in 2022 to RMB7.6 million in 2023, primarily due to (i) an increase in employee benefit expenses of RMB1.6 million as we hired more administrative personnel and increased the average remuneration of our administrative personnel in connection with our business growth, (ii) the recognition of equity-settled share award expense of RMB0.7 million as we adopted the 2023 Employee Shareholding Incentive Plan in March 2023 (see “History, Reorganisation and Corporate Structure — Our Corporate Developments — (6) The PRC Employee Shareholding Platform and Capital Increase in March 2023” for details), and (iii) an increase in depreciation of right-of-use assets of RMB0.6 million reflecting the depreciation of the leasehold land for our production plant that we had leased before and acquired in December 2022.

FINANCIAL INFORMATION

Research and Development Expenses

Our research and development expenses increased by RMB1.4 million, or 5.9%, from RMB23.4 million in 2022 to RMB24.8 million in 2023, primarily as a result of (i) the recognition of equity-settled share award expense of RMB1.1 million as we adopted the 2023 Employee Shareholding Incentive Plan in March 2023 (see “History, Reorganisation and Corporate Structure — Our Corporate Developments — (6) The PRC Employee Shareholding Platform and Capital Increase in March 2023” for details), and (ii) an increase in employee benefit expenses of RMB0.6 million as we hired more research and development personnel and increased the average remuneration of our research and development personnel in connection with our business growth and our increased number of research and development projects.

(Impairment losses)/reversal of impairment losses on financial assets, net

Our net impairment losses on financial assets increased from RMB1,000 in 2022 to RMB0.6 million in 2023, primarily attributable to the increase in expected credit losses on trade receivables.

Other Expenses

Our other expenses increased from RMB3.2 million in 2022 to RMB4.4 million in 2023, primarily as a result of losses on disposal of items of property, plant and equipment of RMB0.9 million as we refurbished our production facilities and disposed of obsolete facilities.

Finance Costs

Our finance costs decreased by RMB0.6 million, or 11.3%, from RMB5.6 million in 2022 to RMB5.0 million in 2023, primarily as a result of a decrease in interest on interest-bearing bank and other borrowings as (i) we settled the loan from one of the then shareholders of Janbon Colloidal Materials in 2022 and no longer incurred any interest thereon, and (ii) we benefited from lower interest rates for bank borrowings, partially offset by interest losses arising from discounting bank acceptance bills to certain banks. We considered our Group has retained the substantial risks and rewards of the relevant bills including default risks. As there remained a risk of recourse by the billholders, the relevant bills had not met the conditions for derecognition, and therefore we continued to recognise the full carrying amount of the relevant bills and the associated other borrowings associated with the cash received. The interest losses arising from discounting such bank acceptance bills were recorded as interest on interest-bearing bank and other borrowings.

FINANCIAL INFORMATION

Income Tax Expenses

Our income tax expenses increased by RMB6.5 million from RMB0.3 million in 2022 to RMB6.8 million in 2023, primarily due to our turnaround from an accumulated losses position to an accumulated profits position, as well as the substantial increase in our profit before tax. Our effective tax rate increased from 1.0% in 2022 to 10.2% in 2023, primarily due to the higher rate of increase in our profit before tax as compared to deductible allowance for research and development expenses. Our effective tax rates in 2022 and 2023 were lower than the preferential enterprise income tax rate of 15% primarily because we benefited from additional deductible allowance for qualified research and development expenses.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year increased by RMB35.7 million, or 147.5%, from RMB24.2 million in 2022 to RMB59.9 million in 2023. Our net profit margin was 1.4% and 2.2% in 2022 and 2023, respectively.

FINANCIAL INFORMATION

SELECTED ITEMS FROM THE COMBINED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our combined statements of financial position as of the dates indicated:

	As of 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	31,602	36,084	37,820
Right-of-use assets	31,886	31,018	30,150
Intangible assets	—	136	75
Prepayments, other receivables and other assets	4,516	467	4,147
Deferred tax assets	16,430	9,597	—
Total non-current assets	84,434	77,302	72,192
CURRENT ASSETS			
Inventories	41,212	73,007	121,485
Trade and bills receivables	—	94,092	175,421
Prepayments, other receivables and other assets	10,961	505	2,121
Tax recoverable	—	—	288
Cash and cash equivalents	16,890	10,799	29,447
Pledged deposits	—	—	26,977
Total current assets	69,063	178,403	355,739
CURRENT LIABILITIES			
Trade and bills payables	1,387	391	57,753
Other payables and accruals	75,994	9,151	17,997
Interest-bearing bank borrowings	62,427	151,716	206,260
Lease liabilities	1,029	—	—
Total current liabilities	140,837	161,258	282,010
NET CURRENT (LIABILITIES)/ ASSETS	(71,774)	17,145	73,729
TOTAL ASSETS LESS CURRENT LIABILITIES	12,660	94,447	145,921
Net asset	12,660	94,447	145,921
EQUITY			
Equity attributable to owners of the parent			
Share capital	—	—	—
Reserves	12,660	94,447	145,921
Total equity	12,660	94,447	145,921

FINANCIAL INFORMATION

Property, Plant and Equipment

Our property, plant and equipment primarily consist of buildings, machinery, leasehold improvements, vehicles, electronic devices and other equipment. Our property, plant and equipment increased from RMB31.6 million as of 31 December 2022 to RMB36.1 million as of 31 December 2023, primarily due to additions of machinery, buildings and equipment for refurbishing and expanding our production facilities in line with our business growth, partially offset by disposals of obsolete facilities and depreciation. Our property, plant and equipment increased to RMB37.8 million as of 31 December 2024, primarily due to additions of machinery and equipment for expanding our production facilities in line with our business growth, partially offset by disposals of obsolete facilities and depreciation.

Right-of-use Assets

Our right-of-use assets primarily consist of the leasehold land for our production plant. Our right-of-use assets remained stable at RMB31.9 million, RMB31.0 million and RMB30.2 million as of 31 December 2022, 2023 and 2024, respectively.

Deferred Tax Assets

Our deferred tax assets primarily arise from tax losses, impairment losses on financial assets and provision for inventories. Our deferred tax assets decreased from RMB16.4 million as of 31 December 2022 to RMB9.6 million as of 31 December 2023, and decreased further to nil as of 31 December 2024, primarily because we recorded a taxable profit which led to a decrease in deductible tax losses.

Inventories

Our inventories primarily consist of finished goods, raw materials and consumables, goods in transit and work in progress. The table below sets forth our inventories as of the dates indicated:

	As of 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Inventories			
Finished goods	26,860	44,494	94,062
Raw materials and consumables	3,115	16,304	21,163
Goods in transit	6,839	7,361	4,595
Work in progress	4,708	5,363	1,665
Less: provision for impairment	(310)	(515)	—
Total	41,212	73,007	121,485

FINANCIAL INFORMATION

Our inventories increased from RMB41.2 million as of 31 December 2022 to RMB73.0 million as of 31 December 2023, primarily due to the increase in finished goods and raw materials and consumables as we increased our procurement and production and accumulated more inventories to meet our sales orders. Our inventories increased to RMB121.5 million as of 31 December 2024, primarily due to the increase in finished goods and raw materials and consumables as (i) we increased our procurement and production and accumulated more inventories to meet our sales orders having taken into account the Chinese New Year holidays which fell in late January 2025, and (ii) the average price of silver nitrate, the key raw material for our silver powder production, increased in 2024.

Our inventories are stated at the lower of cost and net realisable value. We write down our inventories based on estimates of the realisable value with reference to the ageing and condition of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories are reviewed quarterly for write-down, if appropriate. As of 31 December 2022, 2023 and 2024, we recorded provision for impairment of inventories, being auxiliary raw materials for our silver powder production that aged more than one year, of RMB0.3 million, RMB0.5 million and nil, respectively.

The following table sets forth our inventory turnover days for the years indicated:

	Year ended 31 December		
	2022	2023	2024
Inventory turnover days ^(Note)	6.5	7.8	9.3

Note: We calculate inventory turnover days using the average of the beginning and ending balances of inventories for the relevant year, divided by the corresponding cost of sales for the year, multiplied by 365 days.

Our inventory turnover days slightly increased from 6.5 days for the year ended 31 December 2022 to 7.8 days for the year ended 31 December 2023, and further to 9.3 days for the year ended 31 December 2024, primarily due to the increase in year-end balances of inventories.

As of 31 March 2025, RMB116.2 million, or 95.6%, of our inventories as of 31 December 2024 had been subsequently sold or utilised.

Trade and Bills Receivables

Our trade and bills receivables primarily represent the outstanding amounts due to us from our customers for our products. Our trading terms with customers are mainly on payment in advance, except for some transactions such as exceptional sales with executive approval which are traded on credit. The balances of our trade receivables are non-interest-bearing. Bills receivables represent bank acceptance bills that are unconditionally accepted by banks within the maturity period. Bills receivables are

FINANCIAL INFORMATION

measured at fair value through profit or loss. We seek to maintain strict control over our outstanding receivables, with oversight by our Chief Financial Officer to minimise credit risk. Overdue balances are reviewed regularly by our senior management.

The following table sets forth our trade and bills receivables as of the dates indicated:

	As of 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables			
Trade receivables	—	13,017	—
Bills receivables	—	81,726	175,421
Less: provision for impairment	—	(651)	—
Total	—	94,092	175,421

Our trade and bills receivables as of 31 December 2022, 2023 and 2024 were nil, RMB94.1 million and RMB175.4 million, respectively. We had trade and bills receivables of RMB94.1 million as of December 2023. For trade receivables, it was primarily because we agreed to have payment from a major customer deferred in late 2023 at its request having considered its creditworthiness and our amicable business relationship, the balance of which was settled by the customer in January 2024. For bills receivables, it was primarily because we discounted bank acceptance bills received from a major customer in late 2023 to certain banks. We considered our Group has retained the substantial risks and rewards of the relevant bills including default risks. As there remained a risk of recourse by the billholders, the relevant bills had not met the conditions for derecognition, and therefore we continued to recognise the full carrying amount of the relevant bills and the associated other borrowings associated with the cash received. We did not record any bills receivables as of 31 December 2022 as the bank acceptance bills that we discounted to the banks had met conditions for derecognition. Our trade and bills receivables increased to RMB175.4 million as of 31 December 2024, primarily due to the increase in our bills receivables from (i) discounting bank acceptance bills to certain banks or endorsing bank acceptance bills to certain suppliers for settlement of trade payables. We considered our Group has retained the substantial risks and rewards of the relevant bills including default risks. As there remained a risk of recourse by the billholders, the relevant bills had not met the conditions for derecognition, and therefore we continued to recognise the full carrying amount of the relevant bills and the associated other borrowings associated with the cash received or the associated trade payables settled (see “— Trade and Bills Payables”), and (ii) the increased bank acceptance bills at hand that had not been discounted nor endorsed by us, both resulting from our increased sales.

FINANCIAL INFORMATION

We usually trade with our customers on a payment-in-advance basis in the form of bank transfer or bank acceptance bills. In limited circumstances we may agree to have payment deferred for a short period of time. The following table sets forth the ageing analysis of our trade receivables as of the dates indicated, based on the invoice date and net of loss allowance:

	As of 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within three months	—	12,366	—

The table below sets forth the maturity date analysis for bills receivables as of the dates indicated:

	As of 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within three months	—	30,993	80,666
Three to six months	—	50,733	94,755
Total	—	81,726	175,421

In determining the recoverability of our trade receivables, our Group applies the simplified approach in calculating expected credit losses. Under the simplified approach, our Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. Our Group has considered estimated loss rate based on historical observable default rates and study of each specific customer's default and recovery data from external credit-rating agency, adjusted for forward-looking factors specific to the debtors and the economic environment. In 2022 and 2023, we recorded provision for impairment of trade receivables of nil and RMB0.7 million, respectively. The provision for impairment of trade receivables of RMB0.7 million recorded in 2023 was reversed in 2024.

The following table sets forth our trade and bills receivables turnover days for the years indicated:

	Year ended 31 December		
	2022	2023	2024
Trade and bills receivables turnover days ^(Note)	0.6	6.2	12.5

Note: We calculate trade and bills receivables turnover days using the average of the beginning and ending balances of trade and bills receivables for the relevant year, divided by the corresponding revenue for the year, multiplied by 365 days.

FINANCIAL INFORMATION

Our trade and bills receivables turnover days increased from 0.6 days for the year ended 31 December 2022 to 6.2 days for the year ended 31 December 2023, and further to 12.5 days for the year ended 31 December 2024, primarily due to the increase in year-end balances of bills receivables.

As of 31 March 2025, RMB108.1 million, or 61.6%, of our trade and bills receivables as of 31 December 2024 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute or disagreement with our customers in relation to the timing, amounts of billing or the collection of our trade and bills receivables.

Prepayments, Other Receivables and Other Assets

The non-current portion of our prepayments, other receivables and other assets consists of advance payments for property, plant and equipment and advance payments for employee training expenses for University of Jinan to establish the “Jianbang Class” for our personnel training and continuing education. The current portion of our prepayments, other receivables and other assets consists of prepayments for raw materials, deferred [REDACTED] and deductible input value-added tax.

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current portion			
Advance payments for property, plant and equipment	4,516	—	3,780
Advance payments for employee training expenses	—	467	367
Current portion			
Prepayments	10,870	434	14
Other receivables	92	71	76
Deductible input value-added tax	—	—	954
Deferred [REDACTED]	—	—	1,077
Less: impairment allowance	(1)	—	—
Total	15,477	972	6,268

Our prepayments, other receivables and other assets as of 31 December 2022, 2023 and 2024 were RMB15.5 million, RMB1.0 million and RMB6.3 million, respectively.

FINANCIAL INFORMATION

Our prepayments, other receivables and other assets decreased from RMB15.5 million as of 31 December 2022 to RMB1.0 million as of 31 December 2023, primarily attributable to (i) the decrease in prepayments for raw materials made in December 2022 as we received the relevant raw materials from the supplier in early 2023, and (ii) the conversion of advance payments for property, plant and equipment to property, plant and equipment as we received the relevant machinery and equipment in 2023. Our prepayments, other receivables and other assets increased to RMB6.3 million as of 31 December 2024, primarily due to the (i) advance payments made for property, plant and equipment that we had not received, (ii) deferred [REDACTED] which are expected to be deducted from equity upon [REDACTED] as they are directly attributable to the [REDACTED] of the Shares to the public, and (iii) deductible input value-added tax.

Cash and Cash Equivalents

Our cash and cash equivalents represent cash and bank balances. Our cash and cash equivalents as of 31 December 2022, 2023 and 2024 were RMB16.9 million, RMB10.8 million and RMB29.4 million, respectively. For a discussion on the changes in our cash and cash equivalents, see “— Liquidity and Capital Resources — Cash Flows.”

Pledged Deposits

Our pledged deposits represent short term pledged deposits for bills payables. As of 31 December 2022, 2023 and 2024, our bills payables of nil, nil and RMB27.0 million were secured by the pledge of our deposits of nil, nil and RMB27.0 million, respectively. For a discussion on our bills payables, see “— Trade and Bills Payables” below.

Trade and Bills Payables

Our trade and bills payables primarily represent balances due to our suppliers for the procurement of raw materials and consumables. Our trade payables are non-interest-bearing and are normally settled within 30 days. Bills payables are aged within six months.

Our trade and bills payables as of 31 December 2022, 2023 and 2024 were RMB1.4 million, RMB0.4 million and RMB57.8 million, respectively. Our trade and bills payables decreased from RMB1.4 million as of 31 December 2022 to RMB0.4 million as of 31 December 2023, reflecting ordinary operating fluctuations. Our trade and bills payables increased to RMB57.8 million as of 31 December 2024, primarily because (i) our trade payables increased as we endorsed bank acceptance bills of RMB30.2 million to certain suppliers for settlement of trade payables. We considered our Group has retained the substantial risks and rewards of the relevant bills including default risks. As there remained a risk of recourse by the billholders, the relevant bills had not met the conditions for derecognition, and therefore we continued to recognise the full carrying amount of the relevant bills (see “— Trade and Bills Receivables” above) and the associated trade payables settled, and (ii) we recorded bills payables of RMB27.0 million as some suppliers began to accept payment by bank acceptance bills and therefore we utilised bank acceptance bills for better liquidity.

FINANCIAL INFORMATION

The following table sets forth the ageing analysis of our trade payables as of the dates indicated, based on the transaction date:

	As of 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within three months	1,387	391	30,776

The following table sets forth our trade and bills payables turnover days for the years indicated:

	Year ended 31 December		
	2022	2023	2024
Trade and bills payables turnover days ^(Note)	0.7	0.1	2.8

Note: We calculate trade and bills payables turnover days using the average of the beginning and ending balances of trade and bills payables for the relevant year, divided by the corresponding cost of sales for the year, multiplied by 365 days.

Our trade and bills payables turnover days remained relatively stable at 0.7 days and 0.1 days, respectively, for the years ended 31 December 2022 and 2023. Our trade and bills payables turnover days increased to 2.8 days for the year ended 31 December 2024, primarily as a result of the increase in year-end balances of trade and bills payables.

As of 31 March 2025, RMB24.8 million, or 80.7%, of our trade and bills payables as of 31 December 2024 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we had no material defaults in our trade and bills payables.

FINANCIAL INFORMATION

Other Payables and Accruals

Our other payables and accruals primarily consist of payroll payable, contract liabilities representing short-term advances received from customers before we deliver the products, and deposit and other payables. Deposit and other payables are non-interest-bearing and are normally settled within one year. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other payables and accruals			
Payroll payable	2,757	3,492	3,331
Contract liabilities	47,562	2,506	9,871
Deposit and other payables	21,137	1,977	908
Other tax payables	4,538	1,176	626
Accrued [REDACTED]	—	—	3,261
Total	75,994	9,151	17,997

Our other payables and accruals as of 31 December 2022, 2023 and 2024 were RMB76.0 million, RMB9.2 million and RMB18.0 million, respectively.

Our other payables and accruals decreased from RMB76.0 million as of 31 December 2022 to RMB9.2 million as of 31 December 2023, primarily due to the decrease in contract liabilities and deposit and other payables. The decrease in contract liabilities was primarily due to the decrease in advance payments from two major customers as we agreed to deliver the products before receiving payment at their request having considered their creditworthiness and our amicable business relationships. Our trading terms with these customers had been restored to payment in advance in 2024. The decrease in deposit and other payables was mainly due to the payment milestones for the rental fees and consideration for the acquisition of the leasehold land for our production plant not having been reached as of the end of 2022, which were settled in 2023. Our other payables and accruals increased to RMB18.0 million as of 31 December 2024, primarily due to the increase in contract liabilities and accrued [REDACTED]. The increase in contract liabilities was primarily due to the increase in advance payments from customers for orders placed close to the year end, which was in line with our increased sales.

As of 31 March 2025, RMB9.9 million, or 100%, of our contract liabilities as of 31 December 2024 had been subsequently utilised and recognised in revenue.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

The following table sets forth a summary of our liquidity and working capital as of the dates indicated:

	As of 31 December			As of 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
CURRENT ASSETS				
Inventories	41,212	73,007	121,485	163,699
Trade and bills receivables	—	94,092	175,421	74,561
Prepayments, other receivables and other assets	10,961	505	2,121	9,357
Tax recoverable	—	—	288	—
Cash and cash equivalents	16,890	10,799	29,447	58,871
Pledged deposits	—	—	26,977	62,557
Total current assets	69,063	178,403	355,739	369,044
CURRENT LIABILITIES				
Trade and bills payables	1,387	391	57,753	162,691
Other payables and accruals	75,994	9,151	17,997	36,142
Interest-bearing bank borrowings	62,427	151,716	206,260	86,869
Lease liabilities	1,029	—	—	—
Tax payables	—	—	—	1,210
Total current liabilities	140,837	161,258	282,010	286,912
NET CURRENT (LIABILITIES)/ASSETS	(71,774)	17,145	73,729	82,132

As of 31 March 2025, we had net current assets of RMB82.1 million, as compared to RMB73.7 million as of 31 December 2024, primarily due to a decrease in interest-bearing bank borrowings and an increase in inventories, partially offset by an increase in trade and bills payables.

As of 31 December 2024, we had net current assets of RMB73.7 million, as compared to RMB17.1 million as of 31 December 2023, primarily due to an increase in inventories.

FINANCIAL INFORMATION

As of 31 December 2023, we had net current assets of RMB17.1 million, as compared to net current liabilities of RMB71.8 million as of 31 December 2022, primarily due to a decrease in other payables and accruals.

Our net current liabilities of RMB71.8 million as of 31 December 2022 was primarily attributable to our continued investment in and focus on the research and development on the commercial production of PV silver powder since December 2012. Historically, we funded our operations and investment in research and development mainly with cash generated from our operating activities as well as investments from our shareholders and bank borrowings. Following our years of continuous investment and efforts, we have developed an independent and comprehensive system of silver powder production technology and processes, with full proprietary intellectual property rights. We achieved a turnaround from an accumulated losses position to an accumulated profits position and achievement of a net current assets position as of 31 December 2023. Our net current assets increased further to RMB73.7 million as of 31 December 2024 and RMB82.1 million as of 31 March 2025.

Cash Flows

During the Track Record Period and up to the Latest Practicable Date, we had funded our cash requirements principally from cash generated from our operating activities, investments from our shareholders and bank borrowings. As of 31 December 2022, 2023 and 2024, we had cash and cash equivalents of RMB16.9 million, RMB10.8 million and RMB29.4 million, respectively. The following table is a summary of our cash flow data from our combined statements of cash flows for the years indicated:

	For the year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows used in operating activities	(39,341)	(211,442)	(369,326)
Net cash flows used in investing activities	(27,869)	(27,836)	(11,016)
Net cash generated from financing activities	71,319	233,187	398,990
Net increase/(decrease) in cash and cash equivalents	4,109	(6,091)	18,648
Cash and cash equivalents at beginning of the year	<u>12,781</u>	<u>16,890</u>	<u>10,799</u>
Cash and cash equivalents at end of the year	<u>16,890</u>	<u>10,799</u>	<u>29,447</u>

New Cash Flows Used in Operating Activities

Our net cash flows used in operating activities consist of profit before tax adjusted for certain non-cash or non-operating activities related items and changes in working capital.

FINANCIAL INFORMATION

For the year ended 31 December 2024, our net cash flows used in operating activities was RMB369.3 million, primarily attributable to profit before tax of RMB89.8 million, as adjusted for (i) non-cash items or non-operating items, which principally included finance costs of RMB6.6 million, fair value changes on bills receivable of RMB4.5 million, depreciation of property, plan and equipment of RMB3.9 million and equity-settled share award expense of RMB2.4 million, and (ii) changes in working capital of RMB474.8 million. Changes in working capital mainly represented an increase in trade and bills receivables of RMB466.8 million and an increase in inventories of RMB48.0 million, partially offset by an increase in trade and bills payables of RMB57.4 million.

For the year ended 31 December 2023, our net cash flows used in operating activities was RMB211.4 million, primarily attributable to our profit before tax of RMB66.7 million, as adjusted for (i) non-cash items or non-operating items, which principally included finance costs of RMB5.0 million, depreciation of property, plan and equipment of RMB4.3 million, fair value changes on bills receivable of RMB3.5 million and equity-settled share award expense of RMB2.0 million, and (ii) changes in working capital of RMB295.7 million. Changes in working capital mainly represented an increase in trade and bills receivables of RMB228.4 million, a decrease in other payables and accruals of RMB44.4 million and an increase in inventories of RMB32.0 million.

For the year ended 31 December 2022, our net cash flows used in operating activities was RMB39.3 million, primarily attributable to profit before tax of RMB24.5 million, as adjusted for (i) non-cash items or non-operating items, which principally included finance costs of RMB5.6 million, depreciation of property, plan and equipment of RMB4.0 million and fair value changes on bills receivable of RMB3.2 million, and (ii) changes in working capital of RMB77.6 million. Changes in working capital mainly consisted of an increase in trade and bills receivables of RMB77.8 million and an increase in inventories of RMB22.0 million, partially offset by an increase in other payables and accruals of RMB35.7 million.

The cash flows relating to the discounting of our bills receivables are counted as our financing cash flows in the form of new or repayment of bank and other borrowings, and are excluded from our operating cash flows through adjustment for changes in working capital. Our bills receivables arise from our operations and represent the outstanding amounts due to us from our customers. As such, we believe that counting the cash flows relating to the discounting of our bills receivables as our operating cash flows provide useful information to investors and others in understanding and evaluating our operating cash flows in the same manner as they help our management. For illustrative purpose only, had the cash flows relating to the discounting of our bills receivables been counted as our operating cash flows rather than our financing cash flows, our adjusted net cash flows used in operating activities (non-IFRS measure) for the years ended 31 December 2022 and 2023 would have been RMB30.0 million and RMB0.8 million, respectively, and our adjusted net cash flows from operating activities (non-IFRS measure) for the year ended 31 December 2024 would have been RMB44.0 million. However, you should note that such adjustment is not required by, and is not made in accordance with IFRS, and you should not consider our adjusted net cash flows from or used in operating activities (non-IFRS measure) in isolation from, or as a substitute of, our net cash flows used in operating activities as reported under IFRS.

FINANCIAL INFORMATION

Net Cash Flows Used in Investing Activities

Our net cash flows used in investing activities primarily consist of purchase of right-of-use assets, property, plant and equipment and leasehold land.

For the year ended 31 December 2024, our net cash used in investing activities was RMB11.0 million, primarily attributable to purchases of items of property, plant and equipment of RMB11.1 million.

For the year ended 31 December 2023, our net cash flows used in investing activities was RMB27.8 million, primarily attributable to (i) payment of the remaining consideration in the amount of RMB16.0 million in 2023 for the purchases of right-of-use assets, representing the leasehold land for our production plant that we acquired in December 2022, and (ii) purchases of items of property, plant and equipment of RMB11.8 million.

For the year ended 31 December 2022, our net cash flows used in investing activities was RMB27.9 million, attributable to (i) payment of part of the consideration in the amount of RMB16.6 million for the purchases of right-of-use assets, representing the leasehold land for our production plant, in December 2022, and (ii) purchases of items of property, plant and equipment of RMB11.2 million.

Net Cash Generated from Financing Activities

Our net cash generated from financing activities consist of (i) new bank and other borrowings, (ii) repayment of bank and other borrowings, (iii) capital injection and (iv) dividend payment.

For the year ended 31 December 2024, our net cash from financing activities was RMB399.0 million, primarily attributable to new bank and other borrowings of RMB513.1 million, partially offset by (i) repayment of bank and other borrowings of RMB80.0 million and (ii) dividend payment of RMB30 million.

For the year ended 31 December 2023, our net cash flows from financing activities was RMB233.2 million, primarily attributable to (i) new bank and other borrowings of RMB310.6 million and (ii) capital injection of RMB19.9 million by our then shareholders, partially offset by repayment of bank and other borrowings of RMB92.4 million.

For the year ended 31 December 2022, our net cash flows from financing activities was RMB71.3 million, primarily attributable to (i) new bank and other borrowings of RMB338.6 million and (ii) capital injection of RMB36.6 million by Mr. Chen, our then sole shareholder, partially offset by repayment of bank and other borrowings of RMB297.4 million.

FINANCIAL INFORMATION

Working Capital Sufficiency

Taking into account the financial resources available to us, including the estimated [REDACTED] from the [REDACTED], cash flow generated from our operations, facilities available to us and cash and cash equivalents on hand, our Directors are of the opinion that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this Document.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period primarily consisted of payment for property, plant and equipment and right-of-use assets. Our capital expenditures were RMB46.6 million, RMB11.2 million and RMB5.7 million for the years ended 31 December 2022, 2023 and 2024.

We expect to incur capital expenditures of approximately RMB10.6 million and RMB41.1 million in 2025 and 2026, primarily for our continued expansion plan. See “Business — Our Strategies” and “Future Plans and [REDACTED]” in this Document for additional details of our current expansion plans. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, results of operations and financial condition, our business plans, the market conditions and various other factors we believe to be appropriate.

INDEBTEDNESS

Interest-Bearing Bank Borrowings

As of 31 December 2022, 2023 and 2024 and 31 March 2025, we had interest-bearing bank borrowings of RMB62.4 million, RMB151.7 million, RMB206.3 million and RMB86.9 million, respectively.

Our interest-bearing bank borrowings increased from RMB62.4 million as of 31 December 2022 to RMB151.7 million as of 31 December 2023, primarily due to the discounting of bank acceptance bills to certain banks, and we considered our Group has retained the substantial risks and rewards of the relevant bills including default risks, which had not met the conditions for derecognising the relevant bills as there remained a risk of recourse by the billholders and therefore we continued to recognise the full carrying amount of the relevant bills and the associated other borrowings associated with the cash received. Our interest-bearing bank borrowings increased to RMB206.3 million as of 31 December 2024, primarily due to (i) the discounting of bank acceptance bills to certain banks, and we considered our Group has retained the substantial risks and rewards of the relevant bills including default risks, which had not met the conditions for derecognising the relevant bills as there remained a risk of recourse by the billholders and therefore we continued to recognise the full carrying amount of the relevant bills and the associated other borrowings associated with the cash received, and (ii) the increased short-term bank borrowings in support of our business operations. Our total borrowings decreased to RMB86.9 million as

FINANCIAL INFORMATION

of 31 March 2025, primarily due to (i) the derecognition of bills receivables and the associated other borrowings following the expiry of the relevant bills that we had discounted to banks, and (ii) the repayment of bank borrowings.

All of our interest-bearing bank borrowings as of 31 December 2022, 2023 and 2024 and 31 March 2025 had a maturity date of one year or less. As of 31 December 2022, 2023 and 2024 and 31 March 2025, the effective interest rate of our interest-bearing bank borrowings was 4.8% to 7.2%, 1.2% to 4.3%, 0.7% to 3.5% and 0.8% to 3.5%, respectively. For details of the securities and guarantees for our borrowings, see note 23 to the Accountants’ Report in Appendix I to this Document. As of 31 March 2025, we had unutilised credit facilities of RMB110 million. We plan to draw down such credit facilities should any capital expenditure need arise in the future.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no material defaults in bank and other borrowings, nor did we breach any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulty in obtaining credit facilities, or withdrawal of facilities or request for early repayment.

Lease Liabilities

As of 31 December 2022, 2023 and 2024 and 31 March 2025, we had lease liabilities of RMB1.0 million, nil, nil and nil, respectively. Our lease liabilities decreased from RMB1.0 million as of 31 December 2022 to nil as of 31 December 2023 and 2024 and 31 March 2025, primarily due to the expiry of the lease for our production plant in December 2022 and payment of the last rent in 2023.

Contingent Liabilities

During the Track Record Period and up to the Latest Practicable Date, we had no contingent liabilities.

Indebtedness Statement

Save as disclosed above, as of 31 December 2022, 2023 and 2024 and 31 March 2025, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings and other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since 31 March 2025 and up to the Latest Practicable Date.

FINANCIAL INFORMATION

COMMITMENTS

The following table sets forth our contracted commitments as of the dates indicated:

	As of 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	6,344	7,237	5,400

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

MATERIAL RELATED PARTY TRANSACTIONS

Transactions with Related Parties

During the Track Record Period, we entered into a number of related party transactions, primarily consisted of our receipt and settlement of a loan from Shandong Ruide Economy Development Co., Ltd.* (山東瑞德經濟發展有限公司), one of the then shareholders of Janbon Colloidal Materials, and payment of the relevant interest expenses in 2022. The loan was provided to our Group as operating capital financing to meet the capital needs of our daily business activities. The loan was unsecured, bearing interest at a rate of contemporaneous interest rate published by the People’s Bank of China and has no fixed repayment term. We also entered into a lease for our production plant from January 2021 to December 2022 and acquired the same land and buildings in December 2022 from Jinan Jiantong Logistics Co., Ltd.* (濟南建通物流有限公司), a company of which an associate of Mr. Chen, our Controlling Shareholder, is the controlling shareholder. As of 31 December 2022, 2023 and 2024, certain of our bank loans were guaranteed by Mr. Chen, our Controlling Shareholder, or companies in which an associate of Mr. Chen is the controlling shareholder. As of the Latest Practicable Date, certain of our bank borrowings, in the amount of RMB29,990,000, were guaranteed and counter guaranteed by Mr. Chen. Our Directors confirm that the underlying bank borrowings will be settled prior to the [REDACTED]. See note 29 to the Accountants’ Report set out in Appendix I to this Document for further details about our related party transactions during the Track Record Period.

Our Directors are of the view that each of the related party transactions set out in note 29 to the Accountants’ Report in Appendix I to this Document was conducted on an arm’s length basis and would not distort our track record results or cause our historical results to be not reflective of our future performance.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

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

	<u>As of/For the year ended 31 December</u>		
	<u>2022</u>	<u>2023</u>	<u>2024</u>
Gross profit margin ⁽¹⁾	3.4%	3.9%	3.3%
Net profit margin ⁽²⁾	1.4%	2.2%	2.0%
Return on equity ⁽³⁾	N/A	111.8%	65.8%
Return on total assets ⁽⁴⁾	21.0%	29.3%	23.1%
Adjusted net profit margin (non-IFRS measure) ⁽⁵⁾	1.4%	2.2%	2.2%
Adjusted EBITDA margin (non-IFRS measure) ⁽⁶⁾	2.0%	2.8%	2.8%
Current ratio ⁽⁷⁾	0.5	1.1	1.3
Quick ratio ⁽⁸⁾	0.2	0.7	0.8
Gearing ratio ⁽⁹⁾	57.8%	61.6%	63.4%

Notes:

- (1) Gross profit margin is calculated using gross profit divided by revenue and multiplied by 100%.
- (2) Net profit margin is calculated using profit for the year divided by revenue and multiplied by 100%.
- (3) Return on equity ratio is profit for the year as a percentage of the average balance of total equity at the beginning and the end of the year and multiplied by 100%. The average balance of our total equity in 2022 was negative, and therefore the return on equity ratio for 2022 is not applicable.
- (4) Return on total assets ratio is profit for the year as a percentage of the average balance of total assets at the beginning and the end of the year and multiplied by 100%.
- (5) Adjusted net profit margin (non-IFRS measure) represents adjusted profit for the year (non-IFRS measure) divided by revenue and multiplied by 100%. For details of the adjusted profit of the year (non-IFRS measure), see “— Non-IFRS Measures”.
- (6) Adjusted EBITDA margin (non-IFRS measure) represents adjusted EBITDA (non-IFRS measure) divided by revenue and multiplied by 100%. For details of the adjusted EBITDA (non-IFRS measure), see “— Non-IFRS Measures”.
- (7) Current ratio is calculated using total current assets divided by total current liabilities.
- (8) Quick ratio is calculated using total current assets less inventories divided by total current liabilities.
- (9) Gearing ratio is calculated using debt (being trade and bills payables, payroll payable, accrued [REDACTED], deposit and other payables, lease liabilities and interest-bearing bank borrowings) divided by total assets.

FINANCIAL INFORMATION

Gross Profit Margin

In 2022, 2023 and 2024, our gross profit margin was 3.4%, 3.9% and 3.3%, respectively. See “— Review of Historical Results of Operations” for factors affecting our gross profit margin during the respective years.

Net Profit Margin

In 2022, 2023 and 2024, our net profit margin was 1.4%, 2.2%, and 2.0%, respectively. See “— Review of Historical Results of Operations” for factors affecting our net profit margin during the respective years.

Return on Equity

Our return on equity decreased from 111.8% in 2023 to 65.8% in 2024, primarily attributable to the increase in equity from our total comprehensive income for the year.

Return on Total Assets

Our return on total assets increased from 21.0% in 2022 to 29.3% in 2023, primarily attributable to the increase in net profit. Our return on total assets decreased to 23.1% in 2024, primarily attributable to the increase in total assets driven by the increase in inventories.

Adjusted Net Profit Margin (Non-IFRS Measure)

In 2022, 2023 and 2024, our adjusted net profit margin (non-IFRS measure) was 1.4%, 2.2% and 2.2%, respectively.

Adjusted EBITDA Margin (Non-IFRS Measure)

In 2022, 2023 and 2024, our adjusted EBITDA margin (non-IFRS measure) was 2.0%, 2.8% and 2.8%, respectively.

Current Ratio

Our current ratio increased from 0.5 as of 31 December 2022 to 1.1 as of 31 December 2023, and increased further to 1.3 as of 31 December 2024, primarily attributable to the increase in trade and bills receivables.

Quick Ratio

Our quick ratio increased from 0.2 as of 31 December 2022 to 0.7 as of 31 December 2023, and increased further to 0.8 as of 31 December 2024, primarily attributable to the increase in trade and bills receivables.

FINANCIAL INFORMATION

Gearing Ratio

Our gearing ratio increased from 57.8% as of 31 December 2022 to 61.6% as of 31 December 2023, primarily attributable to the increase in interest-bearing bank borrowings. Our gearing ratio increased to 63.4% as of 31 December 2024, primarily attributable to the increase in trade and bills payables and interest-bearing bank borrowings.

MARKET RISKS

We are exposed to various types of financial and market risks, including credit risk and liquidity risk. Our Directors review and agree on financial management policies and practices for managing each of these risks. See note 32 to the Accountants’ Report set out in Appendix I to this Document for further details.

Credit Risk

We are exposed to credit risk in relation to our cash and cash equivalents, trade and bills receivables and financial assets included in prepayments, other receivables and other assets. The carrying amounts of each class of the above financial assets represent our maximum exposure to credit risk in relation to financial assets.

We trade mainly with recognised and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows.

UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited [REDACTED] adjusted combined net tangible assets of the Group have been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the [REDACTED] on the combined net tangible assets of the Group attributable to owners of the parent as if the [REDACTED] had taken place on 31 December 2024.

FINANCIAL INFORMATION

The unaudited [REDACTED] adjusted combined net tangible assets of the Group attributable to owners of the parent has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [REDACTED] been completed as at 31 December 2024 or any future date.

Combined net tangible assets attributable to owners of the parent as at 31 December 2024		Estimated [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted combined net tangible assets attributable to owners of the parent as at 31 December 2024	Unaudited [REDACTED] adjusted combined net tangible assets attributable to owners of the parent per Share as at 31 December 2024	
RMB'000		RMB'000	RMB'000	RMB	HK\$
Note 1		Note 2		Note 3	Note 4
Based on an [REDACTED] of HK\$[REDACTED] per Share					
<u>145,846</u>		<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Based on an [REDACTED] of HK\$[REDACTED] per Share					
<u>145,846</u>		<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

Notes:

- (1) The combined net tangible assets attributable to owners of the parent as at 31 December 2024 is arrived at after deducting intangible assets of RMB75,000 from the combined net assets attributable to owners of the parent of RMB145,921,000 as at 31 December 2024, as shown in the Accountants' Report set out in Appendix I to this Document.
- (2) The estimated [REDACTED] from the [REDACTED] are calculated based on the [REDACTED] of HK\$[REDACTED] per Share or HK\$[REDACTED] per Share, being the [REDACTED], after deduction of the [REDACTED] fees and related expenses payable by the Company (excluding [REDACTED] which have been recognised in profit or loss during the Track Record Period) and do not take into account any Shares which may be issued upon exercise of the [REDACTED].
- (3) The unaudited [REDACTED] adjusted combined net tangible assets attributable to owners of the parent per Share are calculated based on [REDACTED] Shares in issue assuming that the [REDACTED] has been completed on 31 December 2024 without taking into account any Shares which may be allotted and issued upon exercise of the [REDACTED].
- (4) The unaudited [REDACTED] adjusted combined net tangible assets attributable to owners of the parent per Share are converted into Hong Kong dollars at an exchange rate of RMB0.92883 to HK\$1.00.
- (5) No adjustment has been made to reflect any trading results or other transactions entered into by the Group subsequent to 31 December 2024.

FINANCIAL INFORMATION

- (6) The unaudited [REDACTED] adjusted combined net tangible assets of the Group attributable to owners of the parent as shown on page II-1 have not been adjusted to illustrate the effect of the following:

In April 2025, the Group acquired the entire equity interest held by Mr. Chen in Janbon Colloidal Materials at a cash consideration of RMB126,478,429.86, the entire equity interest held by Azure Harbor at a cash consideration of RMB9,168,689.77, and the entire equity interest held by Xinchun Huizhi at a cash consideration of RMB6,644,297.73. Had the equity transfers been completed on 31 December 2024, the unaudited [REDACTED] adjusted combined net tangible assets of the Group would decrease from RMB[REDACTED] to RMB[REDACTED] based on [REDACTED] of HK\$[REDACTED] per Share, or from RMB[REDACTED] to RMB[REDACTED] based on [REDACTED] of HK\$[REDACTED] per Share. Had the [REDACTED] and the equity transfers been taken into account, the unaudited [REDACTED] adjusted combined net tangible assets of the Group attributable to owners of the parent as at 31 December 2024 per Share would be RMB[REDACTED] (equivalent to HK\$[REDACTED]) based on an [REDACTED] of HK\$[REDACTED] per Share and RMB[REDACTED] (equivalent to HK\$[REDACTED]) based on an [REDACTED] of HK\$[REDACTED] per Share, respectively, on the basis that a total of [REDACTED] shares were in issue assuming that the [REDACTED] had been completed on 31 December 2024. These amounts are converted into Hong Kong dollars at an exchange rate of RMB0.92883 to HK\$1.00. No representation is made that Renminbi/Hong Kong dollars amount have been, could have been or may be converted to Hong Kong dollars/Renminbi at that rate or at all.

DIVIDEND POLICY

In October 2024, we declared and paid a dividend to the then shareholders of Janbon Colloidal Materials in the amount of RMB30 million. No other dividend has been paid or declared by our Company or other companies comprising our Group during the Track Record Period.

Our Company currently does not have a formal dividend policy or a fixed dividend payout ratio. Our Board of Directors may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment of dividends will be subject to our constitutional documents and applicable laws. Our shareholders at a general meeting must approve any declaration of dividends, which must not exceed the amount recommended by our Board of Directors. In addition, our Directors may from time to time pay such interim dividends as our Board of Directors considers to be justified by our profits and overall financial requirements, or special dividends of such amounts and on such dates as they think appropriate. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declaration of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board of Directors.

DISTRIBUTABLE RESERVES

As of 31 December 2024, we had retained profits of RMB42.0 million, representing the distributable reserves available for distribution to our Shareholders.

FINANCIAL INFORMATION

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our total [REDACTED] (including [REDACTED]) will be approximately RMB[REDACTED], accounting for [REDACTED]% of the [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the [REDACTED] of the indicative [REDACTED] stated in this Document and the [REDACTED] is not exercised). During the Track Record Period, [REDACTED] of RMB[REDACTED] were charged to our combined statements of profit or loss for the year ended 31 December 2024, and RMB[REDACTED] were capitalised to our combined statements of financial position and recognised as deferred [REDACTED] as of 31 December 2024, which are expected to be deducted from equity upon [REDACTED] as they are directly attributable to the [REDACTED] of the Shares to the public. The estimated remaining [REDACTED] of approximately RMB[REDACTED] are expected to be charged to our combined statements of profit or loss for the year ending 31 December 2025, and approximately RMB[REDACTED] are expected to be deducted from equity upon [REDACTED]. The [REDACTED] consist of RMB[REDACTED] [REDACTED]-related expenses and RMB[REDACTED] non-[REDACTED]-related expenses (including fees and expenses of legal advisers and the Reporting Accountants of RMB[REDACTED] and other fees and expenses of RMB[REDACTED]).

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENT

See “Summary — Recent Development and No Material Adverse Change” in this Document for further details of the impact of recent developments on our business, operations and financial positions.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, since 31 December 2024 and up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially affect the information shown in our financial information set forth in the Accountants’ Report included in Appendix I to this Document.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” in this Document for a detailed description of our future plans.

[REDACTED]

The [REDACTED] from the [REDACTED] that we will receive after deducting the [REDACTED] and other estimated expenses paid and payable by us in connection with the [REDACTED] (assuming that the [REDACTED] is not exercised) will be:

- approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the [REDACTED] of the [REDACTED]);
- approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the [REDACTED] of the [REDACTED]); or
- approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the [REDACTED] of the [REDACTED]).

Assuming an [REDACTED] at the [REDACTED] of the [REDACTED], we intend to use our [REDACTED] for the purposes and in the amounts set forth below.

- Approximately [REDACTED] of the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used to strengthen our research and development efforts and drive technological innovation. In particular, we plan to (i) enhance our PV silver powder technologies to solidify and expand our market leadership in the sector in China; (ii) explore alternative materials to silver powder in the PV industry, such as copper powder; and (iii) extend our research and development to non-PV silver powder sectors, including the development of silver powder tailored for the electronics industry. These initiatives aim to broaden our product portfolio and expand our market reach, thereby laying a solid foundation for our long-term growth. For more details, see “Business — Our Strategies” in this Document. In particular:
 - o Approximately [REDACTED] of the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used for the procurement of raw materials for research and development of PV silver powder. Among others, silver nitrate, as the core raw material in our silver powder production, plays a critical role in supporting our research and development in PV silver powder technology. Maintaining an adequate supply of silver nitrate is crucial for ensuring the continuity and effectiveness

FUTURE PLANS AND [REDACTED]

of our PV silver powder research and development activities, particularly as we pursue advanced product designs tailored to evolving customer requirements and industry trends.

A breakdown of our expected annual purchase of silver nitrate is set out in the table below:

	Year ending 31 December		
	2026	2027	2028
	RMB'000	RMB'000	RMB'000
Estimated average price of silver nitrate (per kg) ⁽¹⁾	[REDACTED]	[REDACTED]	[REDACTED]
Estimated purchase volume (kg)	[REDACTED]	[REDACTED]	[REDACTED]
Estimated total purchase amount	[REDACTED]	[REDACTED]	[REDACTED]

Note:

(1) The data is based on the Frost & Sullivan analysis.

- o Approximately [REDACTED] of the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used over the next three years to support dedicated research and development projects focusing on silver powder for non-PV applications and non-silver and less-silver conductive materials, with an annual investment of HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]). These projects will centre on the research and development of such key areas as silver-coated copper powder, silver-coated aluminium powder, and conductive powder tailored for electronic applications.
- o Approximately [REDACTED] of the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used to fund research and development collaboration projects with our key customers, universities, research institutions, or experts. We intend to allocate HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]) per year over the next three years to support these initiatives. These collaborative efforts aim to leverage research capabilities of leading academic and industry partners and create platforms for technical communications and tailored product development.
- o Approximately [REDACTED] of the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used to recruit three to four research and development engineers specialising in silver powder, copper powder, and silver-coated copper powder over the next three years. Each engineer is expected to have a strong background in materials science or powder metallurgy and practical experience relevant to their respective research and development focus.

FUTURE PLANS AND [REDACTED]

- Approximately [REDACTED] of the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used for equipment upgrades, including both research and production equipment. These investments are essential to advancing our research and development initiatives, pilot-scale production trials, and the continuous upgrading of our production capabilities. By integrating more advanced equipment, we aim to optimise powder performance and improve manufacturing consistency at scale. The following table sets forth the major equipment items to be procured:

Research equipment			Production equipment		
Usage description	Estimated investment (RMB in thousand)	% of [REDACTED]	Usage description	Estimated investment (RMB in thousand)	% of [REDACTED]
Research on powder sintering behaviour	[REDACTED]	[REDACTED]%	Powder classification and impurity removal	[REDACTED]	[REDACTED]%
Microstructure observation	[REDACTED]	[REDACTED]%	Ultrasonic powder grinding	[REDACTED]	[REDACTED]%
Powder surface property research	[REDACTED]	[REDACTED]%			
Pilot-scale synthesis	[REDACTED]	[REDACTED]%	Powder surface modification	[REDACTED]	[REDACTED]%
Powder grinding	[REDACTED]	[REDACTED]%			

- Approximately [REDACTED] of the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used to fund our overseas expansion. As part of our long-term development strategy, we intend to expand our silver powder and other conductive material production footprint into the Middle East and establish local presence in East Asia to advance our development of silver powder and other conductive material technologies. For more details, see “Business — Our Strategies — Expand Internationally” in this Document. In particular,
 - Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used for the construction of silver powder and other conductive material production plants in the Middle East (the “Middle East Plants”) in response to the region’s expanding PV industry, strategic trade location, and the increasing presence of downstream customers. The main expenses are

FUTURE PLANS AND [REDACTED]

expected to include costs associated with premises leasing, construction of production facilities, equipment procurement, and operational expenses of the Middle East Plants, of which:

- (i) Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used for the leasing of premises for the Middle East Plants, with a total gross floor area of approximately [REDACTED] sq.m. Securing a strategically located site with access to key customers, supporting infrastructure, and efficient transport links is an important step in establishing the Middle East Plants; and
- (ii) Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used for fixed asset investments and operational expenses for the next three years for the Middle East Plant. A breakdown is set out in the table below:

<u>[REDACTED]</u>	<u>Estimated Investment (RMB in million)</u>	<u>Purpose</u>	<u>Breakdown of Estimated Investment (RMB in million)</u>
Fixed Asset Investments	approximately RMB[REDACTED]	Construction of production facilities	[REDACTED]
		Procurement and installation of key production equipment	[REDACTED]
		Procurement and installation of supporting systems essential for manufacturing activities	[REDACTED]
Operational Expenses	approximately RMB[REDACTED]	Recruitment and training of employees	[REDACTED]
		Utility expenses including electricity and water consumption	[REDACTED]
		Other necessary expenses to initiate and sustain daily plant operations	[REDACTED]

FUTURE PLANS AND [REDACTED]

- o Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used to establish a dedicated research and development presence in East Asia to advance our development of silver powder and other conductive material technologies. According to Frost & Sullivan, manufacturers in East Asian countries, such as Japan and South Korea, possess globally leading production technologies in high-performance silver powders, which can cater the higher requirements for product performances from downstream industries. We may form local research teams, foster collaborations with industry and academic partners, and strategically acquire complementary businesses or technologies in the region.
- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used for the repayment of interest-bearing bank loans. By reducing our level of indebtedness, we expect to further enhance our financial flexibility, lower our interest expenses, and strengthen our capital structure, thereby enabling us to allocate more resources toward strategic initiatives and long-term growth.
- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used for working capital and general corporate purposes.

In the event that the [REDACTED] is set at the [REDACTED] or the [REDACTED] of the indicative [REDACTED], the [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), respectively. We intend to apply the additional or reduced [REDACTED] to the above uses on a pro rata basis.

The additional [REDACTED] that we would receive if the [REDACTED] is exercised in full would be (i) HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]) (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the [REDACTED] of the indicative [REDACTED]), (ii) HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]) (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the [REDACTED] of the indicative [REDACTED]) and (iii) HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]) (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the [REDACTED] [REDACTED] of the indicative [REDACTED]). We intend to apply the additional [REDACTED] to the above uses on a pro rata basis.

To the extent that the [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

[REDACTED]

Sole Sponsor’s and [REDACTED] Interests in our Company

Save as disclosed above and save for their respective obligations under the [REDACTED] and/or the [REDACTED] and, if applicable[, the [REDACTED],] and the sponsor fee payable to the Sole Sponsor in connection with the [REDACTED], as of the Latest Practicable Date, none of the Sole Sponsor and the [REDACTED] was interested legally or beneficially, directly or indirectly, in any Shares or other securities of our Company or any other 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 other securities of our Company or any other member of our Group.

Following the completion of the [REDACTED], the [REDACTED] and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the [REDACTED] and/or the [REDACTED].

Sole Sponsor’s Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

[REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

STRUCTURE OF THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

[To insert the firm’s letterhead]

**ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE
DIRECTORS OF JANBON HIGH TECH CO., LTD. AND CHINA SECURITIES
(INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED**

Introduction

We report on the historical financial information of Janbon High Tech Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-63, which comprises the combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the “Relevant Periods”), and the combined statements of financial position of the Group as at 31 December 2022, 2023 and 2024 and the statements of financial position of the Company as at 31 December 2024 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-63 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “Document”) in connection with the [REDACTED] [REDACTED] of the shares of the Company [REDACTED].

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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

APPENDIX I

ACCOUNTANTS’ REPORT

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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group as at 31 December 2022, 2023 and 2024 and the Company as at 31 December 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

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 11 to the Historical Financial Information which contains information about the dividend paid by the Group in respect of the Relevant Periods.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX I**ACCOUNTANTS’ REPORT**

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

[•]

Certified Public Accountants

Hong Kong

[•] 2025

APPENDIX I

ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	1,759,181	2,781,686	3,949,620
Cost of sales		<u>(1,698,851)</u>	<u>(2,674,440)</u>	<u>(3,818,822)</u>
Gross profit		<u>60,330</u>	<u>107,246</u>	<u>130,798</u>
Other income	5	1,263	2,705	11,381
Selling and marketing expenses		(468)	(763)	(755)
Administrative expenses		(4,464)	(7,640)	(14,691)
Research and development expenses		(23,378)	(24,754)	(26,457)
(Impairment losses)/reversal of impairment losses on financial assets, net		(1)	(649)	651
Other expenses		(3,189)	(4,416)	(4,545)
Finance costs	7	<u>(5,642)</u>	<u>(5,006)</u>	<u>(6,571)</u>
PROFIT BEFORE TAX	6	24,451	66,723	89,811
Income tax expense	10	<u>(251)</u>	<u>(6,833)</u>	<u>(10,784)</u>
PROFIT FOR THE YEAR		<u>24,200</u>	<u>59,890</u>	<u>79,027</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>24,200</u>	<u>59,890</u>	<u>79,027</u>
Attributable to:				
Owners of the parent		<u>24,200</u>	<u>59,890</u>	<u>79,027</u>
Total comprehensive income attributable to:				
Owners of the parent		<u>24,200</u>	<u>59,890</u>	<u>79,027</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted	12	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

APPENDIX I

ACCOUNTANTS’ REPORT

COMBINED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS				
Property, plant and equipment	13	31,602	36,084	37,820
Right-of-use assets	14	31,886	31,018	30,150
Intangible assets	15	—	136	75
Prepayments, other receivables and other assets	19	4,516	467	4,147
Deferred tax assets	16	16,430	9,597	—
Total non-current assets		84,434	77,302	72,192
CURRENT ASSETS				
Inventories	17	41,212	73,007	121,485
Trade and bills receivables	18	—	94,092	175,421
Prepayments, other receivables and other assets	19	10,961	505	2,121
Tax recoverable		—	—	288
Cash and cash equivalents	20	16,890	10,799	29,447
Pledged deposits	20	—	—	26,977
Total current assets		69,063	178,403	355,739
CURRENT LIABILITIES				
Trade and bills payables	21	1,387	391	57,753
Other payables and accruals	22	75,994	9,151	17,997
Interest-bearing bank borrowings	23	62,427	151,716	206,260
Lease liabilities	14	1,029	—	—
Total current liabilities		140,837	161,258	282,010
NET CURRENT (LIABILITIES)/ASSETS		(71,774)	17,145	73,729
TOTAL ASSETS LESS CURRENT LIABILITIES		12,660	94,447	145,921
Net asset		12,660	94,447	145,921
EQUITY				
Equity attributable to owners of the parent				
Share capital	24	—	—	—
Reserves	26	12,660	94,447	145,921
Total equity		12,660	94,447	145,921

APPENDIX I

ACCOUNTANTS’ REPORT

COMBINED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent			Total
	Share capital	Merger reserve*	Accumulated losses*	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(note 24)</i>	<i>(note 26)</i>		
As at 1 January 2022	—	35,000	(83,150)	(48,150)
Total comprehensive income for the year	—	—	24,200	24,200
Capital injection from shareholders	—	36,610	—	36,610
As at 31 December 2022	—	71,610	(58,950)	12,660

Year ended 31 December 2023

	Attributable to owners of the parent				Total
	Share capital	Merger reserve*	Equity-settled share award reserve*	(Accumulated losses)/ retained profits*	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(note 24)</i>	<i>(note 26)</i>	<i>(note 26)</i>		
As at 1 January 2023	—	71,610	—	(58,950)	12,660
Total comprehensive income for the year	—	—	—	59,890	59,890
Capital injection from shareholders	—	19,859	—	—	19,859
Transfer to surplus reserve	—	—	—	(94)	—
Equity-settled share award arrangements <i>(note 25)</i>	—	—	2,038	—	2,038
As at 31 December 2023	—	91,469	2,038	846	94,447

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX I

ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Attributable to owners of the parent					Total
	Share capital	Merger reserve*	Equity-settled share award reserve*	Surplus reserve*	Retained profits*	
	<i>RMB'000</i> <i>(note 24)</i>	<i>RMB'000</i> <i>(note 26)</i>	<i>RMB'000</i> <i>(note 26)</i>	<i>RMB'000</i> <i>(note 26)</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2024	—	91,469	2,038	94	846	94,447
Total comprehensive income for the year	—	—	—	—	79,027	79,027
Transfer to surplus reserve	—	—	—	7,903	(7,903)	—
Equity-settled share award arrangements <i>(note 25)</i>	—	—	2,447	—	—	2,447
Dividend declared <i>(note 11)</i>	—	—	—	—	(30,000)	(30,000)
As at 31 December 2024	<u>—</u>	<u>91,469</u>	<u>4,485</u>	<u>7,997</u>	<u>41,970</u>	<u>145,921</u>

* These reserve accounts comprise the combined reserves of RMB12,660,000, RMB94,447,000, and RMB145,921,000 in the combined statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

COMBINED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
CASH FLOWS USED IN OPERATING ACTIVITIES				
Profit before tax		24,451	66,723	89,811
Adjustments for:				
Finance costs	7	5,642	5,006	6,571
Interest income	5	(163)	(597)	(591)
Equity-settled share award expense	6, 25	—	2,038	2,447
Losses on disposal of items of property, plant and equipment	6	—	873	15
Fair value changes on bills receivable	6	3,189	3,543	4,530
Depreciation of property, plant and equipment	6, 13	3,975	4,342	3,859
Depreciation of right-of-use assets	6, 14	1,011	868	868
Amortisation of intangible assets	6, 15	—	45	61
Impairment losses/(reversal of impairment losses) on financial assets, net	6	1	650	(651)
(Reversal of)/write-down of inventories	6	(19)	205	(515)
		<u>38,087</u>	<u>83,696</u>	<u>106,405</u>
Increase in inventories		(22,031)	(32,000)	(47,963)
Increase in trade and bills receivables		(77,788)	(228,361)	(466,759)
Increase in pledged deposits		—	—	(26,977)
(Increase)/decrease in prepayments, other receivables and other assets		(9,982)	9,989	(438)
(Decrease)/increase in trade and bills payables		(3,505)	(996)	57,362
Increase/(decrease) in other payables and accruals		<u>35,715</u>	<u>(44,367)</u>	<u>9,928</u>
Cash used in operations		<u>(39,504)</u>	<u>(212,039)</u>	<u>(368,442)</u>
Interest received	6	163	597	591
Income tax paid		<u>—</u>	<u>—</u>	<u>(1,475)</u>
Net cash flows used in operating activities		<u>(39,341)</u>	<u>(211,442)</u>	<u>(369,326)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Net cash flows used in operating activities		<u>(39,341)</u>	<u>(211,442)</u>	<u>(369,326)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES				
Proceeds from disposal of items of property, plant and equipment		—	153	57
Purchases of items of property, plant and equipment		(11,246)	(11,829)	(11,073)
Purchases of right-of-use assets		(16,623)	(15,955)	—
Additions to other intangible assets		<u>—</u>	<u>(205)</u>	<u>—</u>
Net cash flows used in investing activities		<u>(27,869)</u>	<u>(27,836)</u>	<u>(11,016)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank and other borrowings		338,640	310,593	513,109
Repayment of bank and other borrowings		(297,351)	(92,377)	(79,990)
Principal portion of lease payments		(938)	(1,029)	—
Interest paid		(5,642)	(3,859)	(3,594)
Capital injection		36,610	19,859	—
Payment of [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Dividend paid	11	<u>—</u>	<u>—</u>	<u>(30,000)</u>
Net cash generated from financing activities		<u>71,319</u>	<u>233,187</u>	<u>398,990</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,109	(6,091)	18,648
Cash and cash equivalents at beginning of year		<u>12,781</u>	<u>16,890</u>	<u>10,799</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>16,890</u>	<u>10,799</u>	<u>29,447</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	20	<u>16,890</u>	<u>10,799</u>	<u>29,447</u>
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position		<u>16,890</u>	<u>10,799</u>	<u>29,447</u>

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION

	As at
	31 December
	2024
	<i>RMB’000</i>
CURRENT LIABILITIES	
Due to a subsidiary*	<u>55</u>
NET CURRENT LIABILITIES	<u>(55)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>(55)</u>
Net liabilities	<u><u>(55)</u></u>
EQUITY	
Reserves	<u>(55)</u>
Total equity	<u><u>(55)</u></u>

* The balance was unsecured, interest-free and repayable on demand.

No statements of financial position as at 31 December 2022 and 2023 are presented as the Company has not been incorporated at that time.

APPENDIX I

ACCOUNTANTS’ REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 12 December 2024. The registered office of the Company is located at the office of Vistra (Cayman) Limited, P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The Company is ultimately controlled by Mr. Chen Zichun.

The Company is an investment holding company. During the Relevant Periods, the Company’s subsidiaries were principally involved in the manufacture and sale of silver powder.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” in the Document. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name*	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Janbon High Tech (BVI) Limited (note (a))	British Virgin Islands 23 December 2024	USD1	100	—	Investment holding
Janbon High Tech HK Limited (note (a))	Hong Kong 21 January 2025	HKD1	—	100	Investment holding
Shandong Janbon Advanced Electronic Materials Co., Ltd. 山東建邦高端電子材料有限公司* (notes (a), (b))	People’s Republic of China (“PRC”)/ Mainland China 25 February 2025	RMB3,000,000	—	100	Investment holding
Shandong Janbon Colloidal Materials Co., Ltd. 山東建邦膠 體材料有限公司* (note (c))	PRC/Mainland China 26 March 2010	RMB84,376,900	—	100	Manufacture and sale of silver powder

(a) No audited financial statements have been prepared for these entities since their dates of incorporation or registration as they are not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation or registration.

(b) Shandong Janbon Advanced Electronic Materials Co., Ltd. (“Janbon Electronic Materials”) is registered as a wholly-foreign-owned enterprise under the laws of the PRC.

APPENDIX I

ACCOUNTANTS’ REPORT

- (c) The statutory financial statements of Shandong Janbon Colloidal Materials Co., Ltd. (“Janbon Colloidal Materials”) for the years ended 31 December 2022, 2023 and 2024 prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Jinan Tuoda Accounting Firm GP (濟南拓達會計師事務所(普通合夥)), Shandong Xinyuan Limited Liability Accounting Firm Limited (山東信源有限責任會計師事務所) and Shandong Tianyan Certified Public Accountants Co., Ltd. (山東天演會計師事務所有限責任公司), certified public accountants registered in the PRC.

- * The English name of the entity registered in the PRC represents the best efforts made by management of the Company to directly translate its Chinese name as it did not have any official English name registered.

2. ACCOUNTING POLICIES

2.1 Basis of Presentation

Pursuant to the Reorganisation as more fully explained in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” in the Document, the Company became the holding company of the companies now comprising the Group subsequent to the end of the Relevant Periods on 25 April 2025. As the Reorganisation only involved inserting new holding entities at the top of an existing group and has not resulted in any change of economic substance, the Historical Financial Information for the Relevant Periods has been presented as a continuation of the existing group as if the Reorganisation had been completed at the beginning of the Relevant Periods.

Accordingly, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for the Relevant Periods are prepared as if the current group structure had been in existence throughout the Relevant Periods. The combined statements of financial position as at 31 December 2022, 2023 and 2024 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence at those dates. No adjustments are made to reflect fair values, or to recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

2.2 Basis of Preparation

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information consistently throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for bills receivable which have been measured at fair value at the end of each of the Relevant Periods.

APPENDIX I

ACCOUNTANTS’ REPORT

2.3 Issued but Not Yet Effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. So far, it has concluded that the adoption of them will not have a material impact on the Group’s financial position and financial performance.

2.4 Material Accounting Policies

Fair value measurement

The Group measures its bills receivable at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

APPENDIX I

ACCOUNTANTS’ REPORT

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | | |
|---------|---|---|
| Level 1 | — | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | — | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | — | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and deferred tax assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

APPENDIX I

ACCOUNTANTS’ REPORT

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

APPENDIX I

ACCOUNTANTS’ REPORT

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Categories	Estimated useful lives
Buildings	20 to 37 years
Machinery	5 to 10 years
Vehicles, electronic devices and other equipment	3 to 12 years
Leasehold improvements	5 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Categories	Estimated useful lives
Patents and licences	2 years
Software	2 to 5 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

APPENDIX I

ACCOUNTANTS’ REPORT

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

<u>Categories</u>	<u>Estimated useful lives</u>
Leasehold land	37 years
Properties	2 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

APPENDIX I

ACCOUNTANTS’ REPORT

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss (“FVTPL”).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

APPENDIX I

ACCOUNTANTS’ REPORT

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

APPENDIX I

ACCOUNTANTS’ REPORT

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has considered estimated loss rate based on historical observable default rates and study of each specific customer’s default and recovery data from external credit-rating agency, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and bills payables, other payables and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, trade and bills payables, other payables and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

APPENDIX I

ACCOUNTANTS’ REPORT

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks. Pledged deposits in the statement of financial position comprise warranty for bills payable.

For the purpose of the combined statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

APPENDIX I

ACCOUNTANTS’ REPORT

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

APPENDIX I

ACCOUNTANTS’ REPORT

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of industrial products

Revenue from the sale of industrial products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products. The Group recognises revenue from the sale of industrial products on a gross basis as it is the principal that controls the goods before transferring them to the customers and is liable for storage, damage and loss of goods, assumes the price fluctuation risks of goods and promises to provide the specified goods under the terms of the contract.

Some contracts for the sale of industrial products provide customers with rights of return, giving rise to variable consideration. For contracts which provide a customer with a right to return the industrial products, the expected value method is used to estimate the industrial products that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For industrial products that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Processing services

Revenue from processing services is recognised at the point in time when the processing services are rendered and the processed goods are delivered to customers; the Group does not have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

APPENDIX I

ACCOUNTANTS’ REPORT

Share-based payments

The Company operates a share award plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the discounted cash flow and equity allocation method, further details of which are given in note 25 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expenses, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

APPENDIX I

ACCOUNTANTS’ REPORT

Housing fund — Mainland China

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed dividends are disclosed in the notes to the Historical Financial Information.

Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

The Group applied the following judgement that significantly affects the determination of the amount of revenue from contracts with customers:

- (a) *Determining the method to estimate variable consideration and assessing the constraint for the sale of industrial products*

Certain contracts for the sale of industrial products include a right of return that gives rise to variable consideration. In estimating the variable consideration, the Group is required to use the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of industrial products with rights of return, given the large number of customer contracts that have similar characteristics.

APPENDIX I

ACCOUNTANTS’ REPORT

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Variable consideration for returns

The Group estimates variable consideration to be included in the transaction price for the sale of industrial products with rights of return.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group updates its assessment of expected returns quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group’s past experience regarding returns entitlements may not be representative of customers’ actual return entitlements in the future.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value measurement of share-based payments

The Group has set up a share incentive plan and granted share awards to the Group’s employees. The fair values of the share awards are determined using the discounted cash flow and equity allocation method at the grant dates. Significant estimates based on assumptions, including the underlying equity value are made by management. Further details are included in note 25 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Write-down of inventories

The Group’s inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the ageing and condition of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories are reviewed quarterly for write-down, if appropriate. Further details are included in note 17 to the Historical Financial Information.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimates. Useful lives and residual values are reviewed at the end of each of the years based on changes in circumstances. Further details of the property, plant and equipment are set out in note 13 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and has only one reportable operating segment. Management monitors the operating results of the Group’s operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

During the Relevant Periods, all of the Group’s revenue was derived from customers located in Mainland China and all of the Group’s non-current assets were located in Mainland China, and therefore, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

APPENDIX I

ACCOUNTANTS’ REPORT

Information about major customers

Revenue from the major customers (aggregated if under common control) which amounted to 10% or more of the Group’s revenue is set out below:

	Year ended 31 December		
	2022	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Customer A	903,394	1,048,363	1,449,086
Customer B	641,687	1,255,912	1,043,028
Total	<u>1,545,081</u>	<u>2,304,275</u>	<u>2,492,114</u>

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	Year ended 31 December		
	2022	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue from contracts with customers	<u>1,759,181</u>	<u>2,781,686</u>	<u>3,949,620</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2022	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Types of goods or services			
Sale of industrial products	1,759,181	2,780,179	3,943,547
Processing services	<u>—</u>	<u>1,507</u>	<u>6,073</u>
Total	<u>1,759,181</u>	<u>2,781,686</u>	<u>3,949,620</u>
Geographical market			
Mainland China	<u>1,759,181</u>	<u>2,781,686</u>	<u>3,949,620</u>
Timing of revenue recognition			
Goods transferred at a point in time	1,759,181	2,780,179	3,943,547
Services transferred at a point in time	<u>—</u>	<u>1,507</u>	<u>6,073</u>
Total	<u>1,759,181</u>	<u>2,781,686</u>	<u>3,949,620</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of each of the Relevant Periods:	15,238	47,562	2,506

(b) Performance obligations

Information about the Group’s performance obligations is summarised below:

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and payment in advance is normally required.

Processing services

The performance obligation is satisfied at the point as services are rendered, where payment in advance is normally required.

An analysis of other income is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Government grants*	1,078	2,096	10,781
Bank interest income	163	597	591
Others	22	12	9
Total	1,263	2,705	11,381

* The government grants mainly represent incentives awarded by the local governments to support the Group’s operation. There were no unfulfilled conditions or contingencies attached to these government grants.

APPENDIX I

ACCOUNTANTS’ REPORT

6. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost of goods sold		1,698,851	2,673,860	3,815,453
Cost of services provided		—	580	3,369
		1,698,851	2,674,440	3,818,822
Depreciation of property, plant and equipment*	13	3,975	4,342	3,859
Depreciation of right-of-use assets*	14(a)	1,011	868	868
Amortisation of intangible assets*	15	—	45	61
Research and development expenses*		23,378	24,754	26,457
Lease payments not included in the measurement of lease liabilities	14(c)	139	141	144
Employee benefit expense (including directors’, chief executive’s and supervisors’ remuneration as set out in note 8):				
Salaries and other benefits		9,008	13,016	14,352
Pension scheme contributions		1,191	1,528	1,674
Equity-settled share award expense**	25	—	2,038	2,447
Total		10,199	16,582	18,473
Bank interest income	5	163	597	591
Government grants	5	1,078	2,096	10,781
Fair value changes on bills receivable	5	(3,189)	(3,543)	(4,530)
Impairment losses/(reversal of impairment losses) on financial assets, net		1	650	(651)
(Reversal of)/write-down of inventories	17	(19)	205	(515)
[REDACTED] (note 27)		[REDACTED]	[REDACTED]	[REDACTED]
Auditor’s remuneration		—	—	41
Losses on disposal of items of property, plant and equipment		—	873	15

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of intangible assets related to manufacturing and research and development for the Relevant Periods are included in “Cost of sales”, “Selling and marketing expenses”, “Administrative expenses” and “Research and development expenses” in the combined statements of profit or loss and other comprehensive income.

** Equity-settled share award expense is included in “Cost of sales”, “Administrative expenses”, “Research and development costs” and “Selling and marketing expenses” in the combined statements of profit or loss and other comprehensive income.

APPENDIX I

ACCOUNTANTS’ REPORT

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing bank and other borrowings	5,551	5,006	6,571
Interest on lease liabilities (<i>note 14(c)</i>)	91	—	—
Total	5,642	5,006	6,571

8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors before 12 December 2024, the date of incorporation of the Company.

Mr. Chen Zichun was appointed as the chief executive and an executive director of the Company on 12 December 2024. Mr. Zhou Yong and Ms. Meng Haiqing were appointed as executive directors of the Company on 25 April 2025. Mr. Zhang Wei was appointed as non-executive director of the Company on 25 April 2025.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors and key management personnel of these subsidiaries. The remuneration of each of these directors and key management personnel as recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Fees	—	—	—
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	761	1,610	1,819
Equity-settled share award expense	—	589	707
Pension scheme contributions	49	74	114
Subtotal	810	2,273	2,640
Total	810	2,273	2,640

Certain executive directors of the Company were entitled to bonus payments which were determined by key performance indicators.

(a) Independent non-executive directors

Mr. Cui Haitao, Mr. Chan Ngai Fan and Ms. Xu Qian were appointed as independent non-executive directors of the Company in 25 April 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Executive director, non-executive directors and the chief executive

Year ended 31 December 2022

	Salaries, bonuses, allowances and benefits in kind <i>RMB'000</i>	Equity-settled share award expense <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Executive director: Mr. Zhou Yong	761	—	49	810

Year ended 31 December 2023

	Salaries, bonuses, allowances and benefits in kind <i>RMB'000</i>	Equity-settled share award expense <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Executive directors: Mr. Chen Zichun	598	—	3	601
Mr. Zhou Yong	748	585	49	1,382
Ms. Meng Haiqing	264	4	22	290
Total	1,610	589	74	2,273

Year ended 31 December 2024

	Salaries, bonuses, allowances and benefits in kind <i>RMB'000</i>	Equity-settled share award expense <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Executive directors: Mr. Chen Zichun	739	—	32	771
Mr. Zhou Yong	767	702	50	1,519
Ms. Meng Haiqing	313	5	32	350
Total	1,819	707	114	2,640

There were no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

APPENDIX I

ACCOUNTANTS’ REPORT

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included one, two and two directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining four, three and three highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonuses, allowances and benefits in kind	1,514	1,531	1,904
Equity-settled share award expense	—	1,126	1,351
Pension scheme contributions	107	95	97
Total	<u>1,621</u>	<u>2,752</u>	<u>3,352</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2022	2023	2024
Nil to HK\$1,000,000	4	2	2
HK\$1,000,001 to HK\$2,000,000	—	1	—
HK\$2,000,001 to HK\$3,000,000	—	—	1
Total	<u>4</u>	<u>3</u>	<u>3</u>

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the entities within the Group incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT rate for the PRC subsidiary was 25% during the Relevant Periods. Janbon Colloidal Materials was accredited as a “High and New Technology Enterprise” (“HNTE”) in 2021 and the certificate was extended in December 2024, after which validity period is from 7 December 2024 to 6 December 2027. Therefore, Janbon Colloidal Materials was entitled to a preferential EIT rate of 15% for the Relevant Periods. The qualification as a HNTE is subject to review by the relevant tax authority in the PRC every three years.

APPENDIX I

ACCOUNTANTS’ REPORT

The income tax charge of the Group during the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax — Mainland China			
Charge for the year	—	—	1,187
Deferred tax	251	6,833	9,597
Total tax charge	251	6,833	10,784

A reconciliation of the tax charge applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit before tax	24,451	66,723	89,811
Tax at the statutory tax rate of 25%	6,113	16,681	22,453
Lower tax rate for specific provinces or enacted by local authority	(2,445)	(6,672)	(8,981)
Expenses not deductible for tax	51	363	475
Additional deductible allowance for qualified research and development expenses	(3,468)	(3,539)	(3,163)
Tax charge at the Group’s effective tax rate	251	6,833	10,784

11. DIVIDEND

No dividends have been declared and paid by the Company since the date of its incorporation.

On 24 September 2024, Janbon Colloidal Materials, a subsidiary of the Group, declared a cash dividend of RMB30,000,000 to its shareholders. The dividend was fully paid by September 2024.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation not completed and the presentation of the results of the Group for the Relevant Periods as disclosed in note 2.1 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

13. PROPERTY, PLANT AND EQUIPMENT

The Group

			Vehicles, electronic devices and other equipment	Leasehold improvements	Total
31 December 2022	<u>Buildings</u> <i>RMB'000</i>	<u>Machinery</u> <i>RMB'000</i>	<u>equipment</u> <i>RMB'000</i>	<u>improvements</u> <i>RMB'000</i>	<u>Total</u> <i>RMB'000</i>
At 1 January 2022:					
Cost	2,433	23,892	3,316	11,860	41,501
Accumulated depreciation	<u>(129)</u>	<u>(14,359)</u>	<u>(2,564)</u>	<u>(3,511)</u>	<u>(20,563)</u>
Net carrying amount	<u>2,304</u>	<u>9,533</u>	<u>752</u>	<u>8,349</u>	<u>20,938</u>
At 1 January 2022, net of accumulated depreciation	2,304	9,533	752	8,349	20,938
Additions	14,334	—	200	105	14,639
Depreciation provided during the year (note 6)	<u>(128)</u>	<u>(2,327)</u>	<u>(330)</u>	<u>(1,190)</u>	<u>(3,975)</u>
At 31 December 2022, net of accumulated depreciation	<u>16,510</u>	<u>7,206</u>	<u>622</u>	<u>7,264</u>	<u>31,602</u>
At 31 December 2022:					
Cost	16,767	23,892	3,516	11,965	56,140
Accumulated depreciation	<u>(257)</u>	<u>(16,686)</u>	<u>(2,894)</u>	<u>(4,701)</u>	<u>(24,538)</u>
Net carrying amount	<u>16,510</u>	<u>7,206</u>	<u>622</u>	<u>7,264</u>	<u>31,602</u>

APPENDIX I

ACCOUNTANTS’ REPORT

31 December 2023	Buildings RMB'000	Machinery RMB'000	Vehicles, electronic devices and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023:						
Cost	16,767	23,892	3,516	11,965	—	56,140
Accumulated depreciation	(257)	(16,686)	(2,894)	(4,701)	—	(24,538)
Net carrying amount	16,510	7,206	622	7,264	—	31,602
At 1 January 2023, net of accumulated depreciation	16,510	7,206	622	7,264	—	31,602
Additions	—	5,521	661	85	3,579	9,846
Disposals	(1,018)	—	(4)	—	—	(1,022)
Depreciation provided during the year (note 6)	(449)	(2,467)	(230)	(1,196)	—	(4,342)
Transfer within property, plant and equipment	3,333	246	—	—	(3,579)	—
At 31 December 2023, net of accumulated depreciation	18,376	10,506	1,049	6,153	—	36,084
At 31 December 2023:						
Cost	18,921	29,659	4,170	12,050	—	64,800
Accumulated depreciation	(545)	(19,153)	(3,121)	(5,897)	—	(28,716)
Net carrying amount	18,376	10,506	1,049	6,153	—	36,084
31 December 2024	Buildings RMB'000	Machinery RMB'000	Vehicles, electronic devices and other equipment RMB'000	Leasehold improvements RMB'000		Total RMB'000
At 1 January 2024:						
Cost	18,921	29,659	4,170	12,050		64,800
Accumulated depreciation	(545)	(19,153)	(3,121)	(5,897)		(28,716)
Net carrying amount	18,376	10,506	1,049	6,153		36,084
At 1 January 2024, net of accumulated depreciation	18,376	10,506	1,049	6,153		36,084
Additions	—	4,585	891	184		5,660
Disposals	—	(20)	(45)	—		(65)
Depreciation provided during the year (note 6)	(579)	(1,738)	(330)	(1,212)		(3,859)
At 31 December 2024, net of accumulated depreciation	17,797	13,333	1,565	5,125		37,820
At 31 December 2024:						
Cost	18,921	33,873	4,458	12,234		69,486
Accumulated depreciation	(1,124)	(20,540)	(2,893)	(7,109)		(31,666)
Net carrying amount	17,797	13,333	1,565	5,125		37,820

APPENDIX I

ACCOUNTANTS’ REPORT

Certain of the Group’s buildings with net carrying amounts of approximately RMB13,964,000 and RMB13,594,000 as at 31 December 2023 and 2024, respectively, were pledged to secure bank loans (note 23).

The Group is still in the process of applying title certificates for the Group’s buildings of RMB2,176,000, RMB4,412,000 and RMB4,203,000 as at 31 December 2022, 2023 and 2024, respectively.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of land use right and properties used in its operations. Lump sum payments were made upfront to acquire the leasehold land from the government with lease periods of 37 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties have lease terms of 2 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are no lease contracts that include extension or termination options and variable lease payments.

(a) Right-of-use assets

The carrying amounts of the Group’s right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	<u>Leasehold land</u> <i>RMB’000</i>	<u>Properties</u> <i>RMB’000</i>	<u>Total</u> <i>RMB’000</i>
As at 1 January 2022	—	939	939
Additions	31,958	—	31,958
Depreciation charge (note 6)	<u>(72)</u>	<u>(939)</u>	<u>(1,011)</u>
As at 31 December 2022 and 1 January 2023	31,886	—	31,886
Depreciation charge (note 6)	<u>(868)</u>	<u>—</u>	<u>(868)</u>
As at 31 December 2023 and 1 January 2024	31,018	—	31,018
Depreciation charge (note 6)	<u>(868)</u>	<u>—</u>	<u>(868)</u>
As at 31 December 2024	<u>30,150</u>	<u>—</u>	<u>30,150</u>

The Group’s leasehold land with net carrying amounts of RMB4,696,000 and RMB4,565,000 as at 31 December 2023 and 2024, respectively, was pledged to secure bank loans (note 23).

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year	1,967	1,029	—
Accretion of interest recognised during the year	91	—	—
Payments	(1,029)	(1,029)	—
Carrying amount at end of the year	1,029	—	—
Analysed into:			
Current portion	1,029	—	—

The maturity analysis of lease liabilities is disclosed in note 32 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities (note 7)	91	—	—
Depreciation charge of right-of-use assets	1,011	868	868
Expenses relating to short-term leases and leases of low-value assets (note 6)	139	141	144
Total amount recognised in profit or loss	1,241	1,009	1,012

(d) The total cash outflow for leases is disclosed in note 27(c) to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

15. INTANGIBLE ASSETS

The Group

	<u>Software</u> <i>RMB'000</i>	<u>Patents and licences</u> <i>RMB'000</i>	<u>Total</u> <i>RMB'000</i>
31 December 2022			
Cost at 1 January 2022 and 31 December 2022, net of accumulated amortisation	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2022:			
Cost	88	33	121
Accumulated amortisation and impairment	<u>(88)</u>	<u>(33)</u>	<u>(121)</u>
Net carrying amount	<u>—</u>	<u>—</u>	<u>—</u>
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	—	—	—
Additions	181	—	181
Amortisation provided during the year (<i>note 6</i>)	<u>(45)</u>	<u>—</u>	<u>(45)</u>
At 31 December 2023	<u>136</u>	<u>—</u>	<u>136</u>
At 31 December 2023:			
Cost	269	33	302
Accumulated amortisation and impairment	<u>(133)</u>	<u>(33)</u>	<u>(166)</u>
Net carrying amount	<u>136</u>	<u>—</u>	<u>136</u>
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	136	—	136
Amortisation provided during the year (<i>note 6</i>)	<u>(61)</u>	<u>—</u>	<u>(61)</u>
At 31 December 2024	<u>75</u>	<u>—</u>	<u>75</u>
At 31 December 2024:			
Cost	269	33	302
Accumulated amortisation and impairment	<u>(194)</u>	<u>(33)</u>	<u>(227)</u>
Net carrying amount	<u>75</u>	<u>—</u>	<u>75</u>

APPENDIX I

ACCOUNTANTS’ REPORT

16. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Provision for inventories <i>RMB'000</i>	Impairment losses on financial assets <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	49	—	295	16,478	16,822
Deferred tax charged to profit or loss during the year (<i>note 10</i>)	(3)	—	(140)	(249)	(392)
Gross deferred tax assets at 31 December 2022 and 1 January 2023	46	—	155	16,229	16,430
Deferred tax credited/(charged) to profit or loss during the year (<i>note 10</i>)	31	98	(155)	(6,807)	(6,833)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	77	98	—	9,422	9,597
Deferred tax credited/(charged) to profit or loss during the year (<i>note 10</i>)	(77)	(98)	—	(9,422)	(9,597)
Gross deferred tax assets at 31 December 2024	—	—	—	—	—

Deferred tax liabilities

	Right-of-use assets <i>RMB'000</i>
At 1 January 2022	141
Deferred tax credited to profit or loss during the year (<i>note 10</i>)	(141)
Gross deferred tax assets at 31 December 2022 and 1 January 2023	—
Deferred tax credited to profit or loss during the year (<i>note 10</i>)	—
Gross deferred tax assets at 31 December 2023 and 1 January 2024	—
Deferred tax credited to profit or loss during the year (<i>note 10</i>)	—
Gross deferred tax assets at 31 December 2024	—

APPENDIX I

ACCOUNTANTS’ REPORT

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the combined statements of financial position	16,430	9,597	—

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

For the years ended 31 December 2022, 2023 and 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group’s subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future as the Group will retain the funding for the development in Mainland China. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately nil, RMB846,000 and RMB42,340,000 at 31 December 2022, 2023 and 2024.

17. INVENTORIES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Finished goods	26,860	44,494	94,062
Raw materials and consumables	3,115	16,304	21,163
Goods in transit	6,839	7,361	4,595
Work in progress	4,708	5,363	1,665
Subtotal	41,522	73,522	121,485
Provision for impairment of inventories	(310)	(515)	—
Total	41,212	73,007	121,485

APPENDIX I

ACCOUNTANTS’ REPORT

18. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	—	13,017	—
Bills receivable	—	81,726	175,421
Subtotal	—	94,743	175,421
Impairment allowance	—	(651)	—
Total	—	94,092	175,421

The Group’s trading terms with its customers are mainly on payment in advance, except for some transactions such as exceptional sales with executive approval and the sale of solar-generated electricity to grid companies, which are traded on credit. The Group seeks to maintain strict control over its outstanding receivables, with oversight by the Chief Financial Officer to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

Bills receivable are measured at fair value through profit or loss. Bills receivable are bank acceptance bills that are unconditionally accepted by banks within the maturity period.

Transferred financial assets that are not derecognised in their entirety

At 31 December 2022, 2023 and 2024, the Group endorsed certain bills receivable accepted by banks (the “Bank Bills”) in Mainland China (the “Endorsed Bills”) with carrying amounts of nil, nil and RMB30,190,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”).

The Group also transferred certain Bank Bills in Mainland China (the “Discounted Bills”) with carrying amounts of nil, RMB81,726,000 and RMB116,270,000, respectively, to certain banks in order to obtain cash from such banks (the “Discount”) at 31 December 2022, 2023 and 2024, respectively (note 23).

In the opinion of the Company’s directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills and Discounted Bills, and accordingly, the Group continued to recognise (i) the full carrying amounts of the Endorsed Bills and the relevant associated trade payables settled and (ii) the full carrying amounts of the Discounted Bills and the associated other borrowings associated with cash received. Subsequent to the Discount, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties.

At 31 December 2022, 2023 and 2024, the aggregate carrying amounts of the trade payables settled by the Endorsed Bills to which the suppliers have recourse are nil, nil and RMB30,190,000, respectively.

At 31 December 2022, 2023 and 2024, the aggregate carrying amounts of the interest-bearing bank borrowings related to Discounted Bills were nil, RMB81,726,000 and RMB116,270,000, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

Transferred financial assets that are derecognised in their entirety

At 31 December 2022, 2023 and 2024, the Group endorsed certain Bank Bills in Mainland China with carrying amounts of nil, nil and RMB193,513,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers. At 31 December 2022, 2023 and 2024, the Group also transferred certain Bank Bills in Mainland China with carrying amounts of RMB456,054,000, RMB524,762,000 and RMB280,130,000, respectively, to certain banks in order to obtain cash from such banks. These bills receivable being endorsed and transferred are collectively referred to as derecognised bills (the “Derecognised Bills”).

The Derecognised Bills had a maturity period of one to twelve months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the Company’s directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables and other borrowings. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Company’s directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During each of the Relevant Periods, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement during each of the Relevant Periods. The endorsement and transfer have been made evenly throughout the Relevant Periods.

An ageing analysis of the trade receivables of the Group as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Within 3 months	—	12,366	—

The maturity date analysis for bills receivable is as follows:

	As at 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Within 3 months	—	30,993	80,666
3 to 6 months	—	50,733	94,755
Total	—	81,726	175,421

APPENDIX I

ACCOUNTANTS’ REPORT

The movements in the loss allowance for impairment of trade receivables are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	—	—	651
Impairment losses	—	651	(651)
At end of year	—	651	—

An impairment analysis is performed at the end of each Relevant Periods using estimated loss rate to measure expected credit losses. The estimated loss rates are based on historical observable default rates over expected life of the debts, study of each specific customer’s credit-rating from external agency and default and recovery data for different credit-rating from external agency, and are adjusted for forward-looking information (for example, forecasted economic growth rates in the PRC, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. The calculation reflects the probability-weighted outcome, reasonable and supportable information that is available at the end of each Relevant Periods about past events, current conditions, and forecasts of future economic conditions.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current:			
Prepayments	10,870	434	14
Other receivables	92	71	76
Deductible input VAT	—	—	954
Deferred [REDACTED] (note 27)	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	10,962	505	2,121
Impairment allowance	(1)	—	—
Subtotal	10,961	505	2,121
Non-current:			
Advance payments for property, plant and equipment	4,516	—	3,780
Advance payments for employee training expenses	—	467	367
Subtotal	4,516	467	4,147
Total	15,477	972	6,268

APPENDIX I

ACCOUNTANTS’ REPORT

Other receivables mainly include employee petty cash and social security paid on behalf of employees. There was no recent history of default for other receivables. Other receivables included in the above balances were categorised in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the Relevant Periods, the Group estimated that the expected credit loss rate for other receivables was minimal.

20. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and bank balances	16,890	10,799	56,424
Less: Short-term pledged deposits for bills payable (note 21)	—	—	(26,977)
Cash and cash equivalents	16,890	10,799	29,447

The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at demand deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables	1,387	391	30,776
Bills payable	—	—	26,977
Total	1,387	391	57,753

Bills payable are aged within six months.

Included in the above balances, bills payable with aggregate amounts of approximately nil, nil and RMB26,977,000 were secured by the pledge of the Group’s deposits with aggregate amounts of approximately nil, nil and RMB26,977,000 as at 31 December 2022, 2023 and 2024, respectively (note 20).

APPENDIX I

ACCOUNTANTS’ REPORT

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the transaction date, is as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 3 months	1,387	391	30,776

The trade payables are non-interest-bearing and are normally settled within 30 days.

22. OTHER PAYABLES AND ACCRUALS

The Group

	Notes	As at 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Payroll payable		2,757	3,492	3,331
Contract liabilities	(a)	47,562	2,506	9,871
Deposit and other payables	(b)	21,137	1,977	908
Other tax payables		4,538	1,176	626
Accrued [REDACTED] (note 27)		[REDACTED]	[REDACTED]	[REDACTED]
Total		75,994	9,151	17,997

Notes:

(a) Details of contract liabilities are as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<i>Short-term advances received from customers</i>			
Sale of industrial products	47,562	2,506	9,871

Contract liabilities include short-term advances received to deliver industrial products. The decrease in contract liabilities in 2023 was mainly due to exceptional sales with executive approval to its main customer which was a temporary change of business arrangement, and the trading terms were resumed to advance payment in 2024.

(b) Deposit and other payables are non-interest-bearing and are normally settled within 1 year.

APPENDIX I

ACCOUNTANTS’ REPORT

23. INTEREST-BEARING BANK BORROWINGS

The Group

As at 31 December 2022			
	<i>Effective</i>		
	<i>interest rate (%)</i>	<i>Maturity</i>	<i>RMB’000</i>
Current			
Bank loans — secured	4.80%	2023	52,427
Bank loans — unsecured	7.20%	2023	10,000
Total			62,427
As at 31 December 2023			
	<i>Effective</i>		
	<i>interest rate (%)</i>	<i>Maturity</i>	<i>RMB’000</i>
Current			
Bank loans — secured	1.20% to 4.30%	2024	111,726
Bank loans — unsecured	4.00%	2024	39,990
Total			151,716
As at 31 December 2024			
	<i>Effective</i>		
	<i>interest rate (%)</i>	<i>Maturity</i>	<i>RMB’000</i>
Current			
Bank loans — secured	0.7% to 3.25%	2025	156,270
Bank loans — unsecured	3.20% to 3.50%	2025	49,990
Total			206,260

Notes:

As at 31 December 2022, all of the Group’s bank loans were denominated in RMB and were secured as follows:

- (i) the Group’s bank loan of RMB23,930,000 was secured by a pledge of Shandong Qilu Animation Base Co., Ltd. (“Qilu Animation”, 山東齊魯動漫基地有限公司), a company controlled by Mr. Chen Jian, and was jointly guaranteed by Mr. Chen Jian and Qilu Animation;
- (ii) the Group’s bank loan of RMB28,497,000 was secured by mortgages over Shandong Anbang Real Estate Co., Ltd. (“Shandong Anbang”, 山東安邦置業有限公司), a company controlled by Mr. Chen Jian, and was jointly guaranteed by Mr. Chen Jian and Shandong Anbang;

Additionally, the Group’s bank loan of RMB10,000,000 was guaranteed by Shandong Jinan Jianbang Yellow River Highway Bridge Co., Ltd. (“Jianbang Yellow River”, 山東濟南建邦黃河公路大橋有限公司), a company controlled by Mr. Chen Jian.

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2023, all of the Group’s bank loans were denominated in RMB and were secured as follows:

- (i) the Group’s bank loan of RMB30,000,000 was guaranteed by Mr. Chen Zichun and secured by mortgages over the Group’s buildings and leasehold land, with net carrying values of approximately RMB13,964,000 and RMB4,696,000, respectively;
- (ii) the Discounted Bills with a carrying amount of RMB81,726,000 were not derecognised as at 31 December 2023 (note 18).

Additionally, the Group’s bank loan of RMB29,990,000 was jointly guaranteed by Jinan Financing Guarantee Co., Ltd. (“**Jinan Financing Guarantee**”, 濟南市融資擔保有限公司) and Mr. Chen Zichun, with a counter guarantee provided by Mr. Chen Zichun. Separately, the Group’s bank loan of RMB10,000,000 was guaranteed by Mr. Chen Zichun.

All of the above bank loans had been fully repaid and all guarantees had been released as at 31 December 2024.

As at 31 December 2024, the Group’s bank loans were denominated in RMB and were secured as follows:

- (i) the Group’s bank loan of RMB40,000,000 was guaranteed by Mr. Chen Zichun and secured by mortgages over the Group’s patents, buildings and leasehold land, with net carrying values of nil, RMB13,594,000 and RMB4,565,000 respectively;
- (ii) the Discounted Bills with a carrying amount of RMB116,270,000 were not derecognised as at 31 December 2024 (note 18).

Additionally, the Group’s bank loan of RMB29,990,000 was jointly guaranteed by Jinan Financing Guarantee and Mr. Chen Zichun, with a counter guarantee provided by Mr. Chen Zichun. Separately, the Group’s bank loan of RMB20,000,000 was guaranteed by Mr. Chen Zichun.

APPENDIX I

ACCOUNTANTS’ REPORT

24. SHARE CAPITAL

The Company was incorporated in the Cayman Islands under the laws of the Cayman Islands as an exempted company with limited liability on 12 December 2024 with authorised share capital of HK\$370,000 divided into 370,000,000,000 shares with a par value of HK\$0.000001 each. Upon incorporation, one Ordinary Share of the Company was issued at par value to the initial subscriber, which was then transferred to Cerulean Harbor at par value. On the same date, The Company issued further 88,886,899 Ordinary Shares, 5,256,425 Ordinary Shares, 1,187,175 Ordinary Shares and 4,669,500 Ordinary Shares to Cerulean Harbor Limited (“Cerulean Harbor”), Wonder Particle Limited (“Wonder Particle”), Silver Ocean Limited (“Silver Ocean”) and Magic Galaxy Limited (“Magic Galaxy”), respectively.

	As at 31 December		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Issued and fully paid:			
100,000,000 ordinary shares	—	—	—

25. SHARE-BASED PAYMENTS

In March 2023, Janbon Colloidal Materials set up a restricted share scheme (the “2023 Employee Shareholding Incentive Plan”) which became effective in 2023 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of Janbon Colloidal Materials’ operations. Eligible participants of the 2023 Employee Shareholding Incentive Plan include Janbon Colloidal Materials’ directors, senior management and other employees.

As set out in the section headed “History, Reorganisation and Corporate Structure” of the Document, Jinan Azure Harbor Business Service Partnership (Limited Partnership) (“Azure Harbor”) was established on 6 March 2023 by certain members of the then management and key employees of Janbon Colloidal Materials as a long-term equity incentive platform under the 2023 Employee Shareholding Incentive Plan. Pursuant to the 2023 Employee Shareholding Incentive Plan, the subscription price at RMB1.00 per share for restricted shares was paid by the eligible participants to Azure Harbor by the date agreed and contributed by the platform to Janbon Colloidal Materials on 3 March 2023.

The discounted cash flow and equity allocation method are used to determine the underlying equity fair value of the Group. The key input into the model was the weighted average cost of capital (“WACC”), which was 15.9%. The fair value of each restricted share as at the grant date is RMB2.8.

Azure Harbor held approximately 6.7592% shares of Janbon Colloidal Materials. These granted shares of Azure Harbor will vest at the end of the 4-year service period from the date when grantees indirectly hold the equity of Janbon Colloidal Materials through the platform.

The following restricted shares were outstanding under the 2023 Employee Shareholding Incentive Plan during the Relevant Periods:

	2023	2024
	Number of shares	Number of shares
At beginning of year	—	5,436,900
Granted during the year	5,436,900	—
At end of year	5,436,900	5,436,900

APPENDIX I

ACCOUNTANTS’ REPORT

Pursuant to the shareholders’ resolution of Janbon Colloidal Materials dated 25 April 2025, the 2023 Employee Shareholding Incentive Plan has been terminated and replaced, collectively, by the shareholders agreement of Wonder Particle and Silver Ocean (collectively as the “BVI Employee Shareholding Platforms”). The shares will be vested to the later of (1) The second anniversary of the successful completion of the Company’s [REDACTED] (“[REDACTED]”) [REDACTED] and (2) the end of the 4-year service period from 31 March 2023. The management will determine the vesting period of the relevant shares after considering both the best estimate of the [REDACTED] and the above service requirements.

During the years ended 31 December 2023 and 2024, share award expenses under the 2023 Employee Shareholding Incentive Plan of RMB2,038,000 and RMB2,447,000 were charged to profit or loss.

26. RESERVES

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the combined statements of changes in equity of the Historical Financial Information.

(a) Merger reserve

The merger reserve of the Group represents the issued capital and the capital contributions from the equity holders of a subsidiary now comprising the Group before the completion of the Reorganisation.

(b) Equity-settled share award reserve

The share award reserve of the Group represents the fair value of equity-settled share-based payments as detailed in note 25.

(c) Surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

27. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

- (i) During the year ended 31 December 2022, the Group endorsed certain Bank Bills in Mainland China to a related party in order to settle the loans to the related party with a carrying amount of RMB70,693,000 in aggregate, as disclosed in note 29(a).
- (ii) During the years ended 31 December 2022, 2023 and 2024, the Group endorsed certain Bank Bills in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts of RMB30,000, nil and RMB227,406,000, respectively.
- (iii) The Group discounted certain bills receivable to certain banks to collect cash timely. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated bank borrowings. As the Discounted Bills matured, the Group had non-cash settlements to bills receivable and bank borrowings of RMB9,323,000, RMB130,074,000 and RMB381,552,000 during the years ended 31 December 2022, 2023 and 2024, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Accrued [REDACTED] <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	101,154	1,967	—	103,121
Changes from financing cash flows	35,738	(1,029)	—	34,709
Non-cash settlement	(80,016)	—	—	(80,016)
Interest expense (<i>note 7</i>)	5,551	91	—	5,642
At 31 December 2022	62,427	1,029	—	63,456
At 1 January 2023	62,427	1,029	—	63,456
Changes from financing cash flows	214,357	(1,029)	—	213,328
Non-cash settlement	(130,074)	—	—	(130,074)
Interest expense (<i>note 7</i>)	5,006	—	—	5,006
At 31 December 2023	151,716	—	—	151,716
At 1 January 2024	151,716	—	—	151,716
Changes from financing cash flows	429,525	—	(535)	428,990
Changes from operating cash flows	—	—	(2,536)	(2,536)
Non-cash settlement	(381,552)	—	—	(381,552)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Interest expense (<i>note 7</i>)	6,571	—	—	6,571
At 31 December 2024	206,260	—	3,261	209,521

(c) Total cash outflow for leases

	Year ended 31 December		
	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within operating activities	139	141	144
Within financing activities	1,029	1,029	—
Total	1,168	1,170	144

28. COMMITMENTS

The Group had the following contracted commitments at the end of each of the Relevant Periods:

	Year ended 31 December		
	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Property, plant and equipment	6,344	7,237	5,400

APPENDIX I

ACCOUNTANTS’ REPORT

29. RELATED PARTY TRANSACTIONS

- (a) The Group had the following transactions with related parties during the Relevant Periods:

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Entity who has significant influence over a subsidiary of the Group before 22 August 2022:				
New loans	(i)	249,889	—	—
Repayment of loans	(i)	257,934	—	—
Interest Expense	(ii)	1,207	—	—
Entity controlled by Mr. Chen Jian:				
Transportation services	(iii)	7	—	—
Rental charges	(iv)	1,029	—	—
Purchases of land and buildings	(v)	47,191	—	—

Notes:

- (i) In December 2021, the Group entered into a loan agreement with Shandong Ruide Economy Development Co., Ltd. (“Ruide Economy”), which has significant influence over a subsidiary of the Group before 22 August 2022 and ceased to hold any equity interest in the subsidiary of the Group thereafter. According to the loan agreement, Ruide Economy will provide operating capital financing to the Group for the purpose of meeting the capital needs of the Group’s daily business activities. The loan is unsecured, bearing interest at a rate of contemporaneous interest rates published by the People’s Bank of China and has no fixed repayment terms. As at 31 December 2022, there is no loan balance subject to the above loan agreement. In 2022, Janbon Colloidal Materials obtained a total loan of RMB249,889,000 from Ruide Economy, of which RMB70,693,000 was settled by bills receivable, and the remaining RMB187,241,000 (including the balance of loans of RMB8,045,000 at the beginning of 2022) was settled by cash.
- (ii) The interest expenses were paid for the loan from Ruide Economy. The loan is unsecured, bearing interest at a rate of contemporaneous interest rates published by the People’s Bank of China and has no fixed repayment terms.
- (iii) The transportation services were provided to Shandong Medicinal Materials Co., Ltd. (山東省藥材有限公司), a company controlled by Mr. Chen Jian. The directors consider that the transportation transactions were made according to the agreed prices.
- (iv) The Group had lease contracts for land and buildings used in its operations with Jinan Jiantong Logistics Co., LTD. (“Jiantong Logistics”, 濟南建通物流有限公司), a company controlled by Mr. Chen Jian. The lease period was from 1 January 2021 to 31 December 2022, with an annual rental charge of RMB1,029,000 according to the agreed prices.
- (v) The purchases of land and buildings used in operations were made from Jiantong Logistics in December 2022. The transaction price was RMB47,191,000 based on the fair market value after evaluation.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Other transactions with related parties:

As at 31 December 2022:

- (i) Mr. Chen Jian has guaranteed certain of the Group’s bank loans in the amounts of RMB23,930,000 and RMB28,497,000, respectively;
- (ii) Qilu Animation has guaranteed and secured certain of the Group’s bank loans amounting to RMB23,930,000;
- (iii) Shandong Anbang has guaranteed and secured certain of the Group’s bank loans amounting to RMB28,497,000;
- (iv) Jianbang Yellow River has guaranteed certain of the Group’s bank loans amounting to RMB10,000,000;
- (v) Jiantong Logistics has guaranteed the Group’s credit facility amounting to RMB17,000,000.

As at 31 December 2023:

- (i) Mr. Chen Zichun has guaranteed certain of the Group’s credit facilities amounting to RMB160,000,000;
- (ii) Mr. Chen Zichun has guaranteed certain of the Group’s bank loans amounting to RMB40,000,000 and has guaranteed and counter guaranteed certain of the Group’s bank loans amounting to RMB29,990,000, respectively.

As at 31 December 2024:

- (i) Mr. Chen Zichun has guaranteed certain of the Group’s credit facilities amounting to RMB160,000,000;
- (ii) Mr. Chen Zichun has guaranteed certain of the Group’s bank loans amounting to RMB60,000,000 and has guaranteed and counter guaranteed certain of the Group’s bank loans amounting to RMB29,990,000, respectively.

Further quantitative data is disclosed in note 23 to the Historical Financial Information.

(c) Compensation of key management personnel of the Group:

The key management personnels during the Relevant Periods included one, two and two directors, respectively, details of whose compensation are set out in note 8 above. Details of the compensation for the remaining key management personnels of the Group during the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Salaries, bonuses, allowances and benefits in kind	1,314	1,531	1,904
Equity-settled share award expense	—	1,126	1,351
Pension scheme contributions	85	95	97
Total compensation paid to key management personnel	1,399	2,752	3,352

Further details of directors’, supervisor’s and the chief executive’s remuneration are included in note 8 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2022

Financial assets

	Financial assets at amortised cost <i>RMB’000</i>
Financial assets included in prepayments, other receivables and other assets	91
Cash and cash equivalents	<u>16,890</u>
Total	<u><u>16,981</u></u>

Financial liabilities

	Financial liabilities at amortised cost <i>RMB’000</i>
Interest-bearing bank borrowings	62,427
Financial liabilities included in other payables and accruals	21,137
Trade payables	<u>1,387</u>
Total	<u><u>84,951</u></u>

As at 31 December 2023

Financial assets

	Financial assets at amortised cost <i>RMB’000</i>	Financial assets at fair value through profit or loss <i>RMB’000</i>	Total <i>RMB’000</i>
Trade and bills receivables	12,366	81,726	94,092
Financial assets included in prepayments, other receivables and other assets	71	—	71
Cash and cash equivalents	<u>10,799</u>	<u>—</u>	<u>10,799</u>
Total	<u><u>23,236</u></u>	<u><u>81,726</u></u>	<u><u>104,962</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

Financial liabilities

	Financial liabilities at amortised cost <i>RMB’000</i>
Interest-bearing bank borrowings	151,716
Financial liabilities included in other payables and accruals	1,977
Trade payables	<u>391</u>
Total	<u><u>154,084</u></u>

As at 31 December 2024

Financial assets

	Financial assets at amortised cost <i>RMB’000</i>	Financial assets at fair value through profit or loss <i>RMB’000</i>	Total <i>RMB’000</i>
Trade and bills receivables	—	175,421	175,421
Financial assets included in prepayments, other receivables and other assets	76	—	76
Pledge deposits	26,977	—	26,977
Cash and cash equivalents	<u>29,447</u>	<u>—</u>	<u>29,447</u>
Total	<u><u>56,500</u></u>	<u><u>175,421</u></u>	<u><u>231,921</u></u>

Financial liabilities

	Financial liabilities at amortised cost <i>RMB’000</i>
Interest-bearing bank borrowings	206,260
Financial liabilities included in other payables and accruals	4,169
Trade and bills payables	<u>57,753</u>
Total	<u><u>268,182</u></u>

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group’s finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the financial controller. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial controller. The valuation process and results are discussed with the directors of the Company periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of bills receivable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value during each of the Relevant Periods were assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Bills receivable	—	81,726	—	81,726

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Bills receivable	—	175,421	—	175,421

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and cash equivalents and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade and bills payables and other payables, which arise directly from its operations.

APPENDIX I

ACCOUNTANTS’ REPORT

The main risks arising from the Group’s financial instruments are credit risk and liquidity risk. The board of directors meet periodically to analyse and formulate measures to manage the Group’s exposure to these risks.

Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, trade and bills receivables and financial assets included in prepayments, other receivables and other assets. The carrying amounts of each class of the above financial assets represent the Group’s maximum exposure to credit risk in relation to financial assets.

The Group trades mainly with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets included in prepayments, other receivables and other assets — Normal**	92	—	—	—	92
Cash and cash equivalents	16,890	—	—	—	16,890
Total	16,982	—	—	—	16,982

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	—	—	—	13,017	13,017
Financial assets included in prepayments, other receivables and other assets — Normal**	71	—	—	—	71
Cash and cash equivalents	10,799	—	—	—	10,799
Total	10,870	—	—	13,017	23,887

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	—	—
Financial assets included in prepayments, other receivables and other assets — Normal**	76	—	—	—	76
Pledged deposits	26,977	—	—	—	26,977
Cash and cash equivalents	29,447	—	—	—	29,447
Total	56,500	—	—	—	56,500

* For trade receivables to which the Group applies the simplified approach for impairment information based on the estimated loss rate are disclosed in note 18 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 18 to the Historical Financial Information. During the years ended 31 December 2022, 2023 and 2024, the Group had certain concentrations of credit risk as nil, 100% and nil of the Group’s trade receivables were due from the Group’s five largest customers, respectively.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2022				
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	—	64,466	—	—	64,466
Trade payables	—	1,387	—	—	1,387
Financial liabilities included in other payables and accruals	21,137	—	—	—	21,137
Lease liabilities	—	1,029	—	—	1,029
Total	21,137	66,882	—	—	88,019

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December 2023				
	On demand	Within			Total
		1 year	1 to 5 years	Over 5 years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	—	153,277	—	—	153,277
Trade payables	—	391	—	—	391
Financial liabilities included in other payables and accruals	1,977	—	—	—	1,977
Total	1,977	153,668	—	—	155,645
	As at 31 December 2024				
	On demand	Within			Total
		1 year	1 to 5 years	Over 5 years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	—	207,711	—	—	207,711
Trade and bills payables	—	57,753	—	—	57,753
Financial liabilities included in other payables and accruals	4,169	—	—	—	4,169
Total	4,169	265,464	—	—	269,633

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group monitors capital using a gearing ratio, which is debt divided by total assets. Debt includes trade and bills payables, payroll payable, accrued [REDACTED], deposit and other payables, lease liabilities and interest-bearing bank borrowings. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings (<i>note 23</i>)	62,427	151,716	206,260
Trade and bills payables (<i>note 21</i>)	1,387	391	57,753
Payroll payable, accrued [REDACTED], deposit and other payables (<i>note 22</i>)	23,894	5,469	7,500
Lease liabilities (<i>note 14</i>)	1,029	—	—
Debt	88,737	157,576	271,513
Total asset	153,497	255,705	427,931
Gearing ratio	58%	62%	63%

33. EVENTS AFTER THE RELEVANT PERIODS

- (a) Subsequent to 31 December 2024, the Group underwent the Reorganisation as set out in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” in the Document. Pursuant to the Reorganisation, the Group underwent the following transactions:
- (i) On 21 January 2025, Janbon High Tech HK Limited (“Janbon HK”) was incorporated in Hong Kong with limited liability. Upon its incorporation, one ordinary share was allotted and issued to Janbon BVI at a consideration of HK\$1.00. Janbon HK became wholly-owned by Janbon BVI.
 - (ii) On 25 February 2025, Janbon Electronic Materials was established in the PRC as a limited liability company with an initial registered capital of RMB3,000,000. Since its establishment, Janbon Electronic Materials has been wholly-owned by Janbon HK.
 - (iii) Pursuant to the equity transfer agreement dated 2 April 2025, Janbon Electronic Materials acquired the entire equity interest held by Mr. Chen in Janbon Colloidal Materials at a cash consideration of RMB126,478,429.86, the entire equity interest held by Azure Harbor at a cash consideration of RMB9,168,689.77, and the entire equity interest held by Xinchun Huizhi at a cash consideration of RMB6,644,297.73. The considerations for such equity transfer were determined with reference to the appraised net asset value of Janbon Colloidal Materials as of 31 October 2024. Upon completion of the aforementioned equity transfers, Janbon Colloidal Materials became a wholly-owned subsidiary of Janbon Electronic Materials.

As a result of the above transactions, the Group’s total equity will decrease by approximately RMB142,291,417.36, which will be reflected in the combined financial statements subsequent to 2 April 2025 as deemed distribution to shareholders and payables to shareholders.

APPENDIX I

ACCOUNTANTS’ REPORT

- (b) On 25 April 2025, the Company and its controlling shareholder Mr. Chen Zichun entered into the share subscription agreement and the shareholders’ agreement (collectively, the “**Agreement**”) with AV China Holdings PCC Limited, Emerald Investment Limited, Capital Ally Holdings Limited, and Prospect Investment (BVI) Limited (collectively, the “**Investors**”). Pursuant to the Agreement:
- (i) AV China Holdings PCC Limited subscribed for additional capital of RMB8,646,300 in the Company, representing 4.99% of the equity interest;
 - (ii) Emerald Investment Limited subscribed for additional capital of RMB8,646,300 in the Company, representing 4.99% of the equity interest;
 - (iii) Capital Ally Holdings Limited subscribed for additional capital of RMB8,490,357 in the Company, representing 4.90% of the equity interest;
 - (iv) Prospect Investment (BVI) Limited subscribed for additional capital of RMB5,198,176 in the Company, representing 3.00% of the equity interest.

As of the date of submission of the [REDACTED], all the aforementioned investment proceeds had been received in full. Special rights granted to the Investors pursuant to the respective share subscription agreements and shareholders’ agreement include but are not limited to the customary protective provisions, rights of first refusal, pre-emptive rights, tag along rights, preferred dividend rights, redemption rights, and information rights, out of which:

- (i) the redemption rights have ceased to remain valid automatically and be of no further force and effect upon the submission of [REDACTED] by the Company to the Stock Exchange, and shall immediately be deemed to revive (on the date of rejection of such [REDACTED] by the Stock Exchange, the date of withdrawal of such [REDACTED] by the Company, or the date that is six months after expiration of such [REDACTED] and such [REDACTED] is not renewed, as applicable) and have never been terminated or invalidated and shall be in full force and effect;
- (ii) all the other special rights shall terminate automatically and be of no further force and effect upon [REDACTED].

Pursuant to the aforementioned agreement, the Investors shall have the right to require the Company to repurchase all of the equity interests held by them in the Agreements. Consequently, the shares issued to the Investors shall be classified as financial liabilities in the subsequent financial statements.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or its subsidiaries in respect of any period subsequent to 31 December 2024.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

The following information does not form part of the Accountants’ Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company’s reporting accountants, as set out in Appendix I to this Document, and is included for information purposes only. The unaudited [REDACTED] financial information should be read in conjunction with the section headed “Financial Information” in this Document and the Accountants’ Report set out in Appendix I to this Document.

A. UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited [REDACTED] adjusted combined net tangible assets of the Group have been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the [REDACTED] on the combined net tangible assets of the Group attributable to owners of the parent as if the [REDACTED] had taken place on 31 December 2024.

The unaudited [REDACTED] adjusted combined net tangible assets of the Group attributable to owners of the parent has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [REDACTED] been completed as at 31 December 2024 or any future date.

Combined net tangible assets attributable to owners of the parent as at 31 December 2024	Estimated [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted combined net tangible assets attributable to owners of the parent as at 31 December 2024	Unaudited [REDACTED] adjusted combined net tangible assets attributable to owners of the parent per Share as at 31 December 2024	
			RMB	HK\$
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>Note 3</i>	<i>Note 4</i>
<i>Note 1</i>	<i>Note 2</i>			

Based on an [REDACTED] of HK\$[REDACTED] per Share	<u>145,846</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
--	----------------	-------------------	-------------------	-------------------	-------------------

Based on an [REDACTED] of HK\$[REDACTED] per Share	<u>145,846</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
--	----------------	-------------------	-------------------	-------------------	-------------------

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

Notes:

- (1) The combined net tangible assets attributable to owners of the parent as at 31 December 2024 is arrived at after deducting intangible assets of RMB75,000 from the combined net assets attributable to owners of the parent of RMB145,921,000 as at 31 December 2024, as shown in the Accountants’ Report set out in Appendix I to this Document.
- (2) The estimated [REDACTED] from the [REDACTED] are calculated based on the [REDACTED] of HK\$[REDACTED] per Share or HK\$[REDACTED] per Share, being the [REDACTED] and [REDACTED], after deduction of the [REDACTED] fees and related expenses payable by the Company (excluding [REDACTED] which have been recognised in profit or loss during the Track Record Period) and do not take into account any Shares which may be issued upon exercise of the [REDACTED].
- (3) The unaudited [REDACTED] adjusted combined net tangible assets attributable to owners of the parent per Share are calculated based on [REDACTED] Shares in issue assuming that the [REDACTED] has been completed on 31 December 2024 without taking into account any Shares which may be allotted and issued upon exercise of the [REDACTED].
- (4) The unaudited [REDACTED] adjusted combined net tangible assets attributable to owners of the parent per Share are converted into Hong Kong dollars at an exchange rate of RMB0.92883 to HK\$1.00.
- (5) No adjustment has been made to reflect any trading results or other transactions entered into by the Group subsequent to 31 December 2024.
- (6) The unaudited [REDACTED] adjusted combined net tangible assets of the Group attributable to owners of the parent as shown on page II-1 have not been adjusted to illustrate the effect of the following:

In April 2025, the Group acquired the entire equity interest held by Mr. Chen in Janbon Colloidal Materials at a cash consideration of RMB126,478,429.86, the entire equity interest held by Azure Harbor at a cash consideration of RMB9,168,689.77, and the entire equity interest held by Xincheng Huizhi at a cash consideration of RMB6,644,297.73. Had the equity transfers been completed on 31 December 2024, the unaudited [REDACTED] adjusted combined net tangible assets of the Group would decrease from RMB[REDACTED] to RMB[REDACTED] based on [REDACTED] of HK\$[REDACTED] per Share, or from RMB[REDACTED] to RMB[REDACTED] based on [REDACTED] of HK\$[REDACTED] per Share. Had the [REDACTED] and the equity transfers been taken into account, the unaudited [REDACTED] adjusted combined net tangible assets of the Group attributable to owners of the parent as at 31 December 2024 per Share would be RMB[REDACTED] (equivalent to HK\$[REDACTED]) based on an [REDACTED] of HK\$[REDACTED] per Share and RMB[REDACTED] (equivalent to HK\$[REDACTED]) based on an [REDACTED] of HK\$[REDACTED] per Share, respectively, on the basis that a total of [REDACTED] shares were in issue assuming that the [REDACTED] had been completed on 31 December 2024. These amounts are converted into Hong Kong dollars at an exchange rate of RMB0.92883 to HK\$1.00. No representation is made that Renminbi/Hong Kong dollars amount have been, could have been or may be converted to Hong Kong dollars/Renminbi at that rate or at all.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on [•] and states, *inter alia*, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix V in the section headed “Documents Delivered to the Registrar of Companies and Available on Display”.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on [•] and include provisions to the following effect:

2.1 *Directors*

(a) Power to allot and issue Shares

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

(b) Power to dispose of the assets of the Company or any subsidiary

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(c) Compensation or payment for loss of office

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

(d) Loans to Directors

There are no provisions in the Articles of Association relating to making of loans to Directors.

(e) Financial assistance to purchase Shares

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall the Director be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees’ share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
 - (B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director’s ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to their remuneration as a Director.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

(h) Retirement, appointment and removal

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director’s term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director’s appointment and shall then be eligible for re-election at that meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

- (i) the Director gives notice in writing to the Company that he resigns the office of Director;
- (ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;
- (iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (iv) the Director is found to be or becomes of unsound mind; or
- (v) the Director is removed from office by notice in writing served upon such Director signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors then in office (including such Director).

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

2.2 *Alteration to constitutional documents*

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.3 *Variation of rights of existing shares or classes of shares*

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorised representative at least one-third of the voting rights of the issued shares of that class.

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

2.4 Alteration of capital

The Company may by ordinary resolution:

- (a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company’s benefit;
- (c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and
- (d) cancel any shares that at the date of the passing of the ordinary resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Companies Act.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

2.5 Special resolution — majority required

A “special resolution” is defined in the Articles of Association to have the same meaning as in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.6 Voting rights

Subject to any rights or restrictions attached to any shares, at any general meeting every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have (a) the right to speak; (b) one vote on a show of hands; and (c) one vote for every share of which he is the holder on a poll.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member’s behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which that person represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation, including the right to speak and, where a show of hands is allowed, the right to vote individually on a show of hands.

2.7 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting for each financial year within six months (or such other period as may be permitted by the Listing Rules or the Stock Exchange) after the end of such financial year. An annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members’ requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members’ requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members’ requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

members’ requisition or if the Directors do not within 21 days from the date of the deposit of the members’ requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

2.8 *Accounts and audit*

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company’s affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act or authorised by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors’ report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company’s affairs as at the end of such period, an auditors’ report on such accounts and such other reports and accounts as may be required by law.

2.9 *Auditors*

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days’ notice and any extraordinary general meeting shall be called by not less than 14 days’ notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Every notice shall specify the place, (which, in the case of a virtual meeting, includes a virtual place) the day and the hour of the meeting, particulars of the resolutions and the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

- (a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and
- (b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place (whether physical or virtual) specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place (whether physical or virtual).

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

- (a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company’s website and published on the Stock Exchange’s website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

- (b) the Directors shall fix the date, time and place (whether physical or virtual) for the reconvened meeting and at least seven clear days’ notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place (whether, in the case of a virtual meeting, includes a virtual place) at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and
- (c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard form of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on at least 10 business days’ notice (or on at least 6 business days’ notice in the case of a rights issue) being given by advertisement published on the Stock Exchange’s website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

Subject to the provisions of the Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorised by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorise payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realised or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorised representative.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner (including by electronic means) by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

2.16 Calls on shares and forfeiture of shares

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days’ notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

If any call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days’ notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person’s liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

2.17 Inspection of register of members

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Companies Act. The Directors may, on giving 10 business days’ notice (or 6 business days’ notice in the case of a rights issue) by advertisement published on the Stock Exchange’s website or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorised representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorised representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

- (a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company’s paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;
- (b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company’s paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 December 2024 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company’s memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company’s affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company’s articles of association.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company’s articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

- (a) is or is likely to become unable to pay its debts; and
- (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

18 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator’s duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company’s liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

19 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

20 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

- (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

21 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

22 General

Maples and Calder (Hong Kong) LLP, the Company’s legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in the section headed “Documents Delivered to the Registrar of Companies and Available on Display” in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of our Company and registration of our Company under Part 16 of the Companies Ordinance**

Our Company was incorporated in the Cayman Islands with limited liability under the Companies Act as an exempted company on 12 December 2024 with our registered office located at P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. Our head office and principal place of business in the PRC is located at No.1009, Dexing Road, Tianqiao District, Jinan, Shandong Province, the PRC. Our Company has established a principal place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 10 March 2025. In connection with such registration, Ms. Wong Wing Yee has been appointed as the authorised representative of our Company. The address for service of process on our Company in Hong Kong is Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

As our Company is incorporated in the Cayman Islands, it operates subject to the Companies Act and our constitution, which comprises the Memorandum and the Articles of Association. A summary of various parts of the constitution and relevant aspects of the Companies Act is set out in the section headed “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix III to this Document.

2. Changes in the share capital of our Company

The following changes in the share capital of our Company have taken place since the date of incorporation and up to the Latest Practicable Date:

- (a) On 12 December 2024, our Company was incorporated in the Cayman Islands with limited liability with an authorised share capital of HK\$370,000 divided into 370,000,000,000 shares each with a par value of HK\$0.000001. On the same day, one Share with par value of HK\$0.000001, credited as fully paid, was allotted and issued to Vistra (Cayman) Limited, the first subscriber to the Memorandum and Articles of Association, an Independent Third Party. On the same day, the first subscriber’s one share was transferred at par value of HK\$0.000001 to Cerulean Harbor. On the same day, our Company allotted and issued 88,886,899 Shares, 5,256,425 Shares, 1,187,175 Shares and 4,669,500 Shares of HK\$0.000001 each to Cerulean Harbor, Wonder Particle, Silver Ocean and Magic Galaxy, respectively; and
- (b) On 25 April 2025, our Company further allotted and issued 6,076,473 Shares, 6,076,473 Shares, 5,966,879 Shares and 3,653,190 Shares (21,773,015 Shares in total) of HK\$0.000001 each to AV China Holdings PCC Limited, Emerald Investment Limited, Capital Ally Holdings Limited and Prospect Investment (BVI) Limited, respectively.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Assuming the [REDACTED] becomes unconditional, immediately following completion of the [REDACTED] (taking no account of the Shares which may be issued upon the exercise of the [REDACTED] or the options that may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK\$[REDACTED] divided into [REDACTED] Shares and the issued share capital of our Company will be HK\$[REDACTED] divided into [REDACTED] Shares, fully paid or credited as fully paid, with [REDACTED] Shares remaining unissued.

Other than pursuant to the Issue Mandate to issue Shares referred to in the paragraph headed “A. Further information about our Group — 5. Written resolutions of our Shareholders passed on [•]” in this appendix to this Document, our Directors do not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this appendix and in the section headed “History, Reorganisation and Corporate Structure” in this Document, there has been no alteration in the share capital of our Company since our incorporation.

3. Corporate Reorganisation

In order to rationalise our corporate structure and business, our Group underwent the corporate Reorganisation. For more information, see the section headed “History, Reorganisation and Corporate Structure” of this Document.

4. Changes in share capital of our subsidiaries

Our Company’s subsidiaries are referred to in the Accountants’ Report, the text of which is set out in Appendix I to this Document.

Save as disclosed in the Accountants’ Report and in the section headed “History, Reorganisation and Corporate Structure” in this Document, there has been no other change to the share capital of any of the subsidiaries of our Company within two years immediately prior to the date of this Document.

5. Written resolutions of our Shareholders passed on [•]

Pursuant to written resolutions passed by all the then Shareholders on [•], the following resolutions, among other resolutions, were duly passed:

- (a) our Company approved and adopted the Memorandum and Articles of Association, the terms of which are summarised in Appendix III to this Document, with effect from the [REDACTED];

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (b) conditional upon (i) the Stock Exchange granting the [REDACTED] of, and permission to deal in, the Shares in issue and to be issued (pursuant to the [REDACTED], the [REDACTED]) as mentioned in this Document; and (ii) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional (including, if relevant, as a result of the waiver of any condition(s)) and not being terminated in accordance with the terms of the [REDACTED] or otherwise:
 - (i) the [REDACTED] and the [REDACTED] were approved and our Directors were authorised to approve to allot and issue the [REDACTED] and the Shares as may be required to be allotted and issued upon the exercise of the [REDACTED] on and subject to the terms and conditions stated in this Document; and
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “E. Share Option Scheme” in this appendix, were approved and adopted, and our Directors or any committee thereof established by our Board were authorised, at their sole discretion, to: (i) administer the Share Option Scheme; (ii) modify/amend the rules of the Share Option Scheme from time to time as such modification/amendments may be acceptable or not objected by, nor required to be approved by our Shareholders under applicable laws, rules and regulations, including the Listing Rules; (iii) grant options to subscribe for Shares under the Share Option Scheme up to the limits referred to in the Share Option Scheme; (iv) allot, issue and deal with the Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (v) make application at the appropriate time or times to the [REDACTED] [REDACTED] of, and permission to [REDACTED], any Shares or any part thereof that may hereafter from time to time be allotted and issued pursuant to the exercise of the options granted under the Share Option Scheme; and (vi) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme;

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (c) a general unconditional mandate was given to our Directors to allot, issue and deal with Shares (including the power to sell or transfer any treasury shares, and to make or grant an offer or agreement, or grant securities or options which would or might require Shares to be allotted and issued or treasury shares to be sold or transferred), otherwise than by way of a rights issue, or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Memorandum and Articles of Association or pursuant to the issue of Shares upon the exercise of any subscription or conversion rights attached to any warrants of our Company (if any) or pursuant to the exercise of options which may be granted under the Share Option Scheme or any other option scheme(s) or similar arrangement for the time being adopted for the grant or issue to directors and/or officers and/or employees of our Company and/or any of our subsidiaries or rights to acquire Shares or pursuant to a specific authority granted by our Shareholders in general meeting, not exceeding 20% of the number of Shares in issue and to be issued immediately following completion of the [REDACTED] (without taking into account any treasury share and any Shares which may be issued under the [REDACTED] or any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and Articles of Association or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in general meeting of our Company varying or revoking the authority given to our Directors, whichever occurs first.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be [REDACTED] and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares not exceeding 10% of the number of Shares in issue immediately following completion of the [REDACTED] (without taking into account any treasury share and any Shares which may be issued under the [REDACTED] or any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and Articles of Association or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in general meeting of our Company varying or revoking the authority given to our Directors, whichever occurs first; and
- (e) conditional on the passing of the resolutions referred in sub-paragraphs (d) and (e) above, the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (d) above by the addition to the total number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of the total number of Shares repurchased by our Company pursuant to paragraph (e) above, provided that such extended amount shall not exceed 10% of the total number of Shares in issue immediately following the [REDACTED] (without taking into account any treasury share and any Shares which may be issued under the [REDACTED] or any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and Articles of Association or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in general meeting of our Company varying or revoking the authority given to our Directors, whichever occurs first, be and is hereby approved.

6. Repurchase by our Company of our own securities

(a) Listing Rules

This paragraph contains information required by the Stock Exchange to be included in this Document concerning the repurchase by our Company of our own securities.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(i) Shareholders’ approval

All proposed repurchases of securities (which must be fully paid up) must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed on [•] by all our then Shareholders, a general unconditional mandate (the “Repurchase Mandate”) was granted to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be [REDACTED] and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares not exceeding 10% of the total number of Shares in issue or to be issued immediately following completion of the [REDACTED] (taking no account of any treasury share and any Shares which may be issued under any exercise of the [REDACTED] or the options under the Share Option Scheme), at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by any applicable laws or the Memorandum and Articles of Association to be held or when such mandate is revoked or varied by an ordinary resolution of the then Shareholders in general meeting, whichever occurs first.

(ii) Core connected persons

The Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a “core connected person”, that is, a director, chief executive or substantial shareholder of our Company or any of its subsidiaries or a close associate of any of them, and a core connected person shall not knowingly sell his securities to our Company on the Stock Exchange.

(iii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association, the applicable laws of the Cayman Islands and the Listing Rules. A listed company is prohibited from repurchasing its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Under the Cayman Islands laws, any repurchase of securities by our Company may be made out of profits or share premium of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of the profits of our Company or from sums standing the credit of the share premium account of our Company or, subject to the Companies Act, out of capital.

(iv) Status of repurchased Shares

The listing of all repurchased Shares (whether on the Stock Exchange or otherwise) will automatically be cancelled and the certificates for those Shares shall be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase, the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as cancelled and the amount of the Company’s issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorised share capital under Companies Act.

(v) Trading restrictions

A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(vi) Suspension of repurchase

Pursuant to the Listing Rules, a listed company may not make any repurchases of shares after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company’s results for any year, half-year, quarter-year or any other interim period (whether or not required by the Listing Rules); and (ii) the deadline for a listed company to publish an announcement of its results for any year, half-year or quarter-year period under the Listing Rules, or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange unless the circumstances are exceptional.

(vii) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company’s annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(b) Reasons for repurchase

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and our subsidiaries and/or the earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchase

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association, the Listing Rules and the applicable laws of Cayman Islands.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately after the completion of the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] or any options which may be granted under the Share Option Scheme), would result in up to [REDACTED] Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

There might be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this Document) in the event that the Repurchase Mandate is exercised in full. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company and our subsidiaries or the gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company and our subsidiaries.

(d) General

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates have any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Cayman Islands.

If, as a result of a share repurchase, a Shareholder’s proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code) may obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchase made pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falls below 25% of the total number of Shares in issue (or such other percentage as many be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person has notified our Company that he or she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Company or our subsidiaries within the two years preceding the date of this Document and are or may be material:

- (a) a share subscription agreement dated 25 April 2025 entered into among AV China Holdings PCC Limited, our Company, Mr. Chen and other companies within our Group, pursuant to which AV China Holdings PCC Limited agreed to subscribe for 6,076,473 Shares;
- (b) a share subscription agreement dated 25 April 2025 entered into among Capital Ally Holdings Limited, our Company, Mr. Chen and other companies within our Group, pursuant to which Capital Ally Holdings Limited agreed to subscribe for 5,966,879 Shares;
- (c) a share subscription agreement dated 25 April 2025 entered into among Emerald Investment Limited, our Company, Mr. Chen and other companies within our Group, pursuant to which Emerald Investment Limited agreed to subscribe for 6,076,473 Shares;
- (d) a share subscription agreement dated 25 April 2025 entered into among Prospect Investment (BVI) Limited, our Company, Mr. Chen and other companies within our Group, pursuant to which Prospect Investment (BVI) Limited agreed to subscribe for 3,653,190 Shares;
- (e) a shareholders’ agreement dated 25 April 2025 entered into among AV China Holdings PCC Limited, Capital Ally Holdings Limited, Emerald Investment Limited and Prospect Investment (BVI) Limited, our Company, Mr. Chen and other companies with our Group;
- (f) Equity transfer agreement (股權轉讓協議) entered into between Janbon Electronic Materials and Mr. Chen, Jinan Weilanwan and Xinchun Huizhi on 2 April 2025, pursuant to which Mr. Chen, Jinan Weilanwan and Xinchun Huizhi agreed to transfer and Janbon Electronic Materials agreed to acquire the entire equity interest in Janbon Colloidal Materials;
- (g) the Deed of Indemnity;
- (h) the Deed of Non-Competition; and
- (i) the [REDACTED].




APPENDIX IV

STATUTORY AND GENERAL INFORMATION





2. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks in the PRC which we consider to be or may be material to our business:

Trademark	Owner	Classes	Registration number	Duration of validity
	Janbon Colloidal Materials	2	23267661	14 March 2018 — 13 March 2028
	Janbon Colloidal Materials	9	13772008	21 August 2015 — 20 August 2025
	Janbon Colloidal Materials	1	13771771	14 June 2015 — 13 June 2025

As of the Latest Practicable Date, our Group had made applications to register the following trademarks in Hong Kong which we consider to be or may be material to our business:

Trademark	Applicant	Classes	Application Number
	Janbon Colloidal Materials	1, 2 and 9	306821488
	Janbon Colloidal Materials	1, 2 and 9	306821488
	Janbon Colloidal Materials	1, 2 and 9	306821488
	Janbon Colloidal Materials	1, 2 and 9	306821488

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(b) Domain names

As at the Latest Practicable Date, our Group had registered and maintained the following domain names which we consider to be or may be material to our Group’s business:

<u>Domain name</u>	<u>Registration date</u>	<u>Expiry date</u>	<u>Registrant</u>
sdjbsp.com	17 August 2017	17 August 2027	Janbon Colloidal Materials
sdjbam.com	21 April 2025	21 April 2035	Janbon Colloidal Materials

(c) Patents

As of the Latest Practicable Date, our Group had registered as the owner of and had the right to use the following patents which we consider to be or may be material to our business:

<u>No.</u>	<u>Patent Name</u>	<u>Patent type</u>	<u>Patentee</u>	<u>Place of registration</u>	<u>Patent number</u>	<u>Grant date</u>	<u>Expiry date</u>
1.	A Composite Particulate Silver Powder and Its Production Method and Application (一種複合型顆粒狀銀粉及其製備方法與應用)	Invention patent	Janbon Colloidal Materials	PRC	2022106183180	9 May 2023	31 May 2042
2.	A Cluster-Shaped Large-Particle Silver Powder and Its Production Method (一種花簇狀大粒徑銀粉及其製備方法)	Invention patent	Janbon Colloidal Materials	PRC	2022106172082	21 March 2023	31 May 2042
3.	A Globular Polycrystalline Silver Powder with Grain Orientation Focus and Its Production Method (一種晶粒定向聚焦的全球形多晶銀粉及其製備方法)	Invention patent	Janbon Colloidal Materials	PRC	2022106172059	3 March 2023	31 May 2042
4.	A Globular Polycrystalline Silver Powder and Its Production Method (一種全球形多晶銀粉及其製備方法)	Invention patent	Janbon Colloidal Materials	PRC	2022106183123	28 February 2023	31 May 2042
5.	A Large Particle Silver Powder and its Production Method and Application (一種大顆粒銀粉及其製備方法和應用)	Invention patent	Janbon Colloidal Materials	PRC	2021107745551	26 August 2022	7 July 2041

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Patent type	Patentee	Place of registration	Patent number	Grant date	Expiry date
6.	A Large Particle Silver Powder with Branched Structure and its Production Method and Application (一種具有支棧結構的大顆粒銀粉及其製備方法和應用)	Invention patent	Janbon Colloidal Materials	PRC	2021107755036	12 August 2022	7 July 2041
7.	Rod-shaped Silver Powder and its Production Method (一種棒狀銀粉及其製備方法)	Invention patent	Janbon Colloidal Materials	PRC	2021107755055	14 October 2022	7 July 2041
8.	A Nanoscale Silver Wire and its Production Method (一種納米銀線及其製備方法)	Invention patent	Janbon Colloidal Materials	PRC	2021107754989	10 March 2023	7 July 2041
9.	A Size-Controlled Distribution of Spherical Silver Powder and its Production Method and Application (一種粒徑可控分佈的類球形銀粉及其製備方法與應用)	Invention patent	Janbon Colloidal Materials	PRC	202110819190X	2 August 2022	19 July 2041
10.	A Method for Producing Hexagonal Flake-shaped Micron-sized Silver Powder (一種六方片狀微米晶銀粉的製備方法)	Invention patent	Janbon Colloidal Materials	PRC	2019107450100	28 June 2022	12 August 2039
11.	A Method for Producing Micron-sized Silver Powder with Hollow Structure (一種含有空心結構的微晶銀粉的製備方法)	Invention patent	Janbon Colloidal Materials	PRC	2019107850349	14 June 2022	22 August 2039
12.	A Method for Producing Size-Controlled Nanoscale Silver Powder (一種粒徑可控的納米銀粉的製備方法)	Invention patent	Janbon Colloidal Materials	PRC	2020108483301	22 February 2022	20 August 2040
13.	A Micron-sized Silver Powder with Nanoscale Silver Surface Structure and its Production Method (一種具有納米銀表面結構的微晶銀粉及其製備方法)	Invention patent	Janbon Colloidal Materials	PRC	2020108483299	14 September 2021	20 August 2040

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Interests and short position of Directors and the chief executive in the Shares, underlying Shares or debentures of our Company and its associated corporations

So far as our Directors are aware, immediately following completion of the [REDACTED] and without taking into account of any Shares which may be issued upon the exercise of the [REDACTED] and any options which may be granted under the Share Option Scheme, based on the information available on the Latest Practicable Date, the interests or short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations (within the meaning of part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which 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 recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules, will be as follows:

(a) Interest in Shares of our Company

<u>Name of Director/ chief executive</u>	<u>Nature of interests</u>	<u>Number of Shares</u>	<u>Approximate % of interest in our Company</u>
Mr. Chen	Founder of a discretionary trust and interest in controlled corporation	[REDACTED]	[REDACTED]%

(b) Interest in associated corporation of our Company

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Nature of interests</u>	<u>Number of shares held in the associated corporation</u>	<u>Approximate % of interest in associated corporation</u>
Mr. Chen	Cerulean Harbor	Founder of a discretionary trust and interest in controlled corporation	100	100%

Notes:

- All interests stated are long positions.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

2. Cerulean Harbor is interested in [REDACTED] of the issued Shares immediately following completion of the [REDACTED] (without taking into account any Share which may be issued and allotted upon the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme) and, accordingly, is the holding company and an associated corporation of our Company within the meaning of the SFO.
3. Cerulean Harbor is owned as to 99% by PoplarC Holding (as a nominee which is wholly-owned by the PoplarC Trust) and 1% by Azure Harbor (which is wholly-owned by Mr. Chen), respectively. Pursuant to the PoplarC Trust, Vistra Trust (Singapore) Pte. Limited holds the equity interest in our Company through PoplarC Holding and Cerulean Harbor on trust for the benefit of Azure Harbor. As such, each of Mr. Chen, PoplarC Holding, Azure Harbor and Vistra Trust (Singapore) Pte. Limited are deemed to be interested in the [REDACTED] Shares held by Cerulean Harbor pursuant to the SFO.

2. Interests and short positions of substantial shareholders in the Shares or underlying Shares of our Company

Save as disclosed in the section headed “Substantial Shareholders” in this Document, up to the Latest Practicable Date, our Directors were not aware of any other person, not being a Director or chief executive of our Company, who had an interest or short position in the Shares and underlying Shares of our Company, which following the completion of the [REDACTED], would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company or any member of our Group.

3. Particulars of Directors’ service contracts and letters of appointment

Each of our executive Directors, namely, Mr. Chen, Mr. Zhou Yong and Ms. Meng Haiqing and our non-executive Director, namely, Mr. Zhang Wei, has entered into a service agreement with our Company for an initial term of three years commencing from the [REDACTED]. During the initial term, either party to the service agreement shall be entitled to terminate the service agreement without compensation by serving not less than three months’ written notice upon the other side.

Each of our independent non-executive Directors, namely, Dr. Cui Haitao, Ms. Xu Qian and Mr. Chan Ngai Fan has entered into a letter of appointment with our Company for an initial term of three years commencing from the [REDACTED]. During the initial term, either party shall be entitled to terminate the term without compensation by serving not less than three months’ written notice upon the other side.

Each of our Directors is entitled to the respective basic salary/service fee set out below (subject to annual adjustment after consultation with the remuneration committee at the discretion of our Directors, and taking no account of the discretionary bonus they may be entitled to).

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Our Company shall reimburse our Directors, upon production of valid receipts and/or vouchers if requested, all necessary and reasonable expenses (including travel, hotel, meals and other out-of-pocket expenses) properly incurred by our Directors in the performance of their duties under the service contracts or letters of appointment.

The current basic annual salaries/service fees (excluding discretionary bonus) of each of our Directors are as follows:

<u>Name</u>	<u>Annual basic salary/ service fee</u>
<i>Executive Directors</i>	
Mr. Chen Zichun (陳子淳先生)	RMB735,338
Mr. Zhou Yong (周勇先生)	RMB763,778
Ms. Meng Haiqing (孟海清女士)	RMB384,748
<i>Non-executive Director</i>	
Mr. Zhang Wei (張偉先生)	Nil
<i>Independent non-executive Directors</i>	
Dr. Cui Haitao (崔海濤博士)	RMB222,919
Ms. Xu Qian (徐茜女士)	RMB222,919
Mr. Chan Ngai Fan (陳毅奮先生)	RMB222,919

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

4. Directors' remuneration

Our Company's policies concerning remuneration of executive Directors are (i) the amount of remuneration is determined on the basis of the relevant Director's experience, responsibility, workload and the time devoted to our Company; and (ii) non-cash benefits may be provided to our Directors under their remuneration package.

Our Directors receive compensation in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind (if applicable).

For the three years ended 31 December 2022, 2023 and 2024, the aggregate amount of salaries and other allowances, discretionary bonus, retirement scheme contributions, other social welfare and benefits in kind (if applicable) paid by our Group to our Directors amounted to approximately RMB0.81 million, RMB2.27 million and RMB2.64 million, respectively. For further details in respect of our Directors' remuneration, please refer to note 8 to the Accountants' Report, the text of which is set out in Appendix I to this Document.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

During the Track Record Period, no remuneration was paid by our Group to, or receivable by, our Directors (i) as an inducement to join or upon joining our Group or (ii) for loss of any office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors had waived any remuneration during the Track Record Period.

Save as disclosed in this Document, for the three years ended 31 December 2024, no other emoluments have been paid or are payable by our Company to our Directors. Under the arrangements currently in force within our Group, our Company estimates that the aggregate remuneration (including fees, salaries, allowances, pension-defined contribution plans and other benefits in kind where applicable) of our Directors (including independent non-executive Directors in their capacity as Directors), excluding any discretionary benefits or bonuses or other fringe benefits, for the year ending 31 December 2025 will be approximately RMB2.73 million.

Save as disclosed in Appendix I to this Document, none of our Directors received any other remuneration or benefits in kind from our Group during the Track Record Period.

5. Related party transactions

Save as disclosed in this Document and in note 29 to the Accountants’ Report, the text of which is set out in Appendix I to this Document, during the three years immediately preceding the date of this Document, we had not engaged in any other material related party transactions.

6. Disclaimers

Save as aforesaid and saved as disclosed elsewhere in this Document:

- (a) none of our Directors or the chief executive of our Company, as at the Latest Practicable Date, has any interest or short position in any Share, underlying Share and debenture of our Company or any of its associated corporations (within the meaning of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are 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, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (b) save in connection with the [REDACTED], none of the experts referred to in the paragraph headed “F. Other information — 12. Consents of experts” of this appendix has any shareholding in any member of our Group or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (c) none of the experts referred to in the paragraph headed “F. Other information — 12. Consents of experts” of this appendix 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 Document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) taking no account of Shares which may be taken up under the [REDACTED] or granted upon the exercise of any options that may be granted under our Share Option Scheme, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the [REDACTED], have any interest in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of our Group;
- (e) none of our Directors has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this Document, acquired or disposed of by or leased to any member of our Group;
- (f) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to the business of our Group taken as a whole; and
- (g) our Directors confirm that none of our Directors, their respective close associates or Shareholders who are interested in 5% or more of the issued share capital of our Company have any interest in the five largest customers or the five largest suppliers of our Group in each year during the Track Record Period.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

D. 2023 EMPLOYEE SHAREHOLDING INCENTIVE PLAN

We had previously adopted the 2023 Employee Shareholding Incentive Plan through the establishment of our predecessor employee shareholding platform, Jinan Weilanwan on 2 March 2023 and by way of entry into the Jinan Weilanwan Limited Partnership Agreement. Through the Reorganisation, the interests held by the 32 employees of our Group in Jinan Weilanwan were exchanged for interests held by them in Wonder Particle or Silver Ocean. Pursuant to the Wonder Particle Shareholders’ Agreement and the Silver Ocean Shareholders’ Agreement, the terms of the 2023 Employee Shareholding Incentive Plan were (as amended and restated to accommodate the change of employee shareholding platform from Jinan Weilanwan to Wonder Particle and Silver Ocean) adopted for Wonder Particle and Silver Ocean, companies that both directly hold Shares in our Company. A summary of the principal terms of the 2023 Employee Shareholding Incentive Plan are set out further below.

Given that the interests held by the 32 employees of our Group in Janbon Colloidal Materials pursuant to the 2023 Employee Shareholding Incentive Plan are now held through their existing interests in Wonder Particle or Silver Ocean pursuant to the Wonder Particle Shareholders’ Agreement and the Silver Ocean Shareholders’ Agreement, and the Shares held by Wonder Particle and Silver Ocean have already been issued, there will not be any dilution effect to the issued Shares upon the vesting of interests (which shall take the form of release from certain lock-up restrictions) under the 2023 Employee Shareholding Incentive Plan.

1. Objectives of our 2023 Employee Shareholding Incentive Plan

The purpose of the 2023 Employee Shareholding Incentive Plan is to incentivise certain employees of our Group and retain them for continuing service for the development of our Group.

2. ESIP Shares

The participants of the 2023 Employee Shareholding Incentive Plan are the 32 employees of our Group. Under the Wonder Particle Shareholders’ Agreement and the Silver Ocean Shareholders’ Agreement, the 32 employees of our Group subscribed for the shares in Wonder Particle or Silver Ocean (the “ESIP Shares”), which in turn hold shares in our Company. Through holding such ESIP Shares, the 32 employees indirectly obtained interests in the underlying Shares of our Company pursuant to the 2023 Employee Shareholding Incentive Plan (the “Underlying ESIP Shares”).

Pursuant to the Wonder Particle Shareholders’ Agreement, Ms. Meng Haiqing (孟海清女士), as director, has the exclusive responsibility for the management, operation and administration of Wonder Particle and its business and affairs, and any rights exercised by the other three employees, which are treated as shareholders in Wonder Particle for the purposes of the Wonder Particle Shareholders’ Agreement, must be exercised in accordance with the direction of Ms. Meng (unless otherwise specifically provided under the terms of the 2023 Employee Shareholding Incentive Plan or the Wonder Particle Shareholders’ Agreement).

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Pursuant to the Silver Ocean Shareholders’ Agreement, Ms. Li Xiaojie (李小傑女士), as director, has the exclusive responsibility for the management, operation and administration of Silver Ocean and its business and affairs, and any rights exercised by the other 27 employees, which are treated as shareholders in Silver Ocean for the purposes of the Silver Ocean Shareholders’ Agreement, must be exercised in accordance with the direction of Ms. Li (unless otherwise specifically provided under the terms of the 2023 Employee Shareholding Incentive Plan or the Silver Ocean Shareholders’ Agreement).

3. Unlocking arrangement

The ESIP Shares and Underlying ESIP Shares held by each employee are subject to certain lock-up restrictions (the “ESIP Lock-up”). These include restrictions on the transfer of such ESIP Shares held by them to any third parties, the creation of encumbrances on such ESIP Shares, the use of such ESIP Shares for the purposes of repayment of debt, and such other customary restrictions. The date on which such lock-up restrictions shall cease to apply to such relevant portions of the ESIP Shares held by each employee and corresponding Underlying ESIP Shares is four years from 31 March 2023 or two years (calculated on the basis of 365 natural days) from the Listing Date, whichever is longer (the “Unlocking Date”).

4. Termination of participation in the 2023 Employee Shareholding Incentive Plan on or before the Unlocking Date

In the event of any of the following, an employee may become obliged to transfer all the ESIP Shares held by them to any party designated by the director of Wonder Particle or Silver Ocean (as the case may be) which may include the actual controller of our Company or the existing shareholders or the directors of Wonder Particle or Silver Ocean (as the case may be):

- (i) violation of the law with criminal liability imposed during the term of office;
- (ii) serious violation of laws and regulations, the articles of association, the rules and regulations during the term of office, resulting in serious damage to the interests of our Group;
- (iii) violation of any non-competition obligations by such employee under the terms of his/her employment with our Group; or
- (iv) resignation of such employee through no fault of his/her own.

Where an employee is obliged to transfer all of its ESIP Shares due to any of the circumstances as set out in sub-paragraphs (i) to (iii) above, the transfer price for such ESIP Shares shall be the capital contributions corresponding to such ESIP Shares held at such relevant time, subtracted by all proceeds obtained by such employee derived from their holding of such ESIP Shares (including, but not limited to, dividends and proceeds from the sale of any ESIP Shares, if any) since the commencement of their participation in the 2023 Employee Shareholding Incentive Plan.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Where an employee is obliged to transfer all of its ESIP Shares due to the circumstance as set out in sub-paragraph (iv) above, the transfer price for such ESIP Shares shall be the capital contributions corresponding to such ESIP Shares held at such relevant time plus the interest calculated at the prime rate of bank deposits for the same period from the date of their actual contribution to the date of their resignation.

5. Rights of the employees to exit from the 2023 Employee Shareholding Incentive Plan after the Unlocking Date

Once the ESIP Shares are no longer subject to the ESIP Lock-up (the “Unlocked ESIP Shares”), the corresponding Underlying ESIP Share will also be considered vested (“Unlocked Underlying ESIP Shares”). Any employee may choose to dispose of such amount of the Unlocked ESIP Shares and the corresponding Unlocked Underlying ESIP Shares by giving instructions to Wonder Particle or Silver Ocean.

Upon receipt of such instruction, and in accordance with the procedures under the terms of the 2023 Employee Shareholding Incentive Plan, all applicable law, rules and regulations, Wonder Particle or Silver Ocean will sell the relevant amount of the Unlocked Underlying ESIP Shares at the prevailing market price and remit the [REDACTED] to the relevant employee.

6. Details of ESIP Shares and Underlying ESIP Shares held by the employees

As of the Latest Practicable Date, pursuant to the 2023 Employee Shareholding Incentive Plan, the aggregate number of Underlying ESIP Shares underlying the ESIP Shares granted to the employees amounted to 5,256,425 Shares and 1,187,175 Shares, representing approximately 4.32% and 0.97% of our Company’s total issued share capital immediately prior to the [REDACTED] (assuming the [REDACTED] is not exercised), for Wonder Particle and Silver Ocean, respectively.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Details of the ESIP Shares and Underlying ESIP Shares held by the employees pursuant to the 2023 Employee Shareholding Incentive Plan as of the Latest Practicable Date are set out below:

<u>Name of Employee</u>	<u>Roles with our Company</u>	<u>ESIP Shares held in Wonder Particle/Silver Ocean (approximate)</u>	<u>Number of Underlying ESIP Shares associated with ESIP Shares held (approximate)</u>
Mr. Zhou Yong	Executive Director and President	35.17%, Wonder Particle	1,848,851
Ms. Meng Haiqing	Executive Director and Chief Financial Officer	0.23%, Wonder Particle	11,852
Mr. Chen Bo	Deputy General Manager	58.62%, Wonder Particle	3,081,417
Mr. Liu Xiaoyong	Deputy General Manager	5.98%, Wonder Particle	314,305
Mr. Tian Kui	Chief Sales Officer	7.7868%, Silver Ocean	92,443
Mr. Zhao Qingliang	Business Director	5.8401%, Silver Ocean	69,332
Mr. Luo Weiwei	Chief Production Officer	13.6266%, Silver Ocean	161,772

As a result of the arrangement set out above, save and except for the occurrence of any events described in “4. Termination of participation in the 2023 Employee Shareholding Incentive Plan on or before the Unlocking Date” above, whereby an employee may become obliged to transfer all the ESIP Shares held by them to the actual controller of our Company, the director, or such other third party designated thereby, we do not expect any change to the ESIP Shares held in Wonder Particle and/or Silver Ocean by the employees prior to the date falling one calendar year immediately after the [REDACTED]. Even if such events occur, the number of our Shares held by Wonder Particle and/or Silver Ocean will not be affected during the first year from the [REDACTED]. As of the Latest Practicable Date, no events described in “4. Termination of participation in the 2023 Employee Shareholding Incentive Plan on or before the Unlocking Date” above have occurred.

The Board currently has no plan to approve any other core employees of the Company or its subsidiaries to be entitled to the Underlying ESIP Shares under the 2023 Employee Shareholding Incentive Plan prior to the date falling one calendar year immediately after the [REDACTED]. Other than the 2023 Employee Shareholding Incentive Plan and the Share Option Scheme, our Company currently has no intention to adopt any additional employee incentive scheme or share award scheme during the year ending 31 December 2025. In addition, our Company undertakes to comply with Rule 10.08 of the Listing Rules as further set out in section headed “[REDACTED]” in this Document.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

E. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on [•]. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

1. Purpose

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined in paragraph 2 below) have had or may have made to our Group by:

- (i) motivating the Eligible Participants to optimise their performance and efficiency for the benefit of our Group; and
- (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to our Group.

2. Who may join

Our Board may, at its discretion, invite any person belonging to any of the following classes of persons (the “Eligible Participants”) to take up options to subscribe for Shares:

- (i) any directors, employees, executives or officers of our Company or any of our subsidiaries, including persons who are granted Options as an inducement to enter into employment contracts with our Company or any of our subsidiaries (the “Employee Participants”);
- (ii) any directors or employees of the holding companies, fellow subsidiaries or associated companies of our Company (the “Related Entity Participants”);
- (iii) any persons who provide services to our Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of our Group including advisers, consultants, suppliers and agents to our Group (the “Service Provider Participants”), but excluding placing agents, financial advisers providing advisory services for fundraising, mergers or acquisitions, professional services providers such as auditors and valuers who provide assurance, or are required to perform their services with impartiality or objectivity; and
- (iv) an associate of any of the persons referred to in paragraphs (i) or (ii) above.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

The eligibility of any of the above categories of Eligible Participants to the grant of any option shall be determined by our Board from time to time on the basis of our Board’s sole opinion as to the relevant Eligible Participant’s contribution to the development and growth of our Group, the assessment of which are:

- (i) contribution to the development and performance of our Group;
- (ii) quality of work performed for our Group;
- (iii) initiative and commitment in performing his/her duties; and
- (iv) length of service or contribution to our Group.

3. Acceptance of an offer of options

The offer shall be personal to the Eligible Participant concerned and shall not be transferable. It shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his personal representative(s)) for a period as stated in the offer document provided that no such offer shall be open for acceptance after the Termination Date (as defined below) or after the Share Option Scheme has been terminated.

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer may be accepted by an Eligible Participant in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for [REDACTED] or an integral multiple thereof and such number is clearly stated in the duplicate offer document and accepted by the Eligible Participant. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraph 7, upon an offer being accepted by an Eligible Participant in whole or in part in accordance with this paragraph, an option in respect of the number of Shares in respect of which the offer was so accepted will be deemed to have been granted by our Company to such Eligible Participant on the date of such acceptance.

Subject to paragraphs 12, 13, 14, 15 and 16 below, an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for [REDACTED] for the time being, and by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Within 21 days (seven days in the case of exercise pursuant to paragraph 14) after receipt of the notice and the remittance and, where appropriate, receipt of the auditors’ or independent financial adviser’s certificate pursuant to paragraph 18 below, our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee (or, in the event of an exercise of option by a personal representative pursuant to paragraph 12(ii), to the estate of the grantee) a share certificate for the Shares so allotted.

The exercise of any option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorised share capital of our Company.

4. Maximum number of Shares

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 8% of the total number of Shares in issue at the time [REDACTED], being [REDACTED] Shares (the “Scheme Limit”), without taking into account any Share which may be issued and allotted upon the exercise of the [REDACTED] and excluding Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company) for the purpose of calculating the Scheme Limit and, if applicable, the service provider sublimit (as defined in the Listing Rules) which shall be set within the Scheme Limit. Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements and exceptions prescribed under the Listing Rules from time to time, our Board may:

- (i) after three years of: (a) the Adoption Date (as defined in paragraph 10 below); or (b) the date of the Shareholders’ approval for the last refreshment (as applicable), seek approval from our Shareholders to refresh the Scheme Limit and, if applicable, the service provider sublimit (as defined in the Listing Rules). Any refreshment within any three-year period must be approved by our Shareholders, subject to: (1) the controlling shareholders, Directors (excluding independent non-executive Directors), chief executives of our Company, and each of their respective associates, abstaining from voting in favour of such resolution at the general meeting; and (2) our Company complying with requirements under the Listing Rules, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 8% of our Shares in issue as at the date of approval by our Shareholders in general meeting where the Scheme Limit is refreshed; and

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (ii) seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Limit, provided that the Options in excess of the Scheme Limit are granted only to the Eligible Participant specifically identified by our Company before such approval is sought, and the number and terms of such Options must be fixed before shareholders’ approval.

If our Company conducts a share consolidation or subdivision of the share capital of our Company after the Scheme Limit or the service provider sublimit (as defined in the Listing Rules) has been approved in accordance with the above paragraph, the maximum number of Shares that may be issued in respect of all Options to be granted under the Scheme Limit or the service provider sublimit (as defined in the Listing Rules) as a percentage of the total number of Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole share.

5. Maximum number of options to any one individual

Where any grant of options to an Eligible Participant would result in the Shares issued and to be issued in respect of all Options granted to such Eligible Participant (excluding any Options lapsed in accordance with the terms of the Share Option Scheme) in any 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue as at the date of such grant, such grant shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such Eligible Participant), and such details and information as required under the Listing Rules; and
- (ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her close associates (or associates if such Eligible Participant is a connected person of our Company) (as defined in the Listing Rules) abstaining from voting.

The numbers and terms (including the exercise price) of options to be granted to such Eligible Participant must be fixed before our Shareholders’ approval and the date of our Board meeting at which our Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares under the Listing Rules. Our Board shall forward to such Eligible Participant an offer document in such form as our Board may from time to time determine or, alternatively, documents accompanying the offer document which state, among others:

- (i) the Eligible Participant’s name, address and occupation;

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (ii) the date on which an option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
- (iii) the date upon which an offer must be accepted;
- (iv) the date upon which an option is deemed to be granted and accepted in accordance with the provisions of the Share Option Scheme;
- (v) the number of Shares in respect of which the option is offered;
- (vi) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the option;
- (vii) the date of the notice given by the grantee in respect of the exercise of the option; and
- (viii) the method of acceptance of the option which shall, unless our Board otherwise determines, be in accordance with the provision of the Share Option Scheme.

6. Subscription price

The subscription price in respect of any option shall, subject to any adjustments made under the Share Option Scheme, shall be at the absolute discretion of our Board, provided that it shall be not less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which must be a business day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of the Shares.

7. Granting options to connected persons

Any grant of options to a Director, chief executive or substantial Shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

If our Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (excluding any options lapsed in accordance with the terms of the Share Option Scheme) to such person in the 12-month period up to and including the date of such grant: representing in aggregate over 0.1% of the Shares in issue, such further grant of options will be subject to the approval of the independent non-executive Directors as referred to in the above paragraph, the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which the grantees, their respective associates and all core connected persons of our Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll. Any change in the terms of an option granted to a Director, chief executive or substantial shareholder of our Company or any of their respective associates is also required to be approved by our Shareholders in the manner specified in this paragraph if the initial grant of such options requires such approval (except where the changes take effect automatically under the existing terms of this Scheme).

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms of the options to be granted to each selected Eligible Participant, which must be fixed before our Shareholders’ meeting and the date of our Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the subscription price under the Listing Rules;
- (ii) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) as to whether the terms of such grant are fair and reasonable and whether such grant is in the interests of our Company and our Shareholders as a whole, and their recommendation to the independent Shareholders as to voting;
- (iii) the information required under Rules 17.02(2)(c) and (d) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

8. Restrictions on the time of grant of options

Our Board shall not make an offer to any Eligible Participant after inside information has come to our Company’s knowledge until such inside information has been announced pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of our Board meeting (such date to first be notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company’s results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the last date on which our Company must publish an announcement of its results for any year, or half-year, or quarterly or other interim period (whether or not required under the Listing Rules),

and ending on the date of actual publication of the results announcement, no option may be granted.

9. Rights are personal to grantee

An option is personal to the grantee and shall not be assignable. No grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or attempt to do so, subject to the Stock Exchange granting a waiver, on a case-by-case basis, the Grantee may transfer such option to a vehicle (such as a trust or a private company) for the benefit of the relevant Eligible Participant (for example, for estate planning or tax planning purposes) that would continue to meet the purpose of the Scheme and comply with the requirements under Chapter 17 of the Listing Rules. Any breach of the foregoing by a grantee shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

10. Time of exercise of option and duration of the Share Option Scheme

Our Board shall, in accordance with the provisions of the Share Option Scheme, be entitled but shall not be bound, at any time within a period of ten years commencing on the date on which our Shareholders of our Company approve the Share Option Scheme (the “Adoption Date”) to make an offer to such Eligible Participant as our Board may in its discretion select to subscribe for such number of Shares (being, subject to paragraph 20, a board lot for [REDACTED] or an integral multiple thereof) at the subscription price as our Board shall determine. The Share Option Scheme shall be valid and effective until the close of business of our Company on the date which falls ten years after the Adoption Date (the “Termination Date”), after which period no further options may be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

11. Performance target and clawback

Our Board may, at its absolute discretion, fix any minimum period for which an option must be held, any performance targets attached to an option and any other conditions that must be fulfilled before the options can be exercised upon the grant of an option to an Eligible Participant. In any event, the minimum period for which an option must be held before it can be exercised shall be 12 months.

Our Board at its absolute discretion, determine such malus and/or clawback provisions to be applied to an option or an offer of grant so as to provide, upon the occurrence of the applicable malus and/or clawback event(s) including but not limited to serious misconduct, a material misstatement in our Company’s financial statements and fraud. If our Board exercises its discretion under this paragraph, it will give the relevant grantee or Eligible Participant (as the case may be) written notice of such determination and our Board’s interpretation of and determination pursuant to this paragraph shall be final, conclusive and binding.

12. Rights on ceasing employment/death

If the grantee of an option ceases to be an Eligible Participant:

- (i) by any reason other than death, ill-health, injury, disability or termination of his/her relationship with our Company and/or any of our subsidiaries on one or more of the grounds specified in paragraph 13 below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) in whole or in part in accordance with the provision of paragraph 3 above within a period of one month (or such longer period as our Board may determine) from such cessation which date shall be the last actual working day with our Company or our relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse (or such longer period as our Company may determine); or
- (ii) by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of our Board) and none of the events which would be a ground for termination of his relationship with our Company and/or any of its subsidiaries under paragraph 13 below has occurred, the grantee or his personal representative(s) may exercise the option (to the extent already exercised) in whole or in part in accordance with the provision of paragraph 3 above within a period of 12 months (or such longer period as our Board may determine) from the date of cessation of being an Eligible Participant or death.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

13. Rights on dismissal

If the grantee of an option ceases to be an Eligible Participant by reason of such grantee’s resignation from the employment of our Company or any of its subsidiaries or the termination of his/her employment or contract on the grounds that he/she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his/her debts or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or has been in breach of contract, an option shall lapse automatically and not be exercisable (to the extent not already exercised).

14. Rights on takeover

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Code)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

15. Rights on winding-up

In the event that a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

16. Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and our members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or our amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as we give notice of the meeting to our members or creditors summoning the meeting to consider such a compromise or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by our Company no later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

17. Ranking of Shares

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* and shall have the same voting, dividend, transfer and other rights (including those arising on liquidation) as attached to the other fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

18. Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of share capital of our Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to our Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the “Frequently asked questions on adjustments of the exercise price of share options” (FAQ No.072–2020) published by the Stock Exchange and its attachment “Supplementary Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the Note Immediately After the Rule” (as may be amended and updated from time to time). The capacity of the auditors of our Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the equity capital of our Company rounded to the nearest whole Share (as interpreted in accordance with the “Frequently asked questions on adjustments of the exercise price of share options” (FAQ No.072–2020) published by the Stock Exchange and its attachment “Supplementary Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the Note Immediately After the Rule” (as may be amended and updated from time to time)) for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration provided that no such alteration shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

19. Expiry of option

An option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by our Board;
- (ii) the expiry of any of the periods referred to in paragraphs 12, 13 and 14 above;
- (iii) the date upon which the scheme of arrangement of our Company referred to in paragraph 16 above becomes effective;
- (iv) subject to paragraph 15 above, the date of commencement of the winding-up of our Company;

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (v) the date upon which the grantee ceases to be an Eligible Participant by reason of such grantee’s resignation from the employment of our Company or any of our subsidiaries or the termination of his or her employment or contract on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract. A resolution of our Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date upon which our Board shall exercise our Company’s right to cancel the option at any time after the grantee commits a breach of paragraph 9 above or the options are cancelled in accordance with paragraph 21 below.

20. Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of our Board except that:

- (i) any alteration to the terms and conditions of the Share Option Scheme which are of a material nature or any alteration to advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules must be approved by our Shareholders in general meeting; and
- (ii) any change to the terms of options granted to an Eligible Participant under the Share Option Scheme must be approved by our Board, the remuneration committee, our independent non-executive Directors and/or our Shareholders (as the case may be) if the initial grant of such options was approved by our Board, the remuneration committee, our independent non-executive Directors and/or our Shareholders (as the case may be) while this requirement does not apply where the alterations take effect automatically under the existing terms of the Share Option Scheme. If the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees’ approval in accordance with the terms of the Share Option Scheme. The amended terms shall still comply with Chapter 17 of the Listing Rules and any change to the authority of our Board in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

21. Cancellation of options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event that any option is cancelled pursuant to paragraph 9 above.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

22. Termination of the Share Option Scheme

Our Company may by resolution in general meeting or our Board may at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any outstanding option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Outstanding options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

23. Administration of our Board

The Share Option Scheme shall be subject to the administration of our Board whose decision of which on all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties who may be affected thereby.

24. Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

- (i) the Stock Exchange granting approval to the [REDACTED] of and permission to [REDACTED] which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme;
- (ii) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s) by the [REDACTED]) and not being terminated in accordance with the terms of the [REDACTED] or otherwise; and
- (iii) the commencement of [REDACTED] in the Shares [REDACTED].

If the conditions in paragraph 24 above are not satisfied within 12 calendar months from the Adoption Date:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

25. Disclosure requirements

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

Our Company will also disclose the details of the grant of options under the Share Option Scheme in accordance with the Listing Rules in force from time to time on an individual basis if such options were granted to:

- (a) a Director, chief executive officer or substantial Shareholder of our Company, or an associate of any of them;
- (b) an Eligible Participant with options and awards granted and to be granted exceeding the 1% limit set out in paragraph 5 above; or
- (c) a Related Entity Participant or Service Provider Participant with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue at that time.

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the [REDACTED] for the [REDACTED] of, and permission to [REDACTED], the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being [REDACTED] Shares in total.

F. OTHER INFORMATION**1. Tax indemnity, other indemnity and estate duty*****a. Taxation indemnity and other indemnity***

Each of our Controlling Shareholders (the “Indemnifiers”) shall, pursuant to the Deed of Indemnity, jointly and severally indemnify and at all times keep each member of our Group fully and effectively indemnified against, among other matters:

- (a) any Taxation (as defined in the Deed of Indemnity) falling on any member of our Group resulting from or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) or any other relevant assessable sums on or before the date on which the [REDACTED] becomes unconditional or any transactions, matters, things, events, acts or omissions occurring or deemed to occur on or before such date, whether alone or in conjunction with any other transaction, matter, thing, event, act, omission or

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

circumstance whenever occurring, and whether or not such Taxation is chargeable against or attributable to any other person, firm or company; and

- (b) all costs (including all legal costs and other professional costs on a full indemnity basis), expenses, interests, penalties, fines, charges or other liabilities which any member of our Group may incur in connection with:
 - (i) the investigation, assessment or the contesting of any Taxation Claim (as defined in the Deed of Indemnity);
 - (ii) the settlement of any Taxation Claim;
 - (iii) any legal proceedings in which any member of our Group claims under or in respect of the Deed of Indemnity and in which judgement is given for or against any member of our Group; and/or
 - (iv) the enforcement of any such settlement referred to in paragraph (ii) or judgements in respect of any legal proceedings referred to in paragraph (iii).

b. Indemnity against the PRC Non-Compliance Matters

The Indemnifiers shall jointly and severally indemnify and at all times keep each member of our Group fully and effectively indemnified against, among other matters:

- (a) all expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs, charges, liabilities, fines, penalties and tax which any member of our Group may incur, suffer or accrue, whether directly or indirectly, from or on the basis of or in connection with any PRC Non-Compliance Matters (as defined in the Deed of Indemnity); and
- (b) all costs (including all legal and other professional costs), expenses, interests, penalties, fines, charges or other liabilities which any member of our Group may reasonably and properly incur in connection with:
 - (i) the investigation, assessment or the contesting of any claim under paragraph (a) above;
 - (ii) the settlement of any claim under paragraph (a) above;
 - (iii) any legal proceedings in which any member of our Group claims under or in respect of paragraph (a) above and in which judgement is given for or against any member of our Group; and/or

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (iv) the enforcement of any such settlement referred to in paragraph (ii) and/or judgement referred to in paragraph (iii).

c. Indemnity against claims

The Indemnifiers have given indemnities and keep fully indemnified our Company and its subsidiaries on demand at all times from and against any expenses, payments, sums, outgoings, suits, settlement payments, fees, demands, actions, claims, losses, damages, costs, charges, liabilities, fines or penalties which may be made, suffered or incurred by any of them in respect of or arising directly or indirectly from any Claim (as defined in the Deed of Indemnity), including but not limited to, all reasonable costs (including legal and other professional costs on a full indemnity basis), expenses, interests, penalties, fines, charges and other liabilities which our Company and its subsidiaries may properly incur in connection with:

- (i) the investigation, assessment or the contesting of any Claim;
- (ii) the settlement of any Claim under the Deed of Indemnity;
- (iii) any legal proceedings in which our Group or any member of our Group claim under or in respect of the Claim under the Deed of Indemnity and in which judgement is given for or against it; and
- (iv) the enforcement of any such settlement or judgement in relation to the Claim.

d. Reorganisation and non-compliance claims indemnity

The Indemnifiers have given indemnities and keep indemnified our Company and its subsidiaries on demand against any depletion or reduction in value of our Group’s assets or any loss (including all legal and other professional costs and suspension of operation), costs, expenses, damages or other liabilities which any member of our Group may incur or suffer arising from or in connection with the implementation of the Reorganisation.

The Indemnifiers have given indemnities and keep fully indemnified our Company and its subsidiaries on demand at all times from and against all actions, suits, settlement payments, expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (including legal costs and other professional costs on a full indemnity basis), charges, liabilities, fines, penalties and tax which any member of our Group may incur, suffer or accrue, whether directly or indirectly, from or on the basis of or in connection with:

- (a) any Non-Compliance Matters (as defined in the Deed of Indemnity);

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (b) any of the non-compliances, failures, delay or defect of corporate or regulatory compliance on the part of any or all members of our Group of any provision of, the Companies Ordinance or any other applicable laws in the world (including Hong Kong and the PRC) of any of the members of our Group on or before the [REDACTED] and/or as a result of and/or in relation to all litigations, arbitration, claims (including counter-claims), actions, complaints, demands, judgements and/or legal proceedings by or against any of the members of our Group which was issued, accrued and/or arising from any act of any of the members of our Group at any time on or before the [REDACTED];
- (c) any fines, penalties, Taxation, Taxation Claims or contribution arising from the non-payment of any social security contributions, housing provident fund contributions, any Taxation or Taxation Claims or any indemnities before the [REDACTED] in relation to any current or past employees of the members of our Group; and
- (d) all costs (including all legal and other professional costs), expenses, interests, penalties, fines, charges or other liabilities which any member of our Group may properly incur in connection with:
 - (i) the investigation, assessment or the contesting of any claim under paragraph (a), (b) and (c) above;
 - (ii) the settlement of any claim under paragraph (a), (b) and (c) above;
 - (iii) any legal proceedings in which any member of our Group claims under or in respect of paragraph (a), (b) and (c) above and in which judgement is given for or against any member of our Group; and/or
 - (iv) the enforcement of any such settlement referred to in paragraph (ii) and/or judgement referred to in paragraph (iii).

e. Exceptions to indemnity

The above indemnity in the Deed of Indemnity shall not apply in the following circumstances:

- (a) to the extent that full provision or allowance has been made for such Taxation in the audited combined accounts of our Company or any member of our Group as set out in Appendix I to this Document; or
- (b) to the extent that the liability for such Taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) other than any such act, omission or transaction carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

of capital assets after date of the [REDACTED], or carried out, made or entered into pursuant to a legally binding commitment created on or before the [REDACTED], or any Group members cease to be a member of our Group; or

- (c) to the extent that such Taxation or liability is/are discharged by another person who is not a member of our Group and that none of the members of our Group is required to reimburse such person in respect of the discharge of such Taxation; or
- (d) to the extent that any provisions or reserve made for such Taxation in the audited accounts of our Group or any member of our Group up to 31 December 2024 which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the Indemnifiers’ liability in respect of Taxation shall not be available in respect of any such liability arising thereafter; or
- (e) to the extent that such Taxation arises or is incurred as a consequence of any change in the law having retrospective effect coming into force after the [REDACTED] or to the extent that such Taxation arises or is increased by an increase in rates of Taxation after the date of the Deed of Indemnity with retrospective effect.

f. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group.

2. Interests in competing business

None of our Directors, our Controlling Shareholders and their respective close associates of each are interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of our Group.

3. Litigation

As at the Latest Practicable Date, neither our Company or any of our subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known by our Directors to be pending or threatened by or against any member of our Group.

4. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately RMB25,000 (equivalent to approximately HK\$26,916) and have been paid by us.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

5. The Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the [REDACTED] [REDACTED] for [REDACTED] of, and permission to [REDACTED], the Shares in issue as mentioned herein and any Shares falling to be issued pursuant to the [REDACTED], the exercise of the [REDACTED] and the options under the Share Option Scheme. All necessary arrangements have been made enabling such Shares to be admitted into [REDACTED].

6. Independence of the Sole Sponsor and the Sole Sponsor’s fee

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. Our Company agreed to pay the Sole Sponsor a fee of RMB5 million as the sponsor to our Company for the [REDACTED].

7. No material adverse change

Save as disclosed in this Document, our Directors confirm that there has been no material adverse change in our Group’s financial or trading position since 31 December 2024 (being the date to which our Company’s latest audited combined financial statements were made up) up to the date of this Document.

8. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoter in connection with the [REDACTED] and the related transactions described in this Document.

9. Agency fees or commissions received

Save as disclosed in this Document, none of our Directors or the experts named in the paragraph headed “F. Other information — 12. Consents of experts” in this appendix had received any agency fee or commissions from our Group within the two years preceding the date of this Document.

10. Taxation of holders of Shares***(a) Hong Kong***

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members 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 the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of the Shares 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 or dealing in the Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the [REDACTED] will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercise of any rights attaching to them.

11. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Document:

China Securities (International) Corporate Finance Company Limited	Licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
DeHeng Law Offices	Legal advisers to our Company as to PRC laws
Maples and Calder (Hong Kong) LLP	Legal adviser to our Company as to Cayman Islands laws
Frost & Sullivan (Beijing) Inc. Shanghai Branch Co.	Independent industry consultant

12. Consents of experts

Each of the experts as referred to in “F. Other information — 11. Qualifications of experts” in this appendix has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its view, report, letter and/or legal opinion (as the case may be) and/or the references to its name included herein in the form and context in which they are respectively included.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

As at the Latest Practicable Date, none of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

13. Binding effect

This Document 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 (Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) insofar as applicable.

14. Bilingual document

The English language and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English version and the Chinese language version, the English version shall prevail.

15. Miscellaneous

Save as disclosed in this Document:

- (a) within two years immediately preceding the date of this Document:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any share or loan capital of our Company or any of the subsidiaries;
 - (iii) no commission has been paid or payable (except to the [REDACTED]) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares of our Company or any of the subsidiaries; and
- (b) no founder, management or deferred shares of our Company have been issued or agreed to be issued.
- (c) no share, warrant or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (d) none of the equity and debt securities of our Company is [REDACTED] or dealt with in any other stock exchange nor is any [REDACTED] or permission to [REDACTED] being or proposed to be sought;
- (e) all necessary arrangements have been made enabling the Shares to be admitted into [REDACTED];
- (f) our Directors confirm that none of them shall be required to hold any shares by way of qualification and none of them has any interest in the promotion of our Company;
- (g) there has not been any interruption in the business of our Group which have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this Document;
- (h) the principal register of members of our Company will be maintained in the Cayman Islands by [REDACTED], and a branch register of members of our Company will be maintained in Hong Kong by our [REDACTED]. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company’s share register in Hong Kong and may not be lodged in the Cayman Islands;
- (i) there is no arrangement under which future dividends are waived or agreed to be waived;
- (j) the [REDACTED] does not involve the exercise of any right of pre-emption or the transfer of subscription rights;
- (k) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (l) our Directors have been advised that under the Cayman Islands company law the use of a Chinese name by our Company does not contravene the Companies Act; and
- (m) our Company has no outstanding convertible debt securities or debentures.

APPENDIX V**DOCUMENTS DELIVERED TO THE REGISTRAR
OF COMPANIES AND AVAILABLE ON DISPLAY**

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (1) the written consents referred to in the section headed “Statutory and General Information — F. Other information — 12. Consents of experts” in Appendix IV to this Document; and
- (2) a copy of each of the material contracts referred to in the section headed “Statutory and General Information — B. Further information about our business — 1. Summary of material contracts” in Appendix IV to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.sdjbsp.com up to and including the date which is 14 days from the date of this Document:

- (1) the Memorandum of Association and the Articles of Association of our Company;
- (2) the Accountants’ Report on the historical financial information of our Group for the three years ended 31 December 2024 prepared by Ernst & Young, the text of which is set out in Appendix I to this Document;
- (3) the audited combined financial statements of our Group for the three years ended 31 December 2024;
- (4) the report on the unaudited [REDACTED] financial information of our Group prepared by Ernst & Young, the text of which is set out in Appendix II to this Document;
- (5) the material contracts referred to in the section headed “Statutory and General Information — B. Further information about our business — 1. Summary of material contracts” in Appendix IV to this Document;
- (6) the service contracts and letters of appointment with our Directors, referred to in the section headed “Statutory and General Information — C. Further information about our Directors and Substantial Shareholders — 3. Particulars of Directors’ service contracts and letters of appointment” in Appendix IV to this Document;
- (7) the written consents referred to in the section headed “Statutory and General Information — F. Other information — 12. Consents of experts” in Appendix IV to this Document;

APPENDIX V

**DOCUMENTS DELIVERED TO THE REGISTRAR
OF COMPANIES AND AVAILABLE ON DISPLAY**

- (8) the PRC legal opinion prepared by DeHeng Law Offices, our legal advisers as to PRC laws, in respect of certain aspects of our Group;
- (9) the industry report prepared by Frost & Sullivan (Beijing) Inc. Shanghai Branch Co., the summary of which is set forth in the section headed “Industry Overview” in this Document;
- (10) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisers as to Cayman Islands laws, summarising certain aspects of Cayman Islands company law referred to in Appendix III to this Document;
- (11) the Cayman Islands Companies Act; and
- (12) the rules of the Share Option Scheme.