

SUMMARY

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

There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors.” You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

Who We Are

We are a mineral processing reagent solutions provider serving both domestic and international markets, principally engaged in the R&D, production and sale of flotation reagents, including collectors, modifiers and frothers. Our products primarily serve precious metal and non-ferrous metal mining operations, providing high-efficiency, low-toxicity reagent formulations and lime-free flotation processes that enhance concentrate recovery rates while reducing hazardous waste generation. According to Frost & Sullivan, we ranked second among PRC-based flotation reagents companies by revenue attributable to sales of flotation reagent products in the PRC in 2024, with a market share of 1.05%, and ranked first among PRC-based xanthates companies by revenue attributable to sales of xanthate products in the PRC in 2024, with a market share of 15.57%.

We were established in 2010, inheriting the “Yemingzhu” (夜明珠) brand, which carries longstanding recognition in the mineral processing industry. In our early years, we focused on standard flotation reagents such as xanthates and dithiophosphates for non-ferrous metal mining, building our industry knowledge and initial customer base. As mining operations grew more complex and customer requirements more diverse, we shifted our strategic direction toward customized solutions, deepening our R&D capabilities and expanding into new application scenarios.

The mining industry has historically relied on reagents characterized by high toxicity and significant environmental impact, creating substantial compliance burdens for operators while often yielding suboptimal resource recovery rates. We address these challenges directly through sustained investment in proprietary R&D, continuously deepening the performance of our existing reagent formulations and developing solutions to complex ore challenges such as low flotation efficiency, poor selectivity and inconsistent recovery rates under difficult ore conditions.

SUMMARY

Our Business Model

Our business model is built on technical partnership rather than simple commodity supply. We operate on a “one mine, one reagent” (一礦一藥) philosophy, developing customized formulations tailored to the specific ore characteristics of each customer. This is supported by end-to-end technical services spanning pre-sale flotation testing and analysis, on-site implementation and dynamic optimization, and ongoing post-sale process monitoring. By embedding our technical expertise within our customers’ operations, we help them achieve higher concentrate grades and recovery rates, maximizing the value of their mineral resources. This approach creates strong customer stickiness and meaningful barriers to competitor entry, as switching reagent suppliers typically requires complex redesign of flotation tests and lengthy production process adjustments. Since our establishment, we have served over 500 customers globally, covering more than 20 provinces, municipalities and autonomous regions in mainland China, with exports to more than 15 countries.

Our Market Opportunities

Global demand for mineral resources remains structural and enduring, underpinned by industrialization, urbanization and the ongoing energy transition and development of emerging technology industries. The accelerating shift toward clean energy (including development of electric vehicles and energy storage) and the advancement of artificial intelligence and data center construction has created a distinct and growing requirement for critical minerals, such as lithium, copper, rare earth elements and phosphate etc.. As mining activity for these mineral categories intensifies, demand is growing for specialized flotation reagents capable of processing increasingly complex and lower-grade ore bodies that conventional reagents are ill-equipped to handle.

In parallel, tightening environmental regulations across major mining jurisdictions are accelerating the transition away from traditional high-toxicity reagents toward greener alternatives. Leveraging our technical capabilities in complex ore beneficiation and low-toxicity reagent development, combined with our established customer relationships across more than 15 countries, we believe we are well-positioned to capture the growing demand for high-performance, environmentally compliant flotation reagent solutions.

Our Operational and Financial Performance

Our revenue grew 12.9% from RMB229.6 million in 2023 to RMB259.2 million in 2024, and further grew by 24.9% to RMB323.7 million in 2025. Our net profit increased by 12.3% from RMB44.0 million in 2023 to RMB49.4 million in 2024 and further increased by 34.7% to RMB66.6 million in 2025.

SUMMARY

OUR STRENGTHS

We believe that the following key competitive strengths have contributed to our market position, ensuring our success and distinguishing us from our competitors: (i) Established market leadership position underpinned by outstanding R&D and innovation capabilities; (ii) Comprehensive and differentiated product portfolio addressing diverse ore types and high-growth critical minerals applications; (iii) Integrated end-to-end technical service capability delivering measurable outcomes for customers; (iv) Extensive and diversified customer base across domestic and international markets with high retention; and (v) Experienced and visionary management team driving strategic expansion and operational excellence.

OUR STRATEGIES

We believe the following strategies position us well to capitalize on future opportunities and deliver continued growth: (i) Further enhance production capacity and optimize supply chain integration to support rapid business growth; (ii) Continue to strengthen R&D capabilities to expand our product portfolio to capture emerging market opportunities; and (iii) Further enhance brand awareness and increase market share in domestic and overseas markets.

OUR PRODUCTS AND SOLUTIONS

Our product offerings are mainly categorized into (i) collectors, (ii) frothers, (iii) modifiers and (iv) other reagents. As each type of reagent plays a distinct and complementary role in the flotation process, customers typically procure these reagents together as a combined solution, with collectors generally representing the largest component, given their central role in selectively targeting and recovering valuable mineral particles. To a substantially lesser extent, we also generated revenue from the provision of comprehensive technical support services to guide some customers in optimizing the use of our products. The table below sets forth a breakdown of our revenue by types of goods or services for the periods indicated.

	For the year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Collectors	189,497	82.5	213,390	82.3	258,764	79.9
– <i>Xanthate collectors (黄药)</i>	123,847	53.9	146,640	56.6	156,572	48.4
– <i>Dithiophosphate collectors (黑药)</i>	43,620	19.0	45,896	17.7	81,219	25.1
– <i>Other collectors</i>	22,030	9.6	20,854	8.0	20,973	6.5
Modifiers	23,108	10.1	29,676	11.4	39,548	12.2
Frothers	12,569	5.5	11,717	4.5	19,889	6.1
Other reagents	3,829	1.7	4,145	1.6	4,364	1.3
Services fee	583	0.3	286	0.1	1,163	0.4
Total	229,586	100.0	259,214	100.0	323,728	100.0

SUMMARY

RESEARCH AND DEVELOPMENT

We have established comprehensive in-house R&D capabilities that span the entire value chain of mineral processing reagent development. Our R&D operations encompass three core functional areas that work in close coordination to deliver innovative solutions to our customers. First, we operate a dedicated mineral processing laboratory, equipped with advanced equipment. Second, our reagent formulation and synthesis division focuses on two primary activities: reagent compounding and novel reagent synthesis. Third, our analytical testing department provides essential quality control and performance validation support throughout the R&D process. We also maintain in-house analytical capabilities that enable simultaneous analysis of both reagent chemical properties and metal element concentrations.

We maintain a highly qualified R&D team of 19 employees, among which 47.4% hold a bachelor's degree or higher as of December 31, 2025. Our team members possess diverse educational backgrounds spanning mineral processing engineering, chemical engineering, applied chemistry, analytical chemistry, and other chemistry-related disciplines.

PRODUCTION

Our production process is designed to ensure high standards of quality while maintaining flexibility to adjust to different ore properties and customer requirements on short timeframes. Our optimized production process reflects our long-standing industry experience that allow us to implement products modification requirements more quickly and maintain relatively low defect rates. We have an integrated production control and supply chain management system, through which we closely monitor all key stages of our production process. Our streamlined and standardized production process utilizes advanced production equipment to ensure production safety, output stability as well as to meet customers' requirements on product quality and timely delivery. As of the Latest Practicable Date, we operate one production facility in Zhuzhou, Hunan Province, PRC.

PROCUREMENT AND SUPPLIERS

Our raw materials primarily consist of carbon disulfide, 1-butanol, sodium hydroxide, and diphosphorus pentasulfide. We mainly source such raw materials from domestic upstream manufacturers and trading companies. We have established a diverse and stable supply chain with a broad and reliable source of raw materials, ensuring a continuous supply of high-quality raw materials. Most of our raw materials are commodities that can be readily purchased on public markets at transparent prices. The procurement prices of our raw materials typically track the prevailing commodity prices of the relevant chemicals. We generally take into account such fluctuation in raw material costs when pricing our products. In 2023, 2024 and 2025, purchases from our largest supplier in each period during the Track Record Period accounted for 6.8%, 10.6% and 8.5%, respectively, of our total purchase amount during those years. In 2023, 2024 and 2025, purchases from our five largest suppliers in each period during the Track Record Period accounted for 30.0%, 37.0% and 34.3%, respectively, of our total purchase amount during those years.

SUMMARY

SALES AND CUSTOMERS

During the Track Record Period, our products were sold in the PRC as well as certain other overseas countries and regions. The table below sets forth the breakdown of our revenue by geographic region, based on the locations of our customers, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
PRC	186,738	81.3	208,342	80.4	259,591	80.2
Overseas	42,848	18.7	50,872	19.6	64,137	19.8
Total	229,586	100.0	259,214	100.0	323,728	100.0

We have two main categories of customers (i) direct customers who are generally end users of our products including domestic and overseas non-ferrous metal mining companies and (ii) trading partners. The table below sets forth the breakdown of our total revenue by sales channel for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Direct customers	139,917	60.9	176,176	68.0	194,927	60.2
Trading partners	89,669	39.1	83,038	32.0	128,801	39.8
Total	229,586	100.0	259,214	100.0	323,728	100.0

In 2023, 2024 and 2025, revenue generated from our largest customer in each period during the Track Record Period accounted for 5.2%, 5.0% and 5.4%, respectively, of our total revenue during those years. For the same years, revenue generated from our five largest customers in each period during the Track Record Period accounted for 21.6%, 19.5% and 17.5%, respectively, of our total revenue during those years.

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to [REDACTED] in our H Shares. Some of our major risks we face include: (i) We rely on the market demand for our products from their downstream end markets. Any slowdown or decrease in downstream demand, or technological developments resulting in substitute products, may have a material impact on us; (ii) We face competition in our business; (iii) We may not be able to keep abreast of the latest development and advancement of technology, which may materially and adversely impact our ability to address the diverse needs of our customers; (iv) Failure to successfully execute capacity expansion plans and our equipment maintenance and upgrades or to effectively utilize our production facilities may have a material adverse effect on our business, financial condition and results of operations; (v) The expansion into overseas markets may expose us to operational, financial and regulatory risks; and (vi) We depend on a stable and adequate supply of raw materials. Inadequate or interrupted supply for our raw materials could adversely affect our business, financial condition and results of operations.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary of consolidated financial information should be read together with the historical financial information included in the Accountants’ Report as set out in Appendix I, including the accompanying notes and the information set out in “Financial Information.”

Summary of Results of Operations

The table below sets forth a summary of our consolidated results of operations for the periods indicated:

	For the year ended December 31,		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	229,586	259,214	323,728
Cost of sales	(164,094)	(186,963)	(227,420)
Gross profit.	65,492	72,251	96,308
Other income	4,876	2,704	2,748
Other gains and losses, net.	(117)	(178)	(785)
Impairment losses under expected credit loss (“ECL”) model, net of reversal	759	7	181
Selling and distribution costs	(3,240)	(2,574)	(2,979)
Administrative and other operating expenses	(9,962)	(8,582)	(9,496)
Research and development expenses	(6,828)	(5,395)	(4,293)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	(79)	(137)	(79)
Profit before tax	(50,901)	58,096	77,628
Income tax expense	(6,912)	(8,672)	(11,032)
Profit and total comprehensive income for the year	<u>43,989</u>	<u>49,424</u>	<u>66,596</u>

SUMMARY

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	81,397	77,695	74,405
Current assets	99,087	140,476	115,189
Current liabilities	56,743	66,380	35,146
Net current assets	42,344	74,096	80,043
Net assets	123,741	151,791	154,448

Our net current assets increased from RMB42.3 million as of December 31, 2023 to RMB74.1 million as of December 31, 2024, primarily due to (i) an increase in bank balances and cash of RMB16.7 million and (ii) an increase in trade and bill receivables of RMB16.2 million. Our net current assets further increased to RMB80.0 million as of December 31, 2025, primarily due to (i) an increase in bank balances and cash of RMB21.6 million and (ii) a decrease in other payables and accrued charges of RMB21.4 million, partially offset by (iii) a decrease in amount due from related parties of RMB34.2 million and (iv) a decrease in financial assets at fair value through profit or loss of RMB14.5 million.

Our net assets increased from RMB123.7 million as of December 31, 2023 to RMB151.8 million as of December 31, 2024, primarily due to profit and total comprehensive income for the year of RMB49.4 million, partially offset by dividend recognized as distribution of RMB22.2 million. Our net assets further increased to RMB154.4 million as of December 31, 2025, primarily due to profit and total comprehensive income for the year of RMB66.6 million, partially offset by dividend recognized as distribution of RMB62.9 million.

Summary of Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For the year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash from operating activities . .	41,782	39,110	56,361
Net cash (used in)/from investing activities	(39,884)	(4,904)	41,270
Net cash used in financing activities .	(1,227)	(17,548)	(76,066)
Net increase in cash and cash equivalents	671	16,658	21,565
Cash and cash equivalents at beginning of the year	3,356	4,027	20,685
Cash and cash equivalents at end of year	4,027	20,685	42,250

For details, see “Financial Information — Liquidity and Capital Resources.”

SUMMARY

KEY FINANCIAL RATIOS

	As of/For the year ended December 31,		
	2023	2024	2025
Return on equity (%) ⁽¹⁾	35.5	32.6	43.1
Return on assets (%) ⁽²⁾	24.4	22.7	35.1
Current ratio (times) ⁽³⁾	1.7	2.1	3.3
Quick ratio (times) ⁽⁴⁾	1.5	1.9	2.8
Interest coverage ratio (times) ⁽⁵⁾	645.3	425.1	983.6
Gearing ratio (%) ⁽⁶⁾	1.6	2.0	0.0

Notes:

- (1) Return on equity is calculated as profit and total comprehensive income for the year divided by the closing balances of total equity for the respective year and multiplied by 100%.
- (2) Return on assets is calculated as profit and total comprehensive income for the year divided by the closing balances of total assets for the respective year and multiplied by 100%.
- (3) Current ratio is calculated as current assets divided by current liabilities as of the date indicated.
- (4) Quick ratio is calculated as current assets excluding inventories divided by current liabilities as of the date indicated.
- (5) Interest coverage ratio is calculated as profit and total comprehensive income for the year adjusted for finance costs and income tax expense and divided by finance costs.
- (6) Gearing ratio is calculated as total debt, including borrowings, divided by total equity as of the date indicated.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, none of our Company, any of our subsidiaries or any directors has been involved in any material legal, arbitral or administrative proceedings that may have a material adverse effect on our Group’s business, financial condition or results of operations. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

OUR CONTROLLING SHAREHOLDER

As of the Latest Practicable Date, our Company was held as to approximately 65.76% by Ms. Diao. Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and [REDACTED] of the Unlisted Shares to the H Shares, Ms. Diao will control in aggregate approximately [REDACTED]% of the total issued share capital of our Company. Upon the [REDACTED], Ms. Diao will constitute our Controlling Shareholder. For details, see “Relationship with our Controlling Shareholder.”

SUMMARY

[REDACTED] INVESTORS

We have attracted certain [REDACTED] Investors as of the Latest Practicable Date. For details of background of the [REDACTED] Investors and the principal terms of the [REDACTED] Investments, see “History and Development.”

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalization of our Shares ^(Note 1)	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted net tangible assets of the Group attributable to owners of the Company per Share as at December 31, 2025 ^(Note 2)	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

1. The calculation of the market capitalization of our Shares is based on the assumption that [REDACTED] Shares will be in issue immediately upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised).
2. The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is calculated after making the adjustments referred to in the section headed “Appendix II — Unaudited [REDACTED] Financial Information” in this document.

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per H Share (being the mid-point of the [REDACTED] range from HK\$[REDACTED] to HK\$[REDACTED] per H Share, and that the [REDACTED] is not exercised), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting [REDACTED] fees and commissions and other estimated expenses paid and payable by us in relation to the [REDACTED]. We currently intend to use these net [REDACTED] for the purposes and in the amounts set forth below: approximately [REDACTED]%, or HK\$[REDACTED], will be used for building construction, equipment procurement, and other expenditures in relation with the construction and operation of the second phase of our production base in Zhuzhou, Hunan Province; approximately [REDACTED]%, or HK\$[REDACTED] is expected to be used for enhancing our R&D capabilities; approximately [REDACTED]%, or HK\$[REDACTED], will be used to selectively pursue strategic investments or acquisitions to achieve our long-term growth strategies; and approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for working capital and general corporate uses.

SUMMARY

DIVIDEND

In 2023, 2024, and 2025, our Company declared dividends in respect of the years of RMB58.9 million, RMB22.2 million and RMB62.9 million, respectively, all of which had been paid in full. Subsequent to December 31, 2025, our Company had declared and paid dividends amounting to RMB36.0 million to the Shareholders. We currently do not have a formal dividend policy or a pre-determined dividend payout ratio. The decision on whether to pay dividends will be made at the discretion of our Directors in compliance with our Articles of Association and applicable laws and regulations taking into account factors that our Directors may consider relevant. For details, see “Financial Information — Dividend.”

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK\$[REDACTED] or [REDACTED]% of the gross [REDACTED] of the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the indicative [REDACTED] range, without taking into account the [REDACTED]), including (i) [REDACTED] related expenses of approximately HK\$[REDACTED], and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED] which consist of (a) fees and expenses of legal advisors and the Reporting Accountants of approximately HK\$[REDACTED] and (b) other fees and expenses of approximately HK\$[REDACTED]. Approximately HK\$[REDACTED] of our [REDACTED] expenses has been or is expected to be charged to our consolidated statements of profit or loss and other comprehensive income and approximately HK\$[REDACTED] is expected to be accounted for as a deduction from equity upon [REDACTED] under the relevant accounting standard. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to December 31, 2025, we had declared and paid dividends amounting to RMB36.0 million to our Shareholders. Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported on in the Accountants’ Report included in Appendix I to this document, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants’ Report included in Appendix I to this document.